

PRECISION

TRADE MARK

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ROLL NO.

DIARY

Book 853

June 8-10, 1945

June 8, 1945
9:28 A.M.

Governor
Szymczak:

How are you?

HMJr:

Fine.

S:

And how is your wife?

HMJr:

She's home and getting along - still in bed, of course, but better.

S:

Oh, that's good.

HMJr:

Yeah.

S:

I just called to congratulate you on a very splendid vote in the house.

HMJr:

Wasn't that fine!

S:

Oh, that is most wonderful.

HMJr:

Yeah.

S:

In fact, I think history making. I never saw anything quite like it.

HMJr:

Well, we are all very happy here about it.

S:

And it makes a fine impression on the public and on the Senate, and on the other nations.

HMJr:

Yeah.

S:

And so congratulations, and we are at your service, and hope that the thing goes through with that kind of a vote in the Senate.

HMJr:

Well, thank you so much. You've all been most helpful.

S:

Well, we want to be.

HMJr:

And I appreciate all the help you've given us.

S:

All right, Henry.

HMJr:

Thank you.

S:

Good bye.

M.S. Szymczak, Board of Governors of Federal Reserve System

June 8, 1945
11:45 A. M.

HMJr: Hello.

Congressman
Brent Spence: Hello, Mr. Secretary.

HMJr:

Well, that was a big day yesterday.

S:

Oh, it was, sir.

HMJr:

You certainly came through much better than I had hoped for.

S:

We didn't have anybody against us except the confirmed isolationists and probably were members of the America First.

HMJr:

Yeah.

S:

Yeah, I think it was well - we had some good people backing this legislation. Hope you do as well in the Senate.

HMJr:

If I did, it would be a big day for me.

S:

(Laughs)

HMJr:

My heartfelt gratitude to you.

S:

I know that, and I thank you too for the fine cooperation you gave us and it was very helpful all around. We worked together in harmony and it just shows what can be done. At one time - not at one time but for a long time - we couldn't get it out of the committee.

HMJr:

Well.

S:

But it came out with a whirl. Now if I can be of any service to you in the Senate, I want you to call on me.

HMJr:

Well, I certainly...

S:

I'm going to talk to Barkley about it.

HMJr:

I wish..

S:

And you go - you are going to talk to him, of course.

HMJr:

Oh, we have.

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S: You have. Then I think our hearings, and I think that 345 to 18 will help over there.

HMJr: A great deal.

S: Great deal. Well, good luck, to you Mr. Secretary, and you call on me at any time I can be of any service.

HMJr: Ever so much obliged. Thank you.

S: Thank you.

June 8, 1945
11:47 A. M.

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HMJr: Hello.

Con. Jesse Wolcott: How do you do, Mr. Secretary.

HMJr: Jesse, I just want to tell you you are a patriot.

W: Well, thank you, very, very much, sir.

HMJr: And I take my hat off to you.

W: Well, everything turned out splendidly and I think that 99 44/100 % of the people in the United States are fairly well satisfied.

HMJr: I think so, and if I may say so, I think the Republican party owes you a real debt of gratitude.

W: Well, the boys have been very nice and very fine. They went along and they are very tolerant of my lack of understanding in the whole situation.

HMJr: Yeah. Well, it is one of the most encouraging experiences I've had since I've been in Washington.

W: Well, I'm glad to have you say that because I think it should be - I really do.

HMJr: It makes me feel that working for the Government is worth while.

W: And I think that possibly you feel that it is rather a personal victory.

HMJr: Well, in that sense - but we're - the bigger thing is so important.

W: Well, you were very splendid all the way through. I thoroughly enjoyed working with you.

HMJr: I'm ever so much obliged, and hope...

W: After all the bad things I had heard about you before that...

HMJr: Yeah.

W: I had to change my mind especially when you were such a gracious host as you were on several occasions.

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HMJr: I always heard good things of you and I must say
you lived up to them.
W: (Laughs) Well, thank you very much.
HMJr: We'll have some more parties.
W: I hope we can some time.
HMJr: Right.
W: Thank you very much, sir.
HMJr: Goodbye.

June 8, 1945
11:52 A.M.

Operator: Speaker Rayburn
HMJr: Hello.
Mr. Sam Rayburn: Yeah.
HMJr: Sam?
R: Yes, Henry.
HMJr: I've just taken my hat off to you in the masterly
manner that you put through Bretton Woods.
R: Well, that was a pretty good vote, wasn't it?
HMJr: Well, they tell me it was one of the most sig-
nificant votes in about 75 years on an important
piece of legislation.
R: That's true - and a brand new thing besides.
HMJr: That's right.
R: I think you all made a wonderful fight. Let me
tell you something.
HMJr: Yes, sir.
R: Old Brent Spence is doing pretty well, isn't he?
HMJr: Oh, he's fine!
R: I'll swear, I think he has done a grand job and
I told him that yesterday. And Henry,...
HMJr: Yes.
R: ..think to drop him a little note.
HMJr: Oh, I've talked to him...
R: Well, that's all right.
HMJr: And a letter is on the way up there to him besides.
R: Hurrah for you! That's just thinking ahead and
that's fine.
HMJr: But he -- you know on this handling the bankers,
he was just wonderful.

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R: That's right.

HMJr: And even this fellow Florence that they sent me up from Dallas, I understand, from Wright Patman isn't sore - he's all right.

R: Yeah.

HMJr: You know, Florence.

R: Oh, Fred Florence, sure.

HMJr: You know they sent him up - they thought they could get him to dent me kind of.

R: Yeah, yeah. Fred is a pretty good fellow.

HMJr: Yeah, and at Wright Patman's suggestion, I wrote him a little letter.

R: Yes, well that's fine.

HMJr: But I've never seen the team work better than they did on this.

R: Yeah. Well, ours - we worked a pretty good team on Reciprocal Trade, too, didn't we?

HMJr: Yeah, but I - you're darn right you did, but you had to do it in spite of the Republicans.

R: That's right. Well, Henry, I appreciate your call. We'll try to cooperate up here.

HMJr: Well, we are damn lucky to have you as a leader.

R: All right, thank you, Henry.

HMJr: Right.

Mr. Joseph O'Connell
read

June 5, 1945
12:55 P. M.

HMJr: Morgenthau.

Mr. Sam
Clark: Mr. Secretary, I'm calling about the Barry T.
Wright case.

HMJr: Yes.

C: I told you I would call you when we made up
our minds about it. We've been giving that
very active consideration the whole week,
and yesterday we had a long conference with
Mr. Wenchell and his assistants about it.

HMJr: Yes.

C: We feel that the case at the present stage
is not quite right for presentation at the
Grand Jury.

HMJr: Yes.

C: So I planned to send a letter to the Commissioner
today in which we set forth wherein we think it
should be further investigated.

HMJr: I see.

C: Specifically, we don't have any real proof as
to the black market payments. That is, reduced
to specific terms of income.

HMJr: I see.

C: We have the statements made that there were
payments made to Wright, and we think that upon
further investigation those statements can be
translated into specific dollars and cents
amounts.

HMJr: Yeah.

C: Then there is the element of his possible de-
fense that I would like to get some information
on if possible before we got ahead, and that is,
besides payments that he has alleged to have
made to the packers, or rather the packer's
representatives. I'm not insisting upon that
but since that doubtless would be a part of his
defense when it is presented to a Grand Jury,
I would like to anticipate any possible.

HMJr: Yes, I thought the O.P.A. thought they had a
case against him.

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C: Well, what they have is this. They have
statements made - I think the O. P. A. has
an O.P.A. case.

HMJr: Yeah.

C: They have statements made by retailers that
on occasions overcalling payments were made
to Wright in varying amounts, and no con-
sistent pattern at all.

HMJr: Yeah.

C: Now that indicates that there were O.P.A.
violations, but for an income - tax case,
of course, we not only have to have the fact
of O.P.A. violations, but we have to trans-
late those violations into specific amounts
of income.

HMJr: I see.

C: Now, I'm quite hopeful that their case can be
built up and made ready for Grand Jury pre-
sentation. I doubt that it is going to be as
big a case as the O. P. A. reported, but if we
if the agents can produce specific amounts of
income more than nominal, I'll be very glad to
go ahead and go ahead very vigorously.

HMJr: Now, you are going to write this to Nunan?

C: I'll send him a letter this afternoon about it.

HMJr: Good. Well, thank you for keeping me posted.

C: All right. Oh, that is fine, Mr. Secretary.

HMJr: I wish they had prepared it better.

C: Well, that's one of those cases that I think
where a little more investigation may well
break into a good case.

HMJr: Ahuh.

C: Thank you very much.

C: All right, goodbye.

June 8, 1945
1:02 P. M. 10

Mr. Wright
Patman: Yes.

HMJr: Wright?

P: Yes, Henry.

HMJr: Henry Morgenthau.

P: Hope you are all right.

HMJr: Since you've made your speech I'm beginning to think I'm an important guy.

P: Why you always have been a very important fellow. That speech didn't even break the surface.

HMJr: Well, it was mighty fine of you.

P: Well, I just didn't say enough though.

HMJr: No, it was mighty fine, and I'm going to take advantage and give you some names of the people I'd like to have it sent to.

P: All right. Now, I'm having it -- I told Luxford to get someone to look after it as to substance and form. In other words pick out the parts that should go in.

HMJr: Yeah.

P: And we are going to fix it up in a nice white envelope so it won't look like a cheap manila, see?

HMJr: Fine. Well, that's -- I appreciate it very much, and all the work you did on the committee, too.

P: Well, it's a pleasure, my dear sir, you see you accommodated me one time and I don't forget friends.

HMJr: Well, I'm ready to do it again.

P: I never have forgotten one and I'm not going to.

HMJr: I'm ready to do it again.

P: Thank you, sir.

HMJr: Ever so much obliged.

P: Well, you are welcome.

HMJr: Goodbye.

June 8, 1945
3:03 P. M. 11

Mr. J. A.
Krug: Hello.

HMJr: Krug?

K: Yes.

HMJr: If my hind sight had been better, I would have talked to you before. But without mentioning names, one of my men very anxiously asked me to do that. I didn't want to pass the buck at Cabinet. I just want you to know there was nothing personal about it.

K: Oh, I appreciate that. I'm very sympathetic with your problem. We happen to have the same difficulty on the production front.

HMJr: Yeah.

K: We try to keep people on the job, and then day by day we tell them about contracts being out back, but no one seems to find any other answer for it. I'm afraid we will just have to weather it through and make the best of it.

HMJr: I guess so. Of course, you may find me some day saying, "why don't you cut back more." So I've found myself in an untenable position, so as gracefully as possible, I tried to retreat.

K: Well, I assure you on our part, we will try to say as little as possible, but I do think we have to tell them when we are going...

HMJr: Well, I'm for the truth.

K: I know you are.

HMJr: But you must feel it on the production end just the way we do.

K: Well, we feel it very much. That is the most difficult thing in the world - sustain morale during this period of setbacks.

HMJr: Well...

K: The people just can't think that the remaining production is very important.

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HMJr: Well, but - no secrets between us - it was Dan Bell, and Dan was quite excited. He said, "How many more things are going to be thrown at us?" But just as soon as these things come, we feel it as you must feel it.

K: Oh, sure. We feel it definitely.

HMJr: But I just wanted to let you know that I thought you were right, and I wanted to say so.

K: Well, thank you very much, I appreciate your calling, Mr. Secretary.

HMJr: O. K.

K: Bye.

HMJr: Thank you.

June 8, 1945
3:30 p.m.

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WAR BONDS
TAX EVASION

Present: Mr. Little
Mr. Fussell
Mr. Lane
Lt. Levy
Mr. Gamble
Mr. Feitus

MR. GAMBLE: I think Coleman of the Bureau of the Budget told Bell the Army was going up for their new appropriation the first of July, and he thought they had a bad statement.

H.M.JR: I did the best I could and got slapped down. Now, this thing here, I won't be a minute. I've got this in my hand. I'm going to release this letter Monday afternoon to the press which goes to fifteen thousand banks, asking for their cooperation in regard to currency, and I wondered if we have some finance people in war bonds. I'm releasing it to the press. It's going out to the banks now. I think your people will be interested, and I'm told that I'm scaring a lot of this money into bonds.

MR. GAMBLE: That's the worst that's happening in my judgment. I mean by that --

H.M.JR: You know what they're doing. They won't go to the bank. I've got it straight, and maybe after the bond drive is over I may do a little inquiring about very large figures. I know one case where a fellow bought bonds rather than go to the bank, so somebody suggested that I should hit it. I said, "Wait a minute. I've got trouble enough. Wait until the

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bond drive is over, and we'll inquire if there are any very large cash transactions, but not in the middle of a war."

MR. GAMBLE: That's right. We had some evidences of that, Mr. Secretary.

H.M.JR: But Hap Young said the first day he took in twenty million cash, so I think this -- this is what I'd like -- I would like this to go out.

MR. GAMBLE: This doesn't impose any new regulations?

H.M.JR: No. This was announced. This is an explanation to the banks.

MR. GAMBLE: Of what you've asked them already to do?

H.M.JR: I'm giving it out Monday afternoon to the press. The thing they've kicked about we've corrected, and we explained it, if you read the thing.

MR. GAMBLE: Fine.

H.M.JR: It's been done very carefully, and it's an explanation, and I think a good one, and goes to the banks. I think it will make the banks feel happy. I thought your State Chairmen plus your people who contact banks ought to know about this. It's one of the background stories, the third one I've given. Here's something I'm doing that affects the banks, but it's all right.

MR. GAMBLE: You don't care if we have that just so it's in their hands Monday.

H.M.JR: No, because it will be in the hands of the banks by then. The worst public relations is to have a man read it in a paper and get the letter about it the next day.

MR. GAMBLE: We'll have this in everybody's hands by Monday.

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H.M.JR: Are you in a hurry?

MR. GAMBLE: No sir.

H.M.JR: Just let me clear up this question here. It's on a talk on the radio, you see, and I wanted to do it all at one time. Further, I want to say you're welcome. Incidentally, those three Veterans organizations are coming in tomorrow at eleven o'clock.

MR. FELTUS: Do you want a memo to send to the President?

H.M.JR: He saw them at twelve-thirty today. I had three minutes notice. They called me at twelve twenty-five. "We're terrible sorry we forgot to tell you."

MR. FELTUS: I thought they were coming in tomorrow.

H.M.JR: They were very nice. They forgot. "It was entirely my fault," he said. "I forgot about it." He wasn't like Early, very apologetic, and this one fellow started to tell me everything you told him, and I didn't know a damn thing about it. You won't be here tomorrow, so if you'll leave me a memo -- will you please?

MR. FELTUS: I didn't tell him much, but do you want a memo on what I told him?

H.M.JR: Yes. He seemed to think you were good. I didn't argue with him. (Laughter) Now, let's do the first thing first, and the other thing will take more time, but if it's radio, I wanted Dave to know about it.

MR. FELTUS: I think he already knows about it. I think Fussell talked to him about it. Fussell got a message from Dan Bell you wanted to go on the air Sunday.

H.M.JR: I'm going.

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MR. FELTUS: We've all been somewhat concerned, or I have at least--I'd better speak for myself--because it's awfully short notice to get good time, and --

MR. GAMBLE: I think Dave has a possible solution to it. We'll know in a half hour.

H.M.JR: Sunday night, where?

LT. LEVY: Where? Right here.

H.M.JR: Did any of you hear the "March of Time" last night? They did a beautiful job on this.

MR. FELTUS: I heard about it. I didn't hear it.

H.M.JR: You didn't hear it either?

MR. FUSSELL: I read the script on it. I didn't hear it.

MR. GAMBLE: I didn't hear it.

H.M.JR: Let me get the advice of everyone. If we're going to do it -- we went off half-cocked here and gave this very difficult order to the banks with no preparation for the banks. Now we're trying to catch up, but I don't know, I don't think it was my fault, but the group that was doing it is publicity-minded. Bell and Joe O'Connell just rushed me through on this, got me to sign it when I was going out of the room. Bingo, it goes to the banks with no preparation. I'm sending fifteen thousand banks a letter. We're trying to catch up, and I wondered whether I shouldn't go on very much the script of that letter and talk to the banks. That one is pretty much the script.

MR. GAMBLE: I haven't read the letter, but my notion of what you ought to do, and Dave has asked for a five minute spot on "We the People" -- it would take between four and five minutes -- is not to do "We the People show," but have "We the People" have you tell the story on their program Sunday night, and, Mr. Secretary, I think it would be an ideal kind of audience and program to do it. I'd touch on the gravity of these

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violations, and I'd even tell generally about a case or two. I'd tell that your responsibility as Secretary of the Treasury, your job is to do what you believe one hundred and thirty-five million Americans wanted you to do. I think this Gallup Poll supports that kind of statement. It says seventy-seven percent of the people do not want a tax reduction until after V-J Day, seventy-seven percent of the people in the paper this morning. It's wonderful!

H.M.JR: See if it's in these press releases.

MR. GAMBLE: It supports everything you've done on this operation as well as being a survey.

H.M.JR: The thing I really wanted to talk on was this. If I was going to do this thing, a number of the banks will heed us, you see? This is the story, and like always, Chester Davis was among the first, the way he always is, to help us, and we have had some of our very best cases and convictions through the banks. There is the one, Fus, of the fellow out of Cincinnati, that three million dollar case.

MR. FUSSELL: Who?

H.M.JR: The currency case.

MR. FUSSELL: The Gould case.

H.M.JR: We got it through the banks, and what happened was some of the banks said, "We have this relationship between our depositors and ourselves that we can't do it," and as I said at my press conference, "Let Washington order it, and if they don't like it, they'll say, Washington told us to do it," so if it's going to be me, I'm going to do it, see, because some of the banks said they wouldn't do this until they were told the same thing. It's the doctor-patient, lawyer-client relationship, and all the rest of that. So I did it, but without any preparation. Now, I've had two or three telegrams from the twelve Federal Reserve Bank Presidents, and with the exception of that Indiana case -- and somebody told me he's a chronic kicker, anyway -- there's been nothing but this, I think. If I was going to do it, then I could say that we're asking a lot of people to help, and naturally one of the places that can help are the banks, and I've

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asked the banks to do it, and the banks are helping, and I want to explain to the depositors, I mean, and the banks that this is a protection to the legitimate man of business. The Manager of the New York Times was in here yesterday, Arthur Sulzberger. They sent him here at my request, and when I explained it's the cheats that drive the legitimate fellows out of business, and we're protecting ninety-nine percent of the people, in order to do that --

MR. GAMBLE: You'll gain a billion dollars in taxes too.

H.M.JR: We'll gain another billion from revenue, and everybody, ninety-nine percent of the people who are honest should say "Amen" to this sort of thing, and the only fellows that are going to kick are the people that have something to hide.

MR. GAMBLE: Or where the bankers put some pressure on it as happened in Pulliam's instance. The Herald Tribune had a swell editorial yesterday on it, complimenting you for doing the job.

H.M.JR: I didn't see it. Will you make a note of that, Fus?

MR. GAMBLE: Yesterday morning's Herald Tribune.

H.M.JR: Last night the "March of Time" was wonderful! They had a man having me go before the Appropriation's Committee and asking for it, and they dramatized one case and ended up again with my voice. I got the money. What do you think, Dave?

LT. LEVY: I think it would be very good. I think Mr. Gamble's suggestion as to the shape it will take would be fine.

MR. GAMBLE: I'd do it as though you had been invited to explain it. I wouldn't take a bad spot on the air to do it. If "We the People" would do it, you've got the right platform to do the sort of thing you want to do.

H.M.JR: I can have a brand new case we haven't talked about and say, "This is the kind of thing the banks help us on," and have a brand new case.

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MR. LITTLE: I think you ought to have a new case.

MR. LANE: I think you ought to bring in a case.

H.M.JR: I had an unusual press conference.

MR. GAMBLE: This Indianapolis and Chicago -- it was a swell case. That's a perfect case to tell the public, because the average citizen doesn't have much use for that.

H.M.JR: I had lunch with Chester Bowles, and, gentlemen, I mean, the stuff he wants! The first of July, he suggested that he and I and the Attorney General should have a joint press conference. I told Chester, "I'm riding high. I've ridden low. You're riding low. Let's get together, because I believe in what you're doing. Now, we've got to keep you going."

MR. FELTUS: That's good and --

H.M.JR: We'll pool our interest.

MR. GAMBLE: Watch him for a while, though, between now and the next fifteen days. He's riding awfully low, Mr. Secretary.

H.M.JR: I know, but it's on the inflation front.

MR. GAMBLE: He may not be the answer to it. Bowles is like a good many other fellows. I'm sympathetic to him.

H.M.JR: OPA is the answer to it.

MR. GAMBLE: I agree, but Bowles may be the whipping post on it, and OPA may have to have another man to save itself.

H.M.JR: But if you all agree, I'll be glad to go on Sunday night.

MR. GAMBLE: If we get that kind of time, I would recommend it. If not, I'd try to get the same kind of time for the following Sunday night and do it.

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H.M.JR: The following Sunday I'll be all mixed up with war bonds.

MR. GAMBLE: We'll know in a half hour.

H.M.JR: Does anybody disagree about going on Sunday night?

MR. FUSSELL: Not if you can get a good program, but not if you pick a poor spot.

MR. GAMBLE: It's not as much the poor spot as the nature of the program. That's the kind of program people expect to hear that type of story.

MR. LANE: It fits right in.

H.M.JR: Say I bring in war bonds and lay it on. I'm confident they're going to help, not help me out, but help out the tax payers.

MR. GAMBLE: That's right.

H.M.JR: I read somewhere today that fifty million tax payers weren't going to let the people get away with this. If we're going to do it, Dave, it's between you and Fussell. Fussell can pump you for all this stuff. He coaxes it out of his ears, the liquor or black market stuff.

MR. FELTUS: I don't see any liquor coming out of his ears.

H.M.JR: Can I leave it to Levy and you?

MR. FUSSELL: Yes.

H.M.JR: Who else? Anybody else?

MR. GAMBLE: No. There doesn't need to be anybody else.

H.M.JR: Between you, you'll write the script for me.

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MR. FUSSELL: That's dependent upon getting the spot.

MR. GAMBLE: I'd do it entirely on the basis of getting the spot. Dave had a good talk a half hour ago, and they were going to let us know. They'd been too far in their script Sunday night.

LT. LEVY: That's their problem.

MR. LANE: Every show by now has been built.

MR. FELTUS: Is there anything Monday in case that falls through, anything good on Monday night?

H.M.JR: Coca Cola will give me five minutes.

MR. GAMBLE: It's not a question of getting time.

LT. LEVY: We can get the time.

H.M.JR: Al Steele will give you time.

MR. FELTUS: You can get sustaining time anytime you want. It won't do you any good.

H.M.JR: Who do I look to for time?

MR. GAMBLE: Dave and Tom.

H.M.JR: So much for that. Now, do you want to go on to the next thing?

MR. FELTUS: You don't need me, do you?

H.M.JR: You might be interested to see how I work. Catching a train?

MR. FELTUS: Not until five o'clock. I've got plenty of time.

H.M.JR: You can stay or not. Do you want to see some good fellows work?

MR. FELTUS: As you wish. I like to see professionals work.

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MR. GAMBLE: The show is shaping up all right for the seventeenth in New York. Last night I saw Rose Schneider, and she said she'd like to have the question brought up to you as to whether or not it would be proper, despite the fact he has not yet been approved, to have come along as your guest the new appointee for Secretary of Labor, Schwellenbach.

H.M.JR: I'll tell you why I don't want to do it. I don't want to hurt Frances Perkins' feelings. I just can't do it, if you don't mind. I couldn't do it, especially now.

MR. GAMBLE: Barth will have your speech finished this coming Monday.

H.M.JR: I couldn't do it. It would hurt Frances Perkins too much.

MR. GAMBLE: Dave has about half of the Pawling show completed, and we can give you that the first of the week.

H.M.JR: On that day, Mrs. Roosevelt said she'd come over to hear me, plus General Elliot Roosevelt. Don't you think it would be nice to put the two of them on?

LT. LEVY: Wonderful, if they'd like to do it.

H.M.JR: Well, Mrs. Roosevelt has gone through more hospitals, and more people are devoted to her than anybody else, and General Roosevelt has a wonderful record in the Air Corps.

LT. LEVY: Would they go on?

H.M.JR: Oh, sure. I'll ask her tonight at supper. She's at our house.

LT. LEVY: As soon as you know, we'll make the necessary plans.

H.M.JR: I mean, they're all Dutchess County, and I'd like to hear from one of my neighbors, Mrs. Franklin Roosevelt."

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MR. GAMBLE: A perfect setting.

H.M.JR: Certainly. She hasn't been on. Her voice would be a fresh voice, and General Roosevelt has a magnificent record. I didn't want to ask her. I'm so scared of you people. (Laughter)

MR. GAMBLE: Yes. We have such strained relations.

H.M.JR: What do you think?

LT. LEVY: Excellent. Fine. The sooner we know, the better.

H.M.JR: I'll ask her. What time is it?

LT. LEVY: The program is on Wednesday, from ten-thirty to eleven.

H.M.JR: Ten-thirty to eleven? Incidentally, he's very good on the radio.

MR. LITTLE: He's good for us. I've heard him speak.

H.M.JR: He's excellent on the radio -- he used to be on for commercials -- being Air Corps and all that. What?

LT. LEVY: Wonderful.

(Discussion off the record)

MR. GAMBLE: Mrs. Roosevelt or General Roosevelt.

LT. LEVY: One or both. Excellent.

H.M.JR: I'll ask her today. I'll let you know in the morning.

LT. LEVY: That's very good.

MR. GAMBLE: There are two other matters.

H.M.JR: He's going to live up there too. He's moving there to live, so they're both my neighbors. If I'm introducing them--if I'm master of ceremonies--I say, "My neighbor, Mrs. Roosevelt and my neighbor, General Roosevelt,"

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but not, "My neighbor, Tom Dewey."

MR. GAMBLE: I was on a program with Tom last night.

H.M.JR: Did he push you off the air?

MR. GAMBLE: No, we pushed him off.

H.M.JR: So, that's that, Sunday in the Park, or "Up in Central Park" it is, but not on the carousel, huh? And the Labor thing, and wasn't there a third one?

MR. GAMBLE: Yes. We left it that we'd see how it worked out with the Marine Corps, whether we'd go any further with it. The story on it is that it would necessitate an invitation and a designation from Forrestal, this being a Marine case, for you to do it, and I thought that was reason enough to drop it.

H.M.JR: It's dropped.

MR. GAMBLE: One other matter, Mr. Secretary. Some time ago I asked you about cutting you in for a minute or two during the day of June 15 on this Rochester American-Canadian day, and you decided we could do it, but it was then abandoned. This morning we got a call from the Canadian War Finance people, saying that they'd like to do it, and would we ask you again. They'll have the Canadian Finance Minister, and we'd arrange to have the microphone brought right to your desk and have you talk a minute or a minute and a half.

H.M.JR: Yes.

MR. FELTUS: You will not have left?

H.M.JR: I'll be up at Poughkeepsie, either at the house, or I'll go up to the station.

MR. GAMBLE: All right, sir. The station would be easier for that spot unless you particularly wanted us to put a line in. We get better broadcasting without the line. That line hasn't worked too well a couple of times.

H.M.JR: Didn't it work?

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MR. GAMBLE: It sounded as though you were speaking in a hall.

LT. LEVY: What network did we take?

MR. GAMBLE: I can't answer that, Dave.

H.M.JR: I'll be up at Poughkeepsie anyway. What time of day?

MR. GAMBLE: They didn't give me any day.

H.M.JR: So long as it doesn't interfere with my nap, horseback riding or my meals. Must I do that?

MR. GAMBLE: I think it's a nice gesture, Mr. Secretary, and so long as the Canadian Finance Minister wants to do it, I think you should.

H.M.JR: Well, what else?

MR. GAMBLE: That's everything we have.

H.M.JR: I was tickled to death with that statement yesterday on eight billion, one hundred and eighty-eight million.

MR. GAMBLE: It got lost in a couple of papers because of your black market story. (Laughter)

H.M.JR: I don't like the accent. Mr. Gamble has insinuated several times I'm giving too much time to black market.

MR. GAMBLE: I'll tell you why that's a good story. That's the kind that motivates editorial comment.

H.M.JR: Nobody wants me in war bonds. I've got to do something in the papers. Nobody wants me, so I've got to find some activity.

MR. GAMBLE: We're day in and day out --

H.M.JR: Nobody wants me so -- the black market seems to go, so there we go. But maybe you'll get more in the field on that. That's something everybody can

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put in a book.

MR. GAMBLE: Papers like the Times Herald, though, normally don't run anything like that on the front page.

H.M.JR: Who brought that in? You did?

MR. LITTLE: Yes.

H.M.JR: I was surprised. The Times Herald has done several things recently. They wrote a very sweet article on Mrs. Morgenthau which surprised me.

LT. LEVY: Very nice.

H.M.JR: A very nice article about her in the Society column.

LT. LEVY: Yes. I saw it.

MR. LANE: Maybe their conscience is starting to bother them.

MR. GAMBLE: They have some good people, mostly behind the door. They caught Cissy out of town.

MR. LITTLE: The same with the Times Herald. They have no policy, just from day to day they change the trend and make the policy.

H.M.JR: What else?

MR. GAMBLE: That's all.

H.M.JR: I'm very pleased. I noticed two, eight, eleven. Am I right?

MR. GAMBLE: That's right.

H.M.JR: Two, eight, eleven.

MR. GAMBLE: You ought to know we'll get a minimum of seven and one half billion dollars.

H.M.JR: On that day I'll not talk about black market.

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MR. GAMBLE: That's everything we have.

H.M.JR: Anything on your mind?

MR. GAMBLE: No.

H.M.JR: Are you all right now?

MR. FELTUS: Yes.

H.M.JR: Did you get off your lists?

MR. FELTUS: I'll have them ready. You can't use them until the stuff is printed. It won't be printed until the middle of next week. We're still working on the list.

H.M.JR: Anybody have anything else?

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June 8, 1945
4:45 p.m.

EXPORT-IMPORT BANK
BRETTON WOODS

Present: Mr. D. W. Bell
Mr. O'Connell
Mr. White
Mr. Coe
Mr. Bernstein
Mr. Feltus
Mr. Luxford
Mr. Pehle

H.M.JR: You sound like a lot of wolves. I thought you went home.

MR. FELTUS: I thought you wanted me here.

H.M.JR: Don't miss your train.

MR. FELTUS: I better run then.

H.M.JR: I didn't ask you to come.

MR. FELTUS: I got a message to come.

MR. WHITE: They asked for the Bretton Woods people.

H.M.JR: What time does your train go?

MR. FELTUS: Five o'clock.

MR. WHITE: He can make it.

MR. FELTUS: I can make it. If I miss the five o'clock train, I can get the six o'clock train.

H.M.JR: Have you a seat?

MR. FELTUS: I'll get it on the train.

MR. WHITE: You'll make the five o'clock train if you stop talking and get going.

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(Mr. Feltus leaves the conference.)

H.M.JR: What is it all about?

MR. COE: I think it was an inquiry from the Budget Bureau about the Export-Import Bank which I mentioned to Harry, and he thought the Bretton Woods group ought to be brought together with you on it.

H.M.JR: Oh, how do you do? Glad to meet you.

MR. COE: The Budget Bureau came over yesterday and said (a) they were preparing on the thought that Crowley was preparing to start his Export-Import Bank expansion next week. So that's the first problem, I think, that should be focused on.

MR. O'CONNELL: In the House?

MR. COE: I think so, yes. The second problem is that FEA and State, as they explained it to me, with the Budget concurring, are not prepared to recommend an increase in lending power for the Export-Import Bank of two point eight billion instead of one point five billion with which you had agreed.

H.M.JR: Can't you make it three point two?

MR. COE: That would make it three and one-half billion dollars.

MR. BELL: How much?

MR. COE: Three and one-half billion. They have seven hundred million.

H.M.JR: I warn you I am not going to be too serious during my coca cola hour.

MR. COE: They also told me they thought Crowley was prepared to go along with this two point eight expansion, but had a little feeling that maybe two point three was enough.

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MR. BELL: A three billion dollar bank.

MR. COE: Maybe that instead of what had been agreed upon, a two billion two bank. As far as the reason for upping it, I think what mainly lies behind it is the feeling of State that there are an awful lot of things to be taken care of in the next period, and in particular they now have the additional factor--

H.M.JR: Say, Frank. Cut out the preamble. What do you want?

MR. COE: A decision as to whether--

H.M.JR: What do you want?

MR. COE: What do I want on this thing? I think I would prefer to hold to the original one point five billion expansion.

(Discussion off the record.)

MR. COE: There are two factors. I think that the bigger this thing is made, if it gets up to Congress at the same time as Bretton Woods, the more questions will be raised as to whether the whole story has been told to the Congress and the ballyhoo about Bretton Woods.

MR. BELL: The bigger question, it seems to me is whether you ought to let his go up at all until Bretton Woods is through. Some of my boys asked me, and I said I would prefer to drop back to the lower figure, but I wouldn't fuss much about it. But I would say that what you said at your conference that it shouldn't be put in the hopper at all until Bretton Woods is through Congress--

MR. LUXFORD: Why don't we take longer? If you go until they hold off--

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MR. WHITE: You have asked for an opinion. One is to decide on whether or not they ought to present this matter before Bretton Woods, and I thought our understanding with Crowley and with State was it should not be done.

MR. LUXFORD: That's cleared.

MR. WHITE: That's cleared irrespective of the amount.

MR. COE: It wasn't cleared with Crowley.

MR. WHITE: It was cleared at the time of discussion.

MR. O'CONNELL: It was cleared that it would be behind Bretton Woods. That doesn't mean it was cleared with Crowley that he won't be able to start it in the House until Bretton Woods was through.

MR. WHITE: What does behind mean?

MR. O'CONNELL: It wouldn't be considered by either Committee.

MR. WHITE: What was the reason?

MR. O'CONNELL: To get Bretton Woods ahead.

MR. WHITE: Get Bretton Woods over first.

MR. BELL: It might be argued both ways. You could say behind, and, well, it could be introduced now in the House and they could have hearings in the Committee.

MR. WHITE: Well, but our reasoning at that time was that it could only muddy the waters to have the subject of the Export-Import Bank raised at the same time, that there was nothing to be gained. They did not need the money urgently and there was no question of their getting it, and it was merely a chance of making it more difficult for us. That issue ought to be settled quite independently of the amount.

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In the amount my own feeling is we ought to stick to the original amount because a billion and a half is quite adequate for small loans they will have to make. They will make a lot of small loans and it isn't adequate if there are going to be any big loans made to England or Russia or France. My feeling is that that ought to be a Congressional matter and not a question for decision by the Export-Import Bank.

MR. COE: Congress isn't going to let them make great big loans on the discretion of the Bank.

MR. WHITE: My own view is if they do well with a billion and a half, Congress will let them have some more. They never have turned down a good request that the foreign policy of the State Department and the Treasury wanted to make on the grounds they haven't got the money, and they are not likely to do so, either.

H.M.JR: May I ask a question?

MR. WHITE: All right.

H.M.JR: I was under the impression--maybe it is wrong--that Jesse Wolcott had very strong feelings on this.

(Mr. Pehle enters the conference.)

MR. WHITE: He had with respect to the Administration. He wants to make it a separate agency and he wants to also to have its loans coordinated. Well, he accomplished the latter. He wants now to make it a separate agency.

MR. O'CONNELL: He has no objection to a billion and a half, assuming he has his way on a separate agency.

MR. COE: The American Bankers recommended a billion and a half.

H.M.JR: Well, there is something in my mind. Were we agreed as to when this thing was going to go up. Does somebody know?

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MR. WHITE: Mr. Crowley and yourself and I were here. I don't know whether anybody else was here, and he raised two questions, the question of the amount, and he raised the question of the timing.

MR. O'CONNELL: No. I was here, too, and it seems the matter of the timing wasn't sufficiently cleared in the meeting, because after the meeting the Secretary asked me to call Leo Crowley to be sure it was understood that Bretton Woods took priority, and I called him and he said of course he understood Bretton Woods went into the hopper first. That was why I said I didn't think there was ever an understanding with Crowley that nothing would be done about the Export-Import Bank until--

MR. WHITE: I am confused between his conversation here and the conversation I had prior to that with him alone at the Jackson Day dinner.

H.M.JR: Something tells me you fellows have not had a preliminary meeting.

MR. WHITE: Well, whoever told you that knew all the facts. We have not had a preliminary meeting. I talked it over with Frank and we had agreed. I had assumed there was no disagreement.

H.M.JR: I think it would be helpful if you had had a preliminary meeting.

MR. LUXFORD: Mr. Secretary, if I could say something-- it doesn't seem to me it is too important.

H.M.JR: You will have to raise your hand.

MR. LUXFORD: All right, I will raise my hand. It doesn't seem important whether this was fuzzy or not before-hand. We know a lot more now than at the earlier time. What is your considered judgment as to whether or not you want to throw that thing in the hopper now no matter what the figures.

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H.M.JR: You think we can think better if we are fuzzy.

MR. LUXFORD: That isn't the important issue, whether there was an understanding at that time or not.

MR. O'CONNELL: I agree. I wanted to point out I do not think, from any conversation I had heard, Crowley had a distinct understanding.

MR. WHITE: You may be right, but I had a conversation with him beforehand.

H.M.JR: I love to flash something on this brain trust. It happens that I and everybody else in this room has forgotten a Committee set up on legislation of which Mr. Stettinius is Chairman. I just sent for it, and this very kind of thing would be a very proper thing to bring before this Committee if we knew we had the votes before we convened it. (Laughter)

MR. COE: I could tell you that you are outvoted on that Committee.

H.M.JR: Do you know what Dean stands for?

MR. COE: He stands for bigger expansion.

MR. WHITE: No, it's the timing of the legislation. They had nothing to do with that.

H.M.JR: Timing?

MR. BELL: He's for bigger and better loans.

MR. PEHLE: He might be all right because he submitted to Bretton Woods.

H.M.JR: The timing. Let me call Dean up.

MR. LUXFORD: On the timing, yes.

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MR. PEHLE: Not as a member of the Committee. Remember, we had one meeting.

MR. O'CONNELL: Just one.

H.M.JR: Over there, and what did we bring up at that meeting? Wasn't it this thing?

MR. O'CONNELL: We brought it up and the Committee approved the whole list of projects.

H.M.JR: Wasn't it this particular thing we talked about?

MR. O'CONNELL: That Bretton Woods would come ahead of everything else, but my only point is what does that mean?

MR. WHITE: What do you mean about coming ahead?

MR. BELL: That's where you're fuzzy.

H.M.JR: The one Mr. Grew didn't want to come to my office.

MR. COE: I wasn't here then.

MR. WHITE: I was here.

H.M.JR: What happened?

MR. O'CONNELL: Just what I indicated. There were eight or nine bits of legislation Dean Acheson had, including the St. Lawrence waterways and the food. And the only thing I know of that was decided was that Bretton Woods came first.

MR. LUXFORD: Mr. Secretary, while Wolcott was giving his speech on Bretton Woods, he was going this way. (Indicating)

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H.M.JR: Was he? On purpose?

MR. LUXFORD: When the vote was going on he was going this way. (Indicating)

H.M.JR: He was?

MR. PEHLE: I don't know how that's going to appear in the minutes, Mr. Secretary.

H.M.JR: This fellow on OPA gave me some advice on how to handle him. He never sat down and talked with Jesse Wolcott. So, I told him of Jesse and to come around to his house around five o'clock at night and have plenty of bourbon. He never sat down and talked to him.

MR. WHITE: Jesse has the reputation of having the same view.

MR. O'CONNELL: He did, last year.

MR. BELL: Everybody in the House, certainly on the Banking and Currency Committee--

H.M.JR: He is establishing a Foreign Economic Policy Board.

(The Secretary holds a telephone conversation with Dean Acheson, as follows:)

HMJr:

We are accepting them and giving them.

Mr. Dean Acheson:

Well, that was wonderful.

HMJr:

Wasn't bad, eh?

A:

I went around yesterday - spent all day yesterday afternoon walking around those halls shaking hands with people.

HMJr:

Wonderful!

A:

I called on almost every member of the committee.

HMJr:

Wonderful. That is very nice.

A:

They were in great humor. They were so pleased with themselves.

HMJr:

Well, we ought to have another party soon.

A:

Oh, they'd love it.

HMJr:

Well, I appreciate all you did, Dean, more than I can say.

A:

Well, I'll keep after it, Henry.

HMJr:

Well, now - what I'm calling up about is this. We're sitting around here talking about the Import-export or rather the Export-import bank, as to when it comes up, see?

A:

Yeah.

HMJr:

The Bureau of the Budgets have some communication with our people. Now I'm not arguing how big it is, but I have grave doubts as to whether it would be wise to have that before Congress the same time with Bretton Woods and Lend-Lease, and whether the Export -import legislation shouldn't be held back until at least we get Bretton Woods out of the way. Now with all these figures, they are not going to add them all up, you see?

A:

Yes.

HMJr:

And I wanted your advice.

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4:54 P. M.

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A: Well, now, I was going to talk with Clayton about that.

HMJr: Yeah.

A: He went off to Chicago and will be back tomorrow.

HMJr: Yeah.

A: Suppose I get hold of him. I have the same fears that you have.

HMJr: See what I'm afraid of - they'll take whatever it is, six billion for Lend-lease, and nine billion for Bretton Woods, three billion for whatever it is, export- and they'll total them all up. And I don't see why export-import couldn't wait a little while until we got our thing through the Senate. And I think it is going to hurt Lend-Lease too. I don't see the rush.

A: Well, I think there is a great deal in that. There is some rush because in order to get on with any talks with the Russians or anyone else, you've got to have some money.

HMJr: On the export-import?

A: Yeah.

HMJr: Well, I just didn't know that was in the wind.

A: Well, I don't know that it is, but it can't be in the wind until they get some money somewhere.

HMJr: Well,

A: Anyway, I do not think it ought to be introduced until we have made a very careful canvass.

HMJr: Will you? Then another --if we have a meeting of minds between State and Treasury then we can call a meeting of that ...

A: Legislative committee?

HMJr: Yeah. But I didn't want to call them together until I knew where we stood.

A: Yes.

HMJr: See? But I think we will have trouble with Crowley.

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A: Yes, I think we will. And I'm not quite sure where everybody stands over here, but I'll get hold of Will.

HMJr: Well, we'll sit tight until we hear from you.

A: All right, fine.

HMJr: Thank you very much.

A: Henry, there is one other thing.

HMJr: If you please.

A: What?

HMJr: I said if you please.

A: I was talking to Joe O'Connell this morning.

HMJr: Yes.

A: And I reported to him that I had talked with Barkley and Mr. Hill.

HMJr: Yes.

A: And they are all in a state of enthusiasm now to keep these hearings fairly short and then get this thing through quickly while we have got all the enthusiasm, and this big vote and the popular interest in it.

HMJr: Yes.

A: So the leadership is in good shape on that. Well, there is one problem.

HMJr: Please.

A: And Biffle said he would think that over and give us some advice on it. Joe and I both agreed this morning that as a debater that Senator Wagner is not going to be terribly wise about this.

HMJr: No.

A: Because he doesn't know very much, and he ought to have a senior Democrat - not a freshman - but somebody who will go to work.

HMJr: Yeah.

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A: He said he would make a recommendation on Monday and I could talk it over with you, and then we could get this fellow and educate him so he can do the work on the floor. It will have to be worked out with Barkley and Wagner.

HMJr: Well, I talked to President Truman about that and he went over the list of the committee himself with me, and he was very much worried. He thought the best man would be the Senator from Maryland.

A: Radcliffe?

HMJr: Radcliffe. If we could get him enthused.

A: Well, I think we might.

HMJr: And he said that was his thought.

A: Yes. Well, that is a good suggestion.

HMJr: And let's see what Biffle comes through with.

A: All right, Henry.

HMJr: But I agree that Wagner needs some bolstering up.

A: Yes, he does.

HMJr: Well, I'll be hearing from you.

A: All right, fine.

HMJr: Thank you so much.

A: Yes, sir.

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MR. WHITE: I have already gotten in touch with Senator Radcliffe. He is going to give me a ring either today or tomorrow to meet me Sunday or Monday. He wants to go over the thing.

MR. O'CONNELL: The Committee is awfully weak on the Democratic side, as we all know.

H.M.JR: Would you people be agreeable? I would like one or two of you, maybe Monday afternoon to come to the house and sort of drill me and go over the statement for Bretton Woods and then have a little bit of questions and answers.

MR. WHITE: Yes. That's a good refresher course.

H.M.JR: Oh, I am all full Monday. Wait a minute. No, I am not. I can do it Monday. I'll do it Monday morning at nine-thirty.

MR. WHITE: I have made an appointment with Senator Downing for Monday morning at nine-thirty.

H.M.JR: That's all right if I can have Eddie Bernstein and Luxford, the two of them.

MR. BERNSTEIN: Do you want to go over the draft we have and statement before Monday or wait until Monday morning?

H.M.JR: I think we'll do it altogether. I'll save all of Monday morning. I won't make any other appointments. Nobody has to work on Sunday, but from nine-thirty to twelve on Monday I'll just save. This is, I think, the intelligent way of doing it, and you can see Dean was bothered. I thought throwing in and adding up the three things was a good touch.

MR. LUXFORD: Taft is going to start adding them if we don't.

June 8, 1945 42
5:06 P. M.

HMJr: Hello.

Senator Tobey: Charles Tobey talking.

HMJr: How do you do.

T: Just called up to say to you on the progress made so far - that House vote was a pleasing thing, wasn't it?

HMJr: Wonderful.

T: And also I am pleased to think that a number of Republicans saw the light enough to go along.

HMJr: I should think it will be most helpful when it gets over in the Senate.

T: Yes. I cited that to my Republican colleagues at luncheon that fact, and one of them was rude enough to say they didn't know what it was all about. Well, I thought that was a general indictment, but the party himself doesn't - but they are going to see you next Tuesday, I assume.

HMJr: Right. Well, I told Jesse Wolcott, I said if you don't mind my saying so, I think you have done the Republican Party a great service.

T: There isn't any question about it. I was pleased that Tom Dewey came out on our side.

HMJr: Yes.

T: In New York.

HMJr: Yes.

T: You know it was Tom Dewey that said to me at the Statler Hotel some three months ago at a reception that he was against it - that we were giving away a lot of money, etc.

HMJr: Yes.

T: I wrote him back today a letter and told him I was glad to see that he had had a change of heart and had seen the light.

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HMJr: Well, I think we are coming over with good strong backing, and I don't believe there is going to be too much opposition.

T: Now I went and talked to Taft today about it because I felt that he could get on the hearings a good deal. He is a little loath to go along. He said he wanted to conduct a very interesting examination for proponents of the measure.

HMJr: Yes.

T: Not as the opponents but the proponents.

HMJr: Yes.

T: And so he hasn't dared a course. That will be a simple matter. Charlie Taft's attitude is such a contrast it is sort of a delight, isn't it?

HMJr: Well, Senator Taft can start on me Tuesday.

T: Yes. Well, we'll act as a buffer state.

HMJr: I'm counting on you.

T: All the help I can give you.

HMJr: Thank you.

T: Any suggestions please bring them along and I'll embody them there.

HMJr: Thank you.

T: Any question you want to ask or any particular thing brought out, if I have the lead I'll come across.

HMJr: Thank you so much.

T: Good luck to you.

HMJr: Thank you.

T: How is the wife?

HMJr: She's is making progress, thank you.

T: Has she come home yet?

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HMJr: Yes, she's home.
T: Well, that is fine remember me to her.
HMJr: Thank you, Senator.
T: Thank you.

June 5, 1945
5:10 P. M.

45

HMJr: Hello.
Mr. Tom Clark: Hello, Mr. Secretary.
HMJr: How are you?
C: Pretty good, sir. I appreciated your note very much.
HMJr: Good. Mr. Clark - the reason I'm calling you is this. We had some inquiries around here the last few days about your income tax and all that. See?
C: Yes, sir.
HMJr: And I want you to know that the people inquired, and I told them that as far as you were concerned in the Treasury that we absolutely had nothing.
C: Well, bless your heart.
HMJr: And that any story that they were suggesting was pure figment of the imagination.
C: Well, bless your heart, Mr. Secretary, that is mighty nice of you.
HMJr: I want you to know that the story that appeared in Drew Pearson today.. I know nothing about it - never heard about it, and nobody in the Treasury did.
C: Well, that's mighty nice of you, and I do appreciate your telling me.
HMJr: I don't know what Drew Pearson is talking about and it certainly did not come from here. Another reporter came around yesterday - somebody had filled him full of stuff in your law firm - and told me some stuff and I said it is perfectly ridiculous-whatever you have been told is not true.
C: Thank you. I appreciate your backing them for me.
HMJr: Well, I don't know - somebody is trying to make some trouble for you, but I don't know where it is coming from.

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C: Well, I'd heard some rumors around - Speaker Rayburn, and then Senator Hatch told me he had heard some the other day.

HMJr: Well...

C: I do appreciate it, Mr. Secretary, and I shall never forget it.

HMJr: Well, I want you to know that, and I was very, very emphatic. If you want at any time to refer anything to me of that nature, and want me to make a public statement, I'm prepared to do so.

C: Well, thank you so much. I do appreciate it.

HMJr: Right.

C: Bye.

HMJr: Bye.

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6 JUN 1945

My dear Sir John:

This is in reply to your letter of February 1, 1945 inquiring about a possible inconsistency between Section 2(a) and Section 4(b) of Article VIII of the Fund.

I can see no inconsistency whatever in these sections. Article VIII Section 2 is designed to assure people engaged in international business that no member of the Fund will prevent their being paid for the goods they export and for other current obligations. The section states, subject to specified qualifications, that "no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions." With this provision international business can proceed without the restrictions that would result from the imposition of exchange controls on current transactions.

The exceptions to the general principle of Section 2 are enumerated very clearly and in understandable terms. If a currency should be declared scarce, a member may impose restrictions in accordance with Article VII, Section 3(b); and any country covered by the transitional arrangements may during the transitional period maintain and adapt to changing circumstances wartime restrictions on payments and transfers for current international transactions. No other exceptions to the general principle of Section 2 are specified because, I believe, no other exceptions were intended.

Section 4 of Article VIII deals with a different problem. Under this section each member (or its central bank) is obligated to buy balances of its currency held by another member (or its central bank) if the balances have been recently acquired as a result of current transactions or the conversion of these balances is needed for making payments for current transactions. There then follow the conditions under which the obligation does not apply, all of the exceptions being specifically listed.

In our view Section 2 and Section 4 have different obligations to meet different problems. Section 2 is concerned to see that an exporter is assured of payment for his exports in his own currency. Under Section 4, the exporter no longer owns the foreign currency,

for it has been acquired by his central bank. Under Section 2, the currency represents the accruing proceeds of current trade and is being presently acquired or will be acquired in the near future by a private trader. Under Section 4, the currency balances have already been acquired by a central bank, and they may represent balances resulting from recently completed transactions or even balances long accumulated from past transactions.

The financial obligations contemplated by the two sections are of a different order. By their nature, the sums involved in Section 2 are moderate in amount; the sums involved in Section 4 may be enormous in amount, for they can include the accumulated balances of years. As a practical matter, a country can be asked not to restrict payments and transfers to traders for current transactions. On the other hand, the burden of converting large accumulated balances held by foreign central banks may be too great for a country when it cannot secure the help of the Fund.

These are the reasons why restrictions on current payments may not be imposed without the consent of the Fund except in the two cases specified in Section 2, although the convertibility of balances held by foreign central banks can be restricted when a country no longer has access to the Fund and under the other conditions specified in Section 4.

As you are aware the distinction between these sections of Article VIII do not become significant until the end of the transitional period and may not be of consequence then.

We have explained these points in greater detail sometime ago in conversations with Mr. Brand and Mr. Opie.

Sincerely yours,

/s/ H. Morgenthau, Jr.

The Right Honorable Sir John Anderson,
Chancellor of the Exchequer,
H. M. Treasury,
Great George Street,
London, S. W. 1, England.

ENCLIFF 5/30/45

89
1st February, 1945.

My dear Mr. White,

A question has arisen of the interpretation of a certain clause in the Final Act of Bretton Woods which is causing me some difficulty and perplexity. It arises out of a possible conflict or inconsistency between Section 2(a) and Section 2(b) of Article VIII of the Fund. This has been already the subject of some discussion between Lord Keynes and Mr. White.

The essential point is this. The obligation under VIII 2(a) lapses under VIII 2(b)(v) if the member has exhausted his facilities with the Fund. In such circumstances, therefore, he resumes his discretion how far and for how long he shall continue to exhaust his ultimate gold reserves by maintaining de facto convertibility. I shall be expected to explain whether this is in any way undone by VIII 2(a), with the result that, in the

The Rt. Hon. Henry Morgenthau, Jr. /above

50

above circumstances, the discretion is given to the Fund, instead of to the member, to decide up to what point the member shall be required to declare its resources (which represent a country's total output for many purposes, including war) before assuming liberty of action.

I shall, finally, be required by a matter so important as the obligation of convertibility to give Parliament some clear guidance as to what obligation in this regard we are undertaking to assume.

It would, it seems to me, be proper for me to assume that, in the event of instance of Government being asked to give a decision under Article VIII of the draft constitution of the Fund, there will be no question of imposing by subtle interpretation an obligation which has not appeared clearly and unambiguously on the face of the document

50a

document or which had not been understood and accepted by all those who had signed it.

I propose, therefore, to assure Parliament, when the time comes to seek its judgment, that they are not being asked to accept any obligation beyond what clearly appears on the face of the document, and that we shall have to regard a satisfactory clearing up meanwhile of any possible ambiguity in the drafting as one of the essential conditions prerequisite to our being in a position to accept eventual convertibility under Article XIV.

John Maynard Keynes

57
✓
8 JUN 1945

Dear Mr. Baldwin:

The cause of international cooperation was tremendously encouraged by the heavy favorable vote of the House on the Bretton Woods bill and I want to thank you for the important part you played in obtaining this endorsement.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable H. Streett Baldwin,
House of Representatives,
Washington 25, D. C.

RB:icj
7/6/4552
/ 8 JUN 1945

Dear Mr. Barry:

I am certain that the endorsement given to the Bretton Woods Agreements by the House can be attributed in substantial part to the help you provided in working out amendments satisfactory to the minority members of the Banking and Currency Committee. I am very grateful to you for your efforts in behalf of this legislation which I sincerely believe will go a long way toward giving us real international cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable William B. Barry,
House of Representatives,
Washington 25, D. C.

RB:icj
7/6/45

53
✓
8 JUN 1945

Dear Mr. Brown:

I am sure that you are as pleased as I am about the extremely favorable vote which the House gave the Bretton Woods bill. I know that this is due in no small part to your untiring effort at the hearings and on the floor, and particularly in working out amendments to the bill that satisfied the doubts of the Republican members of the Banking and Currency Committee.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Paul Brown,
House of Representatives,
Washington 25, D. C.

RHE:el
7/6/4554
✓
8 JUN 1945

Dear Mr. Brumbaugh:

It seems to me that the action in the House on the Bretton Woods proposals will do a great deal to promote international cooperation. I am deeply gratified that the House has approved the Agreements on a non-partisan basis and I want you to know that I appreciate your efforts to attain this result.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable D. Esmert Brumbaugh
House of Representatives

R Brenner:cr 6/7/45

55
8 JUN 1945

Dear Mr. Cranford:

I know that the bi-partisan vote on the Bretton Woods bill was due in large part to your able efforts to keep the proposals from becoming a party issue. I believe that the resounding approval of the House will do a great deal to promote real international cooperation and I want you to know that I sincerely appreciate the fine work you have done to bring about this gratifying result.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Fred L. Cranford,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/4556
✓

8 JUN 1945

Dear Mr. Folger:

I want to thank you for your outstanding work in connection with the Bretton Woods bill. I know that the job you did on the Committee and again on the floor had a great deal to do with the large vote that the House cast.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable John H. Folger,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/45

57
✓
8 JUN 1945

Dear Mr. Gamble:

I believe that we can all be justly proud of the endorsement which the House has given to the Bretton Woods proposals. The size of the vote will do a great deal to promote international cooperation and I want to extend to you my thanks for your able assistance in bringing about this result.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Ralph A. Gamble,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/4558
✓
8 JUN 1945

Dear Bob:

I just want to "note for the record" my sincere appreciation for all you are doing with the Bretton Woods bill.

I know that you were just as pleased as I was that the House passed the Bretton Woods bill by a vote of 345 to 18. This demonstration, in my opinion, will be invaluable assistance to all projects for international cooperation.

Sincerely yours,

(Signed) Henry

Honorable Robert E. Hannegan
Chairman, National Democratic Committee
Mayflower Hotel
Washington, D. C.

RB:AFLehb
6/8/45

59
✓
8 JUN 1945

Dear Mr. Hays:

I want to thank you for the fine job you did in connection with the Bretton Woods bill. I know that the large non-partisan vote of the House was due principally to the untiring efforts of you and your colleagues on the Banking and Currency Committee.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Brooks Hays,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/4560
✓
8 JUN 1945

Dear Mr. Hoeh:

Everyone who has been interested in the Bretton Woods Agreements is, of course, very gratified by the fine vote cast by the House. I want to thank you for the very substantial help which you gave us in presenting the case for Bretton Woods.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Daniel K. Hoeh,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/45

61
8 JUN 1945

Dear Mr. Hull:

The non-partisan vote of the House on the Bretton Woods Agreements is a source of great satisfaction to me and I am sure that your reaction is much the same as mine. I want you to know that I appreciate the spirit in which you considered the proposals and the contribution you made to this fine endorsement of the plan.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Merlin Hull,
House of Representatives,
Washington 25, D. C.

RB:iej
7/6/4562
8 JUN 1945

Dear Mr. Kilburn:

The non-partisan vote of the House on the Bretton Woods bill proves conclusively to me that proposals on international cooperation will receive from Congress the kind of consideration that they deserve. I want you to know that I appreciate very much the work that you have done to make this possible.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Clarence E. Kilburn,
House of Representatives,
Washington 25, D. C.

RB:iej
7/6/45

63
✓
8 JUN 1945

Dear Mr. Kunkel:

I want to thank you for the fine work you have done in bringing about the overwhelming vote of the House on the Bretton Woods bill. It is extremely gratifying to me to see this non-partisan endorsement of a proposal for international cooperation and I know that your feeling about it is similar to mine.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable John C. Kunkel,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/45

64
✓
8 JUN 1945

Dear John:

I want to express to you my sincere thanks for the fine work you have done on the Bretton Woods legislation. The overwhelming vote of the House will, I believe, greatly encourage people all over the world who are striving to create conditions in which peace and prosperity will flourish.

Sincerely yours,

(Signed) Henry

Honorable John W. McCormack
House of Representatives

RB:ALF:ehb
6/3/45

65
✓
8 JUN 1945

Dear Mr. Monroney:

I want to thank you for the fine work you did in connection with the Bretton Woods bill. The enormously favorable vote was, I know, due in large part to the labors of you and your colleagues on the Banking and Currency Committee.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable A. S. Mike Monroney,
House of Representatives,
Washington 25, D. C.

RB:le
7/6/45

66
✓
8 JUN 1945

Dear Mr. Outland:

The action of the House on the Bretton Woods bill seems to me to be the most helpful sign for the future that has been given to the American people in a long time. I know that you, too, must be greatly encouraged by the result and I want to thank you for your extremely able work during the Committee's consideration of the bill and again when the legislation was on the floor.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable George E. Outland,
House of Representatives,
Washington 25, D. C.

RB:le
7/6/45

JUN 1945

Dear Wright:

I want to express my appreciation of the fine work you did in connection with the Bretton Woods bill both in the Committee and on the floor. Your loyal support was, indeed, a strong contributing factor to the size of the final vote.

Sincerely,

(Signed) Henry

Honorable Wright Patman,
House of Representatives,
Washington 25, D. C.

RB:APL:ehb
6/7/45

JUN 1945

Dear Mr. Quinn:

I appreciate very much your able assistance in the consideration by the House of the Bretton Woods Agreements. I believe that the fine endorsement which the House gave them is a demonstration to the world that America intends to cooperate fully with its neighbors when the war is over.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Peter A. Quinn,
House of Representatives,
Washington 25, D. C.

RB:el
7/6/45

69
✓
8 JUN 1945

Dear Mr. Rains:

I sincerely appreciate your contribution to the fine endorsement of Bretton Woods which has been given by the House. I feel certain that the size of the vote will do a great deal to assist all other efforts which are being made to establish a solid foundation for international cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Albert Rains,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/4570
✓
8 JUN 1945

Dear Mr. Ranspeck:

I know that every one who has worked on the Bretton Woods bill is extremely pleased at the tremendous vote of approval cast by the House. This action seems to me to be important not only because of its effect on the Bretton Woods proposals, but also because I believe that it will stimulate and encourage those who are engaged in working out other plans for achieving a peaceful and prosperous post-war world.

I want to thank you for the fine work that you have done in connection with this legislation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Robert Ranspeck,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/45

71
✓
8 JUN 1945

Dear Sam:

The House vote on the Bretton Woods bill is a great victory for the cause of international cooperation. I believe that it will do a great deal to facilitate America's participation in all of the pending proposals to establish a peaceful and prosperous world.

I am extremely gratified to you for all the work that you have done to achieve this result which is the source of great personal satisfaction to me.

Sincerely yours,

(Signed) Harry

Honorable Sam Rayburn
Speaker of the House
of Representatives
Washington, D. C.

RBrenner:cr 6/7/45

72 ✓
8 JUN 1945

Dear Mr. Riley:

I want you to know that I sincerely appreciate the help that you have given us in presenting the case for the Bretton Woods Agreements to the House. I am sure that you are as deeply gratified as I am by the fine result which has been obtained.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable John J. Riley,
House of Representatives,
Washington 25, D. C.

73

8 JUN 1945

Dear Brent:

The extremely favorable vote of the House on the Bretton Woods bill is a source of great satisfaction to all of us who have been concerned with its progress. I want to express to you my appreciation of the fine work which you and your Committee have done in achieving this great demonstration of America's intention to cooperate with the United Nations after the war.

Sincerely yours,

(Signed) Henry

Honorable Brent Spence

House of Representatives

RBrenner: cr 6/7/45

114

8 JUN 1945

Dear Mr. Sundstrom:

I want to thank you for your fine work in connection with the Bretton Woods bill. I know that you are as deeply gratified as I am by the overwhelmingly large vote by the House. This action will, in my opinion, add a great deal to the cause of international cooperation.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Frank L. Sundstrom

House of Representatives

RBrenner: cr 6/7/45

75
✓
8 JUN 1945

Dear Mr. Talle:

The House of Representatives has shown the world that the United States intends to cooperate fully with the United Nations after the war by overwhelmingly approving the Bretton Woods Agreements. I want to thank you for the large part you played in keeping these proposals from becoming a party issue and thus achieving this fine result.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Henry O. Talle
House of Representatives

RBrenner.. 6/7/45

76
✓
8 JUN 1945

Dear Mr. Thom:

In its vote on the Bretton Woods bill the House gave the world a great demonstration of America's intention to cooperate with other nations in the establishment of a peaceful and prosperous post-war world. The effectiveness of this demonstration was due, I am sure, to the fine work which you and your fellow Committee members did during the hearings and the debate and I want to extend my thanks to you.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable William R. Thom,
House of Representatives,
Washington 25, D. C.

AB:lej
7/6/45

77
8 JUN 1945

Dear Jesse:

I feel certain that you are as happy as I am about the approval of the Bretton Woods proposals by the House. I know that you have labored for a long time to achieve this fine bi-partisan endorsement and I want you to know that I am extremely grateful for the great job that you have done.

Sincerely,
(Signed) Henry

Honorable Jesse P. Wolcott,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/45

78
8 JUN 1945

Dear Mrs. Woodhouse:

People everywhere in the world who are working for real international cooperation have been greatly encouraged by the action of the House on the Bretton Woods agreements. I want you to know that I am extremely grateful to you for the fine job that you did as a member of the Banking and Currency Committee in connection with this legislation.

Sincerely,

(Signed) H. Merpenheu, Jr.

Honorable Chase G. Woodhouse,
House of Representatives,
Washington 25, D. C.

RB:lej
7/6/45

79 ✓

25,

8 JUN 1945

Dear Dr. Kung:

I am most pleased to learn that you are recovering from your operation.

With regard to the requests for the transfer of \$60 million from China's credit with the U. S. Treasury contained in your letter of April 28, 1945, I am glad to inform you that the necessary instructions have been given to transfer \$35 million to be used for the purchase of bank notes.

With regard to the \$25 million for the purchase of textiles, I shall be glad to have transfers made up to this amount at such times as the purchases are made.

With best wishes for your speedy recovery.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable H. H. Kung,
Room 4201,
Waldorf-Astoria Hotel,
New York, New York.

INF:dr 6/1/45

80

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 7 June 1945

TO Secretary Morgenthau

FROM Mr. Coe ^{cc}

Subject: Chinese request for \$60 million to purchase textiles and bank notes.

1. We have had under consideration for some time, a request from Dr. Kung to permit the Chinese to use \$55 million of their credits for the purchase of bank notes and an additional \$25 million for the purchase of textiles. It had been decided to delay action on this request until we had finished our negotiations with Dr. Soong.
2. The Chinese have already placed orders for bank notes totaling about \$55 million.
3. In connection with the request to use \$25 million for the purchase of textiles, we have been informed by the Foreign Economic Administration that the off-shore purchases of textiles in Brazil and Mexico, for which the Chinese will pay cash, will total about \$20 million.
4. I am attaching suggested reply to Dr. Kung on these requests.

0

SECRET

AUTH: Fiscal Director A. H. C.
INITIALS: *gjs*
DATE: 22 JUN 1945

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

This is in further reference to your letter dated 16 May 1945 relative to the shipment of gold to China.

This will confirm arrangements made through this office for the shipment of an additional four lots which is a portion of the amount allocated for June shipment by water, details of which have been furnished by telephone to Mr. Lipman's office.

Lot No. 1 consisting of 44 kegs serially numbered CBC 535 through CBC 578, with a total weight of 10,400 pounds, displacing 44 cubic feet, with a total value of \$4,993,410.97. Each keg should be marked HENT-L-OPD-OPD 161.

Lot No. 2 consisting of 44 kegs serially numbered CBC 579 through CBC 622, with a total weight of 10,400 pounds, displacing 44 cubic feet, with a total value of \$4,977,520.88. Each keg should be marked HENT-L-OPD-OPD 162.

Lot No. 3 consisting of 44 kegs serially numbered CBC 623 through CBC 666, with a total weight of 10,400 pounds, displacing 44 cubic feet, with a total value of \$4,970,470.47. Each keg should be marked HENT-M-OPD-OPD 163.

Lot No. 4 consisting of 44 kegs serially numbered CBC 667 through CBC 710, with a total weight of 10,400 pounds, displacing 44 cubic feet, with a total value of \$4,989,859.42. Each keg should be marked HENT-M-OPD-OPD 164.

It is understood that each lot will be held at the Federal Reserve Bank in New York on call from the New York Port of Embarkation. Lt. Col. Morrill Wiggin, TC, New York Port of Embarkation, Telephone Windsor 95400, has been requested to advise Mr. Peter Lang, Federal Reserve Bank, New York, as to the exact time and place of delivery for each lot. It is then understood that the Treasury Department

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Continued.

will make all necessary arrangements to transport the gold to the New York Port of Embarkation to arrive at the time and place requested by Colonel Wiggin with insurance effected by the final consignee.

The Commanding General, India-Burma Theater will be advised by War Department radio the number of the vessel on which the kegs were loaded with request that arrangements be made for the acceptance and delivery of the kegs to Mr. F. P. Ling, Manager, Bank of China, Calcutta, India.

Sincerely yours,

(Signed) A. H. CARTER
A. H. CARTER
Major General, GSC
Fiscal Director

SECRET

83 ✓
TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 8 June 1945

TO Secretary Morgenthau
FROM Mr. Coo ^{fc}
Subject: U. S. Army expenditures in China.

1. We have now thoroughly discussed with the Chinese the question of U. S. Army expenditures in China. We have not been able to secure agreement on a set of figures. It is felt, however, that we could proceed with the negotiations since there is a substantial area of agreement.
2. We are informed by the Chinese representatives handling this matter that both Dr. Soong and Dr. Kung feel that Dr. Kung should continue to handle this matter as in the past.
3. Dr. Kung is not coming in tomorrow to raise any matter of business with you. It is suggested, however, that you may wish to indicate to him that we are prepared to begin discussions with him on the amount of U. S. dollars which should be paid to settle U. S. Army expenditures in China during the last quarter of 1944.

84 ✓
8 JUN 1945

Dear Admiral Halsey:

I want to thank you most sincerely for the excellent statement you made available to the Treasury for our use in promoting the 7th War Loan Drive. The newspapers of the nation gave it splendid front page coverage, and I am sure it will be helpful to us in reaching our high quotas for the drive.

Sincerely,

(Signed) H. Morgenthau, Jr.

Admiral William F. Halsey
Commander Third Fleet
U. S. Navy
Navy Department
Washington 25, D. C.

SGL:eb

85 ✓
8 JUN 1945

Dear Admiral Nimitz:

I want to thank you most sincerely for the excellent statement you made available to the Treasury for our use in promoting the 7th War Loan Drive. The newspapers of the nation gave it splendid front page coverage, and I am sure it will be helpful to us in reaching our high quotas for the drive.

Sincerely,

(Signed) H. Morgenthau, Jr.

Admiral Chester W. Nimitz
Commander-in-Chief, Pacific Fleet
Navy Department
Washington 25, D. C.

SGL:eb

86
✓
8 JUN 1945

Dear General Doolittle:

I want to thank you most sincerely for the excellent statement you made available to the Treasury for our use in promoting the 7th War Loan Drive. The newspapers of the nation gave it splendid front page coverage, and I am sure it will be helpful to us in reaching our high quotas for the drive.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lieut. General James H. Doolittle
Commanding General, Eighth Air Forces
The Pentagon
Washington 25, D. C.

SGL:eb

87
✓
8 JUN 1945

Dear General Clark:

I want to thank you most sincerely for the excellent statement you made available to the Treasury for our use in promoting the 7th War Loan Drive. The newspapers of the nation gave it splendid front page coverage, and I am sure it will be helpful to us in reaching our high quotas for the drive.

Sincerely,

(Signed) H. Morgenthau, Jr.

General Mark W. Clark
Commanding General, 15th Army Group
The Pentagon
Washington 25, D. C.

SGL:eb

25
8 June 1945

My dear General Bradley:

It was with the greatest pleasure that I learned of your appointment and I want to hasten to congratulate you upon it. I cannot think of anyone who would fill this important and onerous post to more complete and genuine satisfaction, and while I know that you will find many difficulties ahead of you, I am sure that you also will ably carry out the duties of the position, and that the affairs of the Veterans Administration will go forward successfully under your direction. The Administration is to be congratulated upon your acceptance of this appointment.

I shall look forward to our associations here in Washington and hope that you will call upon me if at any time I can be of service to you.

Sincerely,

(Signed) H. Morgenthau, Jr.

General Omar N. Bradley,
3901 Connecticut Avenue, N.W.,
Washington 8, D. C.

GHW/dhs

25
8 June 1945

My dear General Bradley:

It was with the greatest pleasure that I learned of your appointment and I want to hasten to congratulate you upon it. I cannot think of anyone who would fill this important and onerous post to more complete and genuine satisfaction, and while I know that you will find many difficulties ahead of you, I am sure that you also will ably carry out the duties of the position, and that the affairs of the Veterans Administration will go forward successfully under your direction. The Administration is to be congratulated upon your acceptance of this appointment.

I shall look forward to our associations here in Washington and hope that you will call upon me if at any time I can be of service to you.

Sincerely,

(Signed) H. Morgenthau, Jr.

General Omar N. Bradley,
3901 Connecticut Avenue, N.W.,
Washington 8, D. C.

GHW/dhs

70
25
8 June 1945

My dear General Bradley:

It was with the greatest pleasure that I learned of your appointment and I want to hasten to congratulate you upon it. I cannot think of anyone who would fill this important and onerous post to more complete and genuine satisfaction, and while I know that you will find many difficulties ahead of you, I am sure that you also will ably carry out the duties of the position, and that the affairs of the Veterans Administration will go forward successfully under your direction. The Administration is to be congratulated upon your acceptance of this appointment.

I shall look forward to our associations here in Washington and hope that you will call upon me if at any time I can be of service to you.

Sincerely,

(Signed) H. Morgenthau, Jr.

General Omar N. Bradley,
3801 Connecticut Avenue, N.W.,
Washington 8, D. C.

OMR/cha

91
June 8, 1945

Mr. Fussell

Secretary Morgenthau

I have just listened to the March of Time and I am simply delighted. I don't know who was responsible for bringing this about, but I want to thank them - first, I want to thank the people in the Treasury and, second, I want to thank the March of Time. *Finished.*

92
June 8, 1945

Mr. Feltus
Secretary Morgenthau

Congressman Wright Patman has offered to send his remarks about me in the House to any group that I want to send them to. I wish you would submit some names to me today of some organizations that you think it would be worth while having them send to. He said he would send in unlimited numbers and I would like to take advantage of his kind offer. *Fordham - Russell is handling*

93
25
8 June 1945

My dear Lieutenant Herrog:

It was with the greatest pleasure that I learned of your appointment as Chairman of the National Labor Relations Board, and I want to congratulate you very warmly upon having been the President's choice for this important post. I know that you will assume its duties with a full understanding of their importance and that the work will go forward successfully under your Chairmanship. If at any time my office can be of service to you, I hope that you will call upon us.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lieutenant Paul H. Herrog,
Chairman, National Labor Relations Board,
Rockham Building,
Washington, D. C.

GMY/dbs

94
25
8 June 1945

My dear Lieutenant Herrog:

It was with the greatest pleasure that I learned of your appointment as Chairman of the National Labor Relations Board, and I want to congratulate you very warmly upon having been the President's choice for this important post. I know that you will assume its duties with a full understanding of their importance and that the work will go forward successfully under your Chairmanship. If at any time my office can be of service to you, I hope that you will call upon us.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lieutenant Paul H. Herrog,
Chairman, National Labor Relations Board,
Rockham Building,
Washington, D. C.

GMY/dbs

95
25
8 June 1945

My dear Lieutenant Norris:

It was with the greatest pleasure that I learned of your appointment as Chairman of the National Labor Relations Board, and I want to congratulate you very warmly upon having been the President's choice for this important post. I know that you will assume its duties with a full understanding of their importance and that the work will go forward successfully under your Chairmanship. If at any time my office can be of service to you, I hope that you will call upon me.

Sincerely,

(Signed) H. Morganthau, Jr.

Lieutenant Paul H. Norris,
Chairman, National Labor Relations Board,
Independence Building,
Washington, D. C.

GKF/dhs

96
25
8 June 1945

My dear Mr. Norris:

Listening to your March of Time program, last night, as I always do when I have the opportunity, I was simply delighted with the clear and convincing manner in which you presented the black market angle of the Treasury's tax evasion problem. The technique of cutting back and forth from your dramatic presentation to the summation of the issue struck me as particularly effective.

Will you be so kind as to convey my thanks to your associates in New York and to Mr. Culley of your Washington office.

I also appreciate the interest of Mr. Hart, of Washington, who was instrumental in presenting Treasury material on another of your excellent radio programs which I was, unfortunately, unable to hear. I would be pleased if you would also convey my thanks to Mr. Hart and others responsible for this program.

Yours sincerely,

(Signed) H. Morganthau, Jr.

Mr. Frank Norris,
Director, Radio Programs Department,
Time, Inc.,
Rockefeller Center,
New York, New York.

EBF:nmc

77 ✓
8 June 1945

Mr. Robert A. Dillon
Secretary Morgenthau

I am informed that you handled, directly, for the Treasury, the arrangements with the March of Time for the very excellent program of Thursday night. I listened with much interest and was delighted with the presentation. I want you to know how much I appreciate both your efforts and the splendid finished product.

(Signed) H. Morgenthau, Jr.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 8 June 1945

TO Secretary Morgenthau
FROM R. B. Fussell

Responding to your memo regarding March of Time:

After you gave us the idea, Charley Shaeffer and I called upon the March of Time people here. They were very cooperative but told us final arrangements had to be made in New York.

I asked Bob Dillon of Shaeffer's shop to follow through for us and he did an excellent job. I think he rates the suggested memo of commendation which I have attached for your signature. Incidentally I am asking him to devote attention to radio in general, pending the selection of a man, such as Lieut. Levy, who has had experience in that particular line. Dillon is showing so much pep on this assignment that he might be able to answer the bill permanently.

Also attached for your signature is a thank-you letter to the Time office in New York.

R. B. Fussell

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date 8 June 1945

TO Secretary Morgenthau
FROM Paul McDonald *PM*

Mrs. Klotz asked me to give you a memorandum concerning the Dorothy M. Weaver letter which you signed yesterday, and were kind enough to offer to present to her personally this morning in recognition of her meritorious promotion for outstanding performance in the Division of Disbursement.

It was not until Mr. Charles S. Bell's office called Disbursement to request Miss Weaver to appear in your office that we were informed she had resigned 30 May to rejoin her family in Missouri. The Chief Disbursing Officer had not been advised of the approval of Miss Weaver's promotion pending your final concurrence. As you know, you wished to pass finally on such promotions and the Personnel Division apparently felt it would have been premature to advise the originating office prior to your final approval.

Unfortunately, it was assumed by the office which prepared the letter for your signature that Miss Weaver was still on the job, particularly since the originating office did not promptly recall its recommendation on learning of Miss Weaver's resignation.

This is particularly embarrassing in view of your personal and enthusiastic desire to recognize outstanding Treasury employees. Proper coordination has been effected to eliminate the recurrence of such an incident in the future.

100
This letter was not delivered because
the girl had resigned.



THE SECRETARY OF THE TREASURY
WASHINGTON

101
7 June 1945

Dear Miss Weaver:

It gives me pleasure to inform you that you have received a meritorious promotion in recognition of the fine record which you have made in your work in the Treasury Department. This promotion is a salary increase of sixty dollars a year, effective 1 June 1945.

In notifying you of this promotion I want especially to commend you for your high production record, with a minimum number of errors. Your performance has been an inspiration to others to improve the quantity and quality of their work.

Sincerely,

Miss Dorothy M. Weaver
Division of Disbursement
Bureau of Accounts
Treasury Department



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102
✓
8 JUN 1945

Dear General Marshall:

I want to thank you most sincerely for the excellent statement you made available to the Treasury for our use in promoting the 7th War Loan Drive. The newspapers of the nation gave it splendid front page coverage, and I am sure it will be helpful to us in reaching our high quotas for the drive.

Sincerely,

(Signed) H. Morgenthau, Jr.

General George G. Marshall
Chief of Staff, U. S. Army
The Pentagon
Washington 25, D. C.

SGL:eb

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 6-7-45

TO:

Mrs. M. K. McHugh, Room 3409, Main Treasury

FROM:

S. George Little *SG*

Here are some of the "thank you" letters Secretary Morgenthau wants to send to the Admirals and Generals who gave us the War Bond messages for newspaper publication. Others will follow later.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 8 June 1945

TO Secretary Morgenthau
FROM J. W. Pehle

Charles Bell called in from New York this morning to report on the recruitment drive. He thought you might want a progress report for possible use at Cabinet today. The following is a summary of Bell's report:

Yesterday, 50 former Civil Service investigators, including 6 women, were appointed and assigned to the Revenue Agent in Charge in New York.

Machinery for assigning and appointing all classes of persons needed for Revenue has been set up and is in operation today. The machinery consists of four examining boards, staffed with joint personnel of the Civil Service Commission and the Bureau of Internal Revenue, who will call in for interviews 200 persons per day. Of this number, we should be able to recruit between 30 and 40 applicable candidates daily until the New York quota of 900 special agents has been filled.

Army officials at Fort Dix were interviewed. They agreed to bring to the attention of every discharged soldier the job possibilities in Revenue. Each veteran is required to fill out a form which carries a description of his past experience. These forms will be promptly screened and the job possibilities in Internal Revenue brought to the attention of all persons eligible for our work.

Fort Dix is the largest discharge center in the United States. It is currently discharging at the rate of 1,000 men a day, and will soon reach 2,000 a day, or approximately 20% of the total discharges for the United States.

Your letter to Adjutant General Ulio of June 6 has already been printed in the attached information bulletin

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- 2 -

for Army counselors, and is in the hands of all counselors in all camps throughout the United States.

Charlie reports that Elmer Ireys has been very helpful in working out many of the details with Revenue and the Enforcement staff of New York.

Bell said that you ought to know that as far as can be determined, none of the Internal Revenue units in the New York area have contacted the local Civil Service Commission within the last year to fill vacancies from their registers.

Attachment

106
6 JUN 1945

Dear General Ullo:

The attached letter is self-explanatory, and, if possible, we should like for it to appear in your informational Bulletin Number 5. We understand that this Bulletin is now in the bindery, thus, it may not be possible for you to have this information included in the current issue. If such is the case, I would appreciate having this letter reproduced and sent either as a supplement to your Bulletin Number 5 or on a separate mailing to the same recipients.

Very truly yours,

(SIGNED) CHARLES S. BELL

Administrative Assistant
to the Secretary.Major General James A. Ullo,
Adjutant General,
War Department,
Washington, D. C.

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8 June 1945

My dear General Ulio:

The Treasury Department is conducting an extensive campaign to apprehend tax evaders engaged in black-market operations. To do this work it will be necessary to immediately recruit 11,000 employees, including 6,500 Agents and 4,500 clerical and other employees. The President of the United States has thrown his full support behind this urgent and important program and he stated to the press on 1 June that he desired to give qualified veterans the first opportunity to fill these jobs in Treasury. The following is a copy of the President's statement:

"Secretary Morgenthau has told me about the truly shocking cases of tax evasion his men have discovered. I am thoroughly in sympathy with his plan to enlarge the Bureau of Internal Revenue forces to whatever extent is required to insure full compliance with the law. It will be good business for the Government, because every dollar we spend in collection and enforcement will produce \$20 or more in revenue. And much more important is the matter of good morals. We are not fighting this war to make millionaires, and certainly we are not going to allow the black market operators or any other racketeers to be in a favored class, when the men in the armed forces, and our citizens generally, are sacrificing so heavily.

"The top officials of the Civil Service Commission have been acquainted with our special tax drive and the necessity for an accelerated program of recruitment. Arrangements have been made with the Civil Service Commission to have placed at every Army discharge center in the United States a qualified recruitment officer from the Civil Service Commission, fully versed in our recruitment requirements, who will steer to us qualified veterans as they are discharged.

"The American people understand that sacrifices are necessary. They know the war is still far from being over. The one thing that might break down their will to keep on to complete victory would be a feeling that a few were profiting from the sacrifices of the many. We must see that there is no justification for any such feeling, and that is just what we are going to do."

The Agents' jobs will pay \$2,500 or \$3,200 depending upon education and experience qualifications. Briefly, the qualifications required are 2 to 3 years' experience in responsible accounting, auditing, or investigational positions and substitutions are allowed in lieu of experience for accounting and legal education.

Deputy Collector positions are available at \$2,000. The requirements for these are 2 years of business experience, preferably bookkeeping or accounting, or 2 years of accounting or legal education. A simple test is given to applicants for these positions.

The clerical positions offer salaries of \$1,440 and \$1,620.

In addition to the salaries shown above all employees are paid from \$311 to \$623 per annum, depending upon the salary rate, as overtime as long as they are on a 43-hour per week basis. A further pay increase may be approved on 1 July 1945, which would add 20 per cent for the first \$1,200 and 10 per cent for the amount between \$1,200 and \$4,800. The Senate has already approved this increase and it is now being considered by the House.

Any one interested in these jobs should immediately make application on Standard Form 57 to any field office of the Bureau of Internal Revenue of the Treasury Department, to any Civil Service Commission Regional Office, or to the Director of Personnel, Treasury Department, Washington, D. C.

Your cooperation in this matter will be appreciated.

Sincerely,

(Signature of J. Edgar Hoover)

Major General James A. Ulio,
Adjutant General,
War Department,
Washington, D. C.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 8 June 1945

TO Secretary Morgenthau
 FROM Mr. Hagan
 Subject Current Developments in the High-grade Security Markets

I. Long-term Governments Rise in Price

Since the opening of the Seventh War Loan drive on 14 May, prices of the restricted taxable bonds and the 2-1/2's of 1967-72 have scored substantial gains. During this period, the restricted taxable bonds advanced 16/32 on average; and the 2-1/2's of 1967-72 gained 1-9/32 to establish a new all-time high. At current prices, the unrestricted 2-1/2's of 1967-72 yield 2.23 percent; and the restricted 2-1/2's of 1966-71 yield 2.41 percent.

Some indication of the recent changes in the prices of taxable issues is provided by Chart I, which shows the prices of the securities offered in the Sixth War Loan from the day first traded.

II. Certificate Yields Back to December Highs

Yields of certificates of indebtedness have risen further (prices have declined) in recent weeks, continuing the trend which has been in progress since the low yields reached on 7 April (Chart II). Yields are now at about their level of 22 December -- the date of your letter to Chairman Eocles -- the rise during the past two months having cancelled the improvement registered by the certificate market during the first quarter of this year.

 III. Member Bank Borrowing at 12-Year High.
This May, in Part, Reflect Tax Avoidance.

Discounts and advances by the Federal Reserve Banks to member banks amounted to \$912 million on 6 June. This is the highest level of member bank borrowing since the two peak weeks of the bank holiday in March 1933; and before

Secretary Morgenthau - 2

that, since the end of 1931. Almost three-fourths of this total was in the New York Federal Reserve District; and weekly reporting member banks in New York City reported borrowings on 6 June of \$579 million.

Some increase in member bank borrowing characteristically occurs during the early part of a war loan drive, before the sale of marketable securities to corporations opens and the bulk of subscriptions paid for with War Loan Deposits are received. There appears to be, however, a definite upward trend in member bank borrowing which is independent of the timing of war loans. One possible reason for this trend is a desire on the part of banks to minimize their excess profits tax.

Banks generally compute their excess profits tax liabilities on an invested capital base. Under the law, they are permitted to increase this base by half of their borrowed capital (on an average daily basis). Deposits cannot be treated as borrowed capital for this purpose. During the past few years, bank earnings have increased markedly, as has been indicated in previous memoranda; and the number of banks subject to excess profits tax has likewise increased. It can be seen that banks can reduce their excess profits tax liability, or even avoid it altogether, by borrowing to replenish reserves instead of selling certificates to Federal.

A recent issue of the confidential "Current Comments" by the Division of Research and Statistics of the Board of Governors of the Federal Reserve System says with respect to this:

"The situation presents a rather delicate issue to the credit authorities of the System. There are many who have been hoping that the discount privileges of the System might be used and considered available so that excess reserves could be allowed to dwindle without creating any feeling among banks of credit tightness. The System, however, would hardly want to be a party to promoting a channel of tax evasion. The difficulty arises because of the very thin margin that separates 'legitimate' borrowing from that which is unnecessary. The Federal Reserve System has within its hands the power to create the

Secretary Morgenthau - 3

credit conditions that would make borrowing either more or less 'legitimate'. For example, if the System should tighten reserves, there would be more cases in which member banks could demonstrate a real need for borrowing."

This comment is very pertinent in view of the rise in the yields of certificates of indebtedness which has occurred since early April. Since 7 April, the yield on certificates having a maturity of three months has risen from about 0.42 percent to about 0.70 percent (Chart II). The lending rate of the Federal Reserve Banks on loans secured by certificates is 1/2 of 1 percent; and most of the loans made by the Reserve Banks are so secured. It is, of course, much easier for member banks to justify such borrowing as "legitimate" when three-month certificates are yielding 0.70 percent, than it was when they were yielding 0.42 percent.

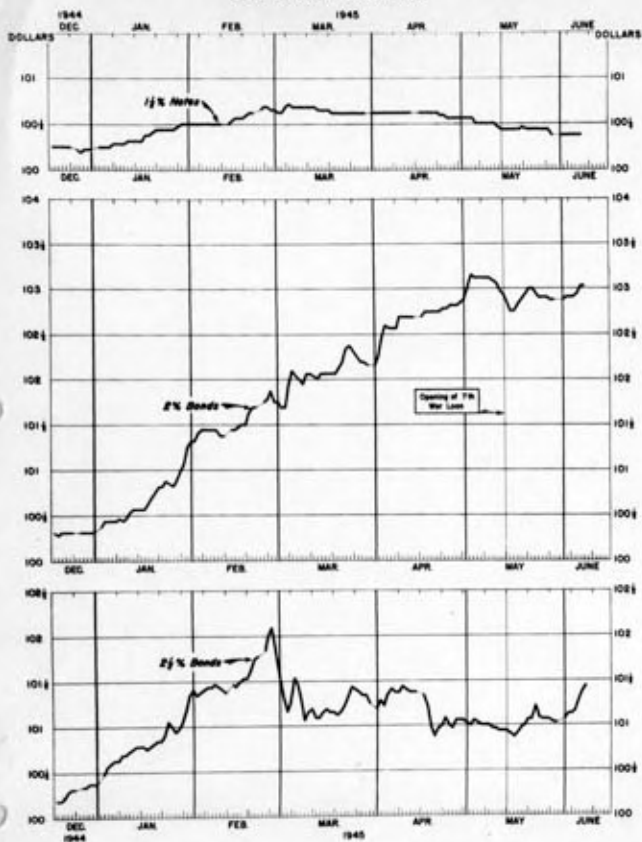
IV. Rise of Money in Circulation May Be Slackening

The volume of money in circulation continues to rise. On 6 June, it amounted to \$26.5 billion. There are some indications, which, however, require to be confirmed by observation covering a longer period, that the rate of increase is slackening. The increase in the year ended 6 June was less than \$4.3 billion, as compared with \$5.0 billion for the corresponding period a year ago.

Attachments

Chart I

PRICES OF MARKETABLE TREASURY NOTES AND BONDS
ISSUED IN 6th WAR LOAN

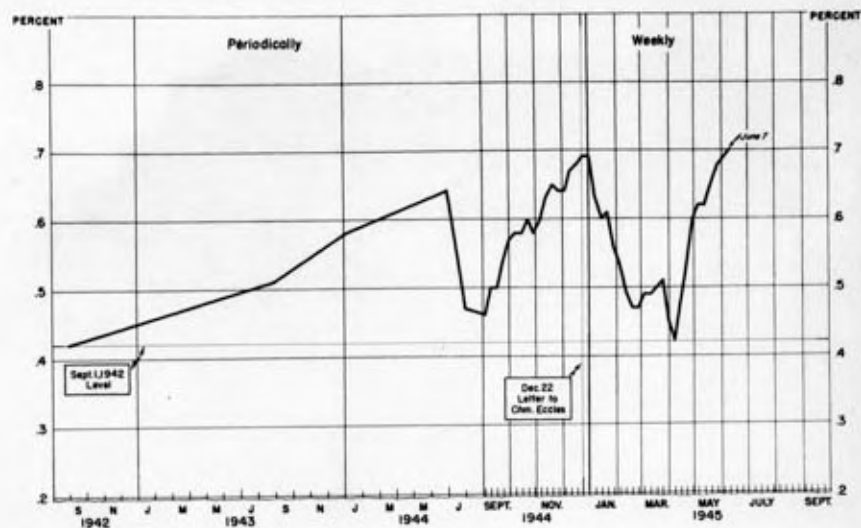


Office of the Secretary of the Treasury
Division of Research and Statistics

F-370-4

Chart II

ESTIMATED YIELD OF A 3 MONTH TREASURY CERTIFICATE



Office of the Secretary of the Treasury
Division of Research and Statistics

F-389

MEMORANDUM TO THE SECRETARY.

8 June 1945

Mail Report

Fan mail on which a count was kept and from which excerpts were taken totalled 599 communications this past week. This does not include routine mail without comment, which is forwarded in volume every day to the different Treasury offices.

Attached are quotations as usually included from letters of particular interest, and also a box score showing how the mail was divided by the subjects covered.

Again the drive against tax evaders took the top spot. The last two days of the week showed a sharp decline in correspondence on the subject, but in all, 132 men applied to the Secretary for jobs as investigators, about one-third of these being service men recently discharged or soon to be discharged. As soon as word went out that recruiting for the jobs would be done among veterans, there was a noticeable increase in applications from these men. Of the 65 communications naming specific tax evaders, 37 were anonymous. These letters came from all sections of the country, but a great proportion were postmarked New York City. There were 40-odd other letters approving the drive or making suggestions to promote it. Of the 3 or 4 who commented on it unfavorably, 2 particularly opposed the special appropriation to be asked of Congress. The tax mail also included 10 requests for refunds, half a dozen complaints about hardships, and a few miscellaneous suggestions.

Although inquiries about Adjusted Service Bonds fell off this week, other run-of-the-mill bond matters increased slightly. Complaints from service men or

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Memorandum to the Secretary.

8 June 1945

their families about undelivered bonds rose to 12, and reports of delays in receiving bond interest to 4. High praise of "Here's Your Infantry" continued to arrive daily and there were still quite a number of promotional ideas for the Seventh Drive.

Neither the Roosevelt bond nor the Roosevelt dime had more than half a dozen comments. In each instance disapproval outweighed approval. Three out of a dozen communications about the Instructions to Financial Institutions to report currency transactions were in bitter opposition -- the remainder favorable or non-committal. Again several writers warned of the inflationary trend of the stock market. There were 8 rather small donations to the war effort and 3 to the conscience fund.

During the month of May, 268 pieces of mail were forwarded to us from the White House. This is the lowest we have ever fallen in such receipts, and I believe that the change in Administration at the White House is responsible. Our previous low was May, 1937, with 381. The highest was 1942, with 1,428. As a rule, our May receipts have run between 500 and 800. Of the letters we received this past month, 103 were handled in the Correspondence Division.

John Forbush

General Comments

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Dr. I. R. LeSage, Huntington, West Virginia. I cannot refrain from reiterating my approval of your advocacy of stern treatment of Germany made some time ago, and which was given the "hush hush" by some of the spineless big-wigs at Washington. The 7th War Loan would gather more momentum if more speedy action were apparent toward the execution of the arch Nazi fiends and less coddling of the rank and file of prisoners in our concentration camps. Then, too, the asininity of court martialing a guard for slapping some of the inhuman beasts, all these things are disgusting and tend to take the enthusiasm out of this Bond Drive. I am voicing my own sentiments and those of thousands of others in the above context, and it would be well for the "Powers that be" to get wise to this situation.

Dayle E. Weller, President, The Bank of Three Oaks, Three Oaks, Michigan. We received from the Federal Reserve Bank this morning a copy of instructions issued by you under date of May 21, 1945. * * * I am writing this letter to enter a vigorous protest regarding the method which you propose to use in obtaining this information. In my opinion, if the Treasury Department wants such information, it should be willing to assume full responsibility; therefore, should require individuals involved in such transactions to make a full disclosure and sign a statement regarding the use of such large bills. As you now propose to obtain these reports, it places the banks in a position of endeavoring to pass judgment on what is and what is not "legitimate and customary conduct of the business, industry, or profession of the person or organization concerned". As you will appreciate, many transactions pass through a bank of which banks have no knowledge whatever concerning the use to be made of the proceeds, and in many cases it is none of their business -- their function being purely that of paying agent for their

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depositors. It seems to me that your proposal does nothing except to place the banks in a situation in which they might easily find themselves in error, their officials or representatives embarrassed, and good will removed. * * * It is not your purpose to which we object. It is the method by which you proceed. We sincerely hope that you will reconsider this matter in its proper light and revise your instructions to require that disclosures must be made by individuals rather than by the banks. In the meantime we shall, of course, be governed by your instructions and trust that you will correct this situation forthwith.

W. A. Moehle, President, The "Old" Exchange National Bank, Okawville, Illinois. We are today in receipt of notice regarding "Instructions to Financial Institutions in the United States" pertaining to certain transactions. * * * We have no fault to find with this order except that the order should be more definite; as it now stands, it is up to each bank to determine whether the transaction shall be reported. This places the burden on the banks, which we think is not the way it should be. You well know the Banks have done a wonderful job during this war in handling the various demands made upon it, but this order should be more specific, not allowing any loopholes. Under present instructions Banks are more or less policemen, and I am sure the Banks, as a whole, will resent following your instructions. * * *

Joseph W. Driscoll, New York Herald Tribune, New York City. I wish to protest emphatically against the lack of governmental coordination which resulted in the impounding of my personal funds when I arrived at LaGuardia Field, May 21, 1945, after serving as accredited war correspondent with our armed forces since before D-Day. These funds had been duly and legally issued to me by the U. S. Army finance officer

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at Orly Airport, Paris, in strict accordance with my Army travel orders which read: "Military personnel should exchange their French francs to U. S. dollars and English sterling in the Passengers Terminal Building at the airport immediately prior to departure. A copy of your travel orders must be shown the Finance Officer at that time." Having faithfully adhered to the Army procedure, I was surprised upon being informed at LaGuardia Field that I could not bring more than \$50 into the country without a permit. Why cannot the Treasury and the Army get together on such matters and work out a coordinated procedure so that returning citizens will not become enmeshed in red tape and delays, and have to apply for a "license" to recover their own money? I thought, Mr. Secretary, that you might welcome this suggestion.

Lillian Albrespy, Oakland, California. I was more than grateful when the articles I requested of you were sent to me in such a generous way. I fully understand now that all letters sent to you by ordinary citizens do not go unanswered. Thank you again for the photograph and autobiography of yourself. My classmates, as well as myself, have enjoyed the books and we can now more fully understand a little more about our land and its democracy.

F. H. Smith, Wilkinsburg, Pennsylvania. The writer is active in Veteran Affairs and we know what the G.I. thinks, and right now he is good and sore over the raw deal handed him by the State Department, and your Department on the exchange value of the Franc. Fulton Lewis, Jr., covered this to the point tonight, and it sure is a mess. Our boys stand to lose \$40.00 or more a month on the alleged plan, and we have asked Congress and President Truman to take action to remove every official who is responsible for this act of injustice to our G.I's., and we welcome your version of the deal. Mr. Lewis will be glad to tell what he knows as he talked to many of the officers over there.

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Sam Dambrosia, Route 17, Paramus, New Jersey. I am enclosing my check for \$18.25 which represents a saving of 5¢ a day for one year, and which I put aside for the privilege of flying our flag. Each morning I hoist the flag to the top of a flag pole I had erected on my premises and at sundown I lower it. I have been doing this for the last six years and I expect to do it indefinitely, so long as I am physically able to do so. This is really the land of opportunity and I came to this country from Italy when I was 17 years of age. I adopted this country as my own and I vowed that were I successful, I would show my gratitude and appreciation by being a good citizen and flying the flag daily. My ambition was realized six years ago when I became the possessor of my own home and the owner of an automobile service station, and I, of course, kept my promise and also started the 5¢ a day saving, which I want my Government to use as it sees fit. I hope God will spare me for many years so I can continue the custom which I started. I want to thank God, thank America and thank my customers.

J. F. Luttmann, Milltown, New Jersey. Your announcement that Roosevelt dimes will be minted comes as a shock to me and I am quite sure also to about half the people of the United States. I think we should wait about ten years to see if Roosevelt was really a man to be honored as a great many think, or if he was just the opposite, as just as many people think. In fact, we don't even know if Roosevelt really died. The way I understand it, his corpse was not on display. The way I see it, if the profile of Roosevelt is to be on one side, then the profile of Stalin should be on the other side. * * *

Congressman Louis Ludlow, (11th District, Indiana), Washington, D. C. Many of the people I represent, good law-abiding citizens, apparently disagree with the policy of calling upon the banks of the country

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to screen their deposits in order to discover abnormalities which may be examined in a nation-wide campaign to detect tax evasions. * * * Bankers say that enforcement of this request not only would violate the confidential relationship which, from the very foundation of our Government has existed between banker and depositor, but that it would impose a tremendous burden and responsibility on banks, which already are heavily burdened with war work. Depositors declare that the order would project the inquisitorial powers of the Government into the domain of the private citizen in a way inconsistent with American freedom and traditions, and would be violative of the most sacred rights of the individual. * * *

Omer B. Kathmann, Carpinteria, California -- Enclosing clipping of editorial "On The Throwing of Dust", suggesting efforts to memorialize President Roosevelt are for personal job-holding reasons. "Enclosed is a clipping from our local small town paper. I consider it an insult to our departed friend, Franklin D. Roosevelt, and also a dig at you. After the magnificent job you have done, it seems to be full of ridicule by referring to your grand gesture in remembrance of F.D.R. It does not represent the majority of people in this country."

The Fifth and Sixth Grades (Letter does not state name of school), Merrill, Oregon. The fifth and sixth grades have been saving money in a little jar called the "kitty". At the end of the year we bought an \$18.75 bond with it. We wish to donate this to the U. S. Government to help bring Victory sooner.

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Favorable Comments on Bonds

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H. B. Tukey, Chief in Research, Division of Pomology, New York State Agricultural Experiment Station, Cornell University, Geneva, New York. It occurred to me that you might appreciate a listener's reaction to the Treasury Program, "Music for Millions". I think it is splendid, of high quality, and just the sort of thing that we can well afford to do. It seems to me that it contrasts strongly with many of the commercial programs now on the radio. I presume that the standard should be high, as an example of what can be done on the radio.

Andrew L. Felker, Commissioner, Department of Agriculture, Concord, New Hampshire. Some little time ago I received a very friendly and much appreciated letter from you carrying your thanks for the service that we tried in our feeble way to render during the previous War Bond Drives here in our state. We could hardly have failed to have done our bit if for no other reason than to work under the banner of men who headed up the bond sales work in New Hampshire. * * * They are all real men, and it was a pleasure to work with them and for them in our small way. * * * I find that it is a little easier for our farmers to understand the meaning and speak of a billion dollars when a few years ago they caught their breath when someone mentioned a few hundred thousand dollars. Thanks much for your letter and the recognition that you have given us. * * *

Arthur O. Dietz, President, Commercial Investment Trust, Incorporated, New York City. When the war ends and the public can again buy the goods it wants, we face the prospect of a rush to cash War Savings Bonds. This will be particularly true with many of the millions holding small amounts of Series E Bonds. * * * Thus, a trend toward cashing before maturity can be expected,

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unless stemmed to some degree by anticipatory action. This would add immeasurably to the Treasury refinancing problem and will tend to build still further the banking system's holdings of U. S. Government Bonds, while undoing much of the good work which has been done to stimulate habits of thrift. * * * When Regulation W was promulgated in 1941 we faced precisely the opposite trend - national income was then rising and production of durable consumers' goods was declining toward the vanishing point. I publicly stated at that time that the standards set by that regulation were practical and sound. Now, with the reverse trend setting in, I believe that the reasons for its inception are no longer applicable. If people were encouraged to buy consumers' durable goods out of current income or through utilization of established sales financing machinery, rather than from the proceeds of War Bond redemptions, it would have the advantage of retained savings - those savings being largely in War Bonds. A combined program of urging people to hold them, and elimination of Regulation W could very well spread the desire for goods over a longer time than might otherwise be the case. The great latent demand that exists is a fortunate occurrence for our general economy, but none of us wants it to be manifested in too short a period. With 50 million War Bond investors, Regulation W is wholly ineffective as a means of restricting that withheld purchasing power when goods again become available. The choice will not be between buying on the installment plan or not buying at all. The alternatives, rather, are purchases on the installment plan or cashing of War Bonds to buy outright. * * * Regulation W with its high down-payment and short repayment period will make installment buying burdensome for the wage-earner. At first glance, that may seem desirable as a means of withholding purchasing power, but its offsetting disadvantage nullifies the gain, if any. It places a premium on cash -- only those in the higher income groups will be able to afford the privilege of acquiring needed automobiles, refrigerators, washing machines, etc. The only means available to the wage-earner to compete with this class demand will be to cash his War Bonds. * * *

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Unfavorable Comments on Bonds

K. C. Tanner, Tanner & Clark, Attorneys at Law, Proctors in Admiralty, Portland, Oregon. I am enclosing herewith a copy of my letter to Commander P. A. Sugg, U.S.N.A.T.T.C., Ward Island, Corpus Christi, Texas. Because this letter contains in some detail a description of some practices at that base with reference to War Bond purchases and the coercive methods used by officers, which I believe are of doubtful value, I deem it advisable to bring the matter to your attention. * * * I am informed that my boy declined, after repeated demands by your executive officer, to disclose his reasons for cancelling his War Bond subscription, and in an interview which lasted several hours he was specifically accused of being unpatriotic and was told that he was being investigated. He was required to complete a form giving the names of six character references. Within two hours after this interview a Naval Intelligence Officer at your base sent for the boy and asked him a number of questions touching the work there at the base, with the quite obvious purpose of eliciting some incriminatory statement. Following this, a recommendation was made to the Navy Department in Washington for his transfer to other service. The entire transaction seems reprehensible in the extreme. * * * If the boy had the courage and fortitude to resist the repeated demands of his executive officer to disclose his reason for cancelling his War Bonds, it would seem that this very quality should be appreciated, assuming of course, as I have been informed here, that Naval regulations did not require him to disclose his reasons. This quality would be of inestimable value to his country in the event the boy should ever fall into enemy hands. * * * You must, of course, realize that the purchases made by the boys at your base out of their small incomes is a mere drop in the bucket

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when compared with the purchases being made by civilian parents. When information reaches us that naval officers abuse their authority, we are bound to wonder if we are not losing at home the very things for which we are fighting abroad. * * * I had occasion to talk to two radio men that had been trained at your base. The information I received from them, touching your practice there in the matter of War Bond subscriptions, would indicate that your practice is at least open to criticism. They informed me that men who attempt to cancel their War Bond subscriptions because of pressing financial needs were advised by your War Bond officer to cash in the bonds as rapidly as they received them. * * * It seems to me to develop a habit of cashing out these bonds is quite as mischievous as to neglect to purchase them in the first instance, and far more wasteful. I am told that you have an enviable record at your base in War Bond purchases. It might be well to ascertain what record the boys are making in War Bond retention. * * *

Captain Walter A. Lammi, TC, Shreveport, Louisiana. Difficulty is being experienced by War Bond purchasers in changing beneficiary or co-owner. At present, Series E Bonds do not give the purchaser the right to change beneficiary without the consent of beneficiary. * * * The purchaser should enjoy the right to change the beneficiary if he desires to do so. There are a lot of single people who list their friends or relatives as beneficiaries or co-owners, many times without knowledge of the friend or relative. Later when the purchaser marries, or otherwise changes his idea as to whom the beneficiary should be, there is considerable difficulty in making these changes. In some cases the beneficiaries are not immediately available; in others, they refuse to sign; in others, the purchaser does not desire to consult them as they do not know they are on the bond and he does not desire to tell them. * * * In other cases, the beneficiaries may be minors, such as a minor niece or nephew, and are unable to sign. In cases where the beneficiary

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is overseas, signature is difficult to obtain, and if the beneficiary is killed before his consent is obtained, the difficulty is multiplied several fold. * * * The only relief at the present time, that is known to the writer, is to cash the bond. To cash the bond, the purchaser must lose a considerable amount of interest, as the bond interest is on a sliding scale favoring the man who holds the bonds longest. * * *

The two letters which follow were addressed to the President, and referred to the Treasury for handling.

Thomas F. Coakley, Rector, Sacred Heart Church, Pittsburgh, Pennsylvania. I am mad all over. I want to buy \$75,000 worth of 7th War Bonds, and no one in this city will sell them to me for Sacred Heart Church. Our checks are perfectly good; we have had no difficulty in purchasing large quantities of War Bonds in every previous War Loan; but this time every effort for nearly a month has resulted in failure. Our checks have even been returned, through one exasperating excuse after another. Why does the Treasury Department make it impossible for us to subscribe to the 7th War Loan? We are a Church, an unincorporated institution, with some 1,250 men and women from this parish in the Armed Services, 32 of whom have given their lives for their country in this War. And yet through the asinine stupidity of the Treasury representatives we cannot subscribe for the 7th War Loan. Mr. President, why don't you clean out the Treasury Department, and put someone in charge who will make it easy and pleasant to subscribe to the War Loans, instead of making such a transaction odious, hazardous, annoying, and finally impossible. * * *

Bert Nobles, National Press Building, Washington, D.C. This "Ole Sarge" wishes to call your attention to the current method of selling War Bonds - most emphatically here in Washington in this 7th War Loan Drive. There is definitely a basis for much of the present criticism

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of the War and/or the Treasury Departments - criticism and public indignation has increased daily because of the raucous salesmanship from the "Trailer" in downtown Washington. Selling techniques of the "un-uniformed, within the draft-age civilian barker" includes a rude insistence of some individuals buying a \$1,000 Bond in order to see a man escape from a straight jacket. The salesman continually and sarcastically repeats, "Do you want the soldiers to fight your war and pay for it too?" * * * There just isn't any excuse, however, for using ill overseas Veterans like Buck Private Raymond Dunlap and the other enlisted men to create public bond buying enthusiasm. Those boys have been ill with malaria for 30 months - and right now in Washington four of them are suffering daily recurring attacks - and are having to take Atrabrine before each performance to lessen and control the severity of said attacks. Who is so callous as to demand that these sick boys crawl on their stomachs, firing most every type of combat weapons, including flame throwers at a simulated Jap pillbox out here in Potomac Park? Whoever dreamed up such an inhuman piece of bond selling needs a generous twig of Missouri hickory applied to him. * * * (Encloses clipping from Washington Star on use of boys with malaria in War Bond demonstration.)

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Favorable Comments on Taxation

"An American", Postmarked Brooklyn, New York. I, as an American, am proud of you and your wonderful start in attacking the black marketeers. The wise birds and smart-alecs that are not so smart when they are caught. You sure have them on the run. The vaults are busy. Black market boys are busy running to the vaults and taking out their money. They certainly are scared stiff. * * *

Cpl. Roscoe B. Chalker, APO 562, New York City. Enclosed clipping appeared in today's Paris edition of the "Stars and Stripes". * * * It is with great interest that I read where you plan to recruit so many additional agents to aid the Treasury Department in its drive to assure that each individual pay his proper share of the nation's tax burden. I was with the Bureau of Internal Revenue from 1938 until 1943 when I entered the armed forces. For two years prior to my induction I was an Internal Revenue Agent assigned to the Office of the Agent in Charge, Detroit, Michigan. This letter is written on behalf of myself and many other former agents who are now in the service of their country. I have noticed that in the past when industry needed men with certain qualifications because of a shortage of such men, the War Department cooperated and discharged men to alleviate such a shortage. * * * I am certain that experienced men would be of greater value to your Department at this time than new men recruited from the outside. My duties in the Army consist of being company clerk for my organization. I am classed as Limited Assignment and sincerely feel that I could be of far greater service to my country were I permitted to return to my position with Internal Revenue. Sir, I take the liberty of suggesting that you petition the War Department for the release of former agents that they make use of their past experience and may assist you in the gigantic task that faces you today, and I personally would take great pride in being one of the men assigned to help carry out that task.

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Ben Wallack, New York City. I note from the papers that you are shocked by the income tax cheating going on all over the country. And well you might be! It is an accepted fact that there is not one house in fifty in the textile field that is honest with the Treasury. Black markets are rampant. Cash transactions prevail. Different sets of books are kept. * * * As for the fur industry, I was talking with a bookkeeper the other day, working for a fur house -- and I am told there is not an honest house in New York. For instance, when they sell a \$4,000 coat, or a \$2,000 or \$3,000 coat, the buyer pays half in cash and half by check. Thus, the buyer pays 20% luxury tax on only half the cost, saving the other half. The seller, for example, on a \$3,000 coat, records having received only \$1,500. * * * The situation is criminal and treasonous. It is high time that every last textile and fur house in this city is thoroughly investigated.

Carol Davidson, Oneonta, New York. I firmly believe that taxes should not be lowered until after the war with Japan is over. Small business, though, should not have to bear the greatest part of this tax burden.

Edward E. Randall, Attorney at Law, Long Beach, Calif. A group of attorneys at luncheon the other day were decrying the fact that so many of their clients were guilty of tax evasion and placing such funds in safety deposit boxes in large denominations. We were rather disappointed in the tax agents' lack of energy in investigating such cases and thought that such lack of action was perhaps due to the lack of manpower. One attorney thought that it was legally possible to pass an act calling in all larger bills by a certain date and registering same for new issue, which procedure would trap such illegal deposits in the simplest manner. The above suggestion met with such approval by the men at the luncheon, that I thought I might pass it on to you as to how the great majority of us feel in respect to stopping such illegal activities.

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Unfavorable Comments on Taxation

R. F. Bausman, c/o Karl D. Pettit & Co., Investment Managers and Counselors, New York City. Our papers have all carried new articles recently about Treasury plans to apprehend income tax dodgers. While heartily approving such activities, I should like to point out that to be fair, consistent and logical, an attempt should be made at the same time to clean up old claims in the Revenue Bureau for income tax rebates. I have had a just claim in the Department for some two years. Also, the way to help business -- large and small -- would be to pay approved claims for relief that have been filed in accordance with the Excess Profits Tax regulations.

The following telegram was sent to President Truman and referred to the Treasury for handling: "Dear Mr. President. Must I, a poor working man with a family, have my wages attached by your income tax officer here whom I owe 42 dollars for 1943 tax. They also owe me 60 dollars from 1944. Today they took bread out of my family's mouth by taking away my weekly income by attachment. How are you, as President, going to stand by and see this kind of treatment done to me as an American negro who has given all for his country, including twelve times blood donor. Louis Ryan, 2625 Chauncey Drive, Pittsburgh 19, Pennsylvania."

Dick D. Quin, Certified Public Accountant, Jackson, Mississippi. Attached hereto you will find clipping from this morning's newspaper. * * * This is good news indeed to the legitimate tax practitioner and to legitimate business. As a practicing Certified Public Accountant it has long been my knowledge that there has been considerable tax evasion, in the failure of taxpayers to include therein the proper amounts of their income and to include many items of expense

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that are not allowable under the law. Too often the legitimate tax practitioner is asked, "just whom are you representing--are you representing us or are you representing the Treasury Department. After all, we are the ones who are paying you". * * * Legitimate business is trying to do a good job, both in the war effort and paying taxes which are necessary to run this Government, but there are many practices which are being indulged in that do not have their approval. * * * There is one thing, however, that I think needs the very definite attention of the Treasury Department. Too often the Internal Revenue Agents are inclined to be very technical of the returns filed by legitimate business enterprises. It is a known fact that no business today can operate under all of the various rules and regulations and laws of the various Governmental agencies without violating, in some technical degree, some provisions of these rules and regulations. So many of the rules and regulations of other Departments of the Government are backed up with teeth through the Internal Revenue laws, and, therefore, business never knows just exactly where it stands when their returns have been filed at the end of the year, although every effort has been made to comply with the spirit of the laws and the regulations. We find too often in the examination of these tax returns that the Revenue Agents are inclined to take the viewpoint against the taxpayer rather than look at the spirit of the law and see that he has paid his proper and legitimate tax. In other words, the Revenue Agent wants to make a change and show some production regardless of whether the change will eventually be in favor of the Government or in favor of the taxpayer. * * * If these same Revenue Agents, instead of spending their time looking for technical violations of some law or regulation, would devote this time to those taxpayers who had failed to file, or those who have actually gone out in an effort to openly and flagrantly violate the tax laws and have filed returns that are absolutely improper, the Treasury Department would not only benefit by collecting additional revenue but the legitimate business concern also would be given a break. * * *

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Report of Correspondence received in the
Secretary's Correspondence Division

June 1, 1945 to June 8, 1945, Incl.

	TOTALS
BONDS:	208
Promotional ideas and materials for the Seventh Drive	32
Promotional ideas and materials for the Eighth Drive	1
Replies for form letters of War Finance Division	2
Thanks for "Here's Your Infantry"	21
The Roosevelt memorial bonds:	6
Favorable	2
Unfavorable	2
Smaller denominations	2
Rumors that bonds will be invalidated	3
Complaints about delays in receiving bonds:	18
Service men	12
Others	6
Complaints about delays in receiving interest	4
Other complaints:	13
Failed to receive recognition for sale of bonds	1
Navy is forcing allotments for bonds	1
Organized education not recognized in pamphlet by NFD	1
OPA restrictions unwarranted, so no more bonds	2
Church is having difficulty investing its funds in bonds	1
Two Jima picture marred by Treasury artist	1
Cartoons to sell bonds to farmers are off key	1
Hacetrack betting interferes with Seventh Drive	1
Safekeeping facilities unavailable	1
Others	3
General suggestions:	13
Give owner right to change beneficiary at will	1
Issue conversion bonds, non-redeemable 10-year maturity bonds, etc.	6
Make bonds redeemable by undertakers so they can be sold as burial insurance	1
Increase sales by certain means	5
Routine matters:	95
Inquiries about Adjusted Service Bonds	12
Bonds for redemption	0
Subscriptions	1
Problems of inheritance, reissuance, replacement, etc.	82

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TOTALS

TAXES:		272
Requests for refunds	10	
Tax evaders drive:	242	
Applications for jobs	132	
Reports of evaders	65	
Comment and ideas:	45	
Call in large currency	11	
Freeze safety deposit boxes	2	
Print names of guilty	2	
Congress should not grant appropriation	2	
Check income of professional people	5	
Check income of domestics	2	
Others	21	
Questions, protests, etc.:	20	
Car use stamp should be abolished	1	
Excess profits tax claim unreasonably delayed	1	
Present rates cause hardships	6	
Longstanding error in assessment not yet corrected	1	
Tax-exempt cooperatives should be discouraged as they will destroy private enterprise	1	
Others	10	
CHECKS FOR REWHITING		41
DONATIONS:		11
To the war effort	8	
To the conscience fund	3	
BRETTON WOODS PROPOSALS		9
INSTRUCTIONS TO REPORT CURRENCY TRANSACTIONS:		12
Unfavorable	3	
Favorable	2	
Comment, clippings, etc.	7	

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TOTALS

MISCELLANEOUS PROTESTS:		13
Filipino is prevented from opening bank account in Florida	1	
Motion picture strike is depriving Treasury of revenue	1	
Government should collect rebate from Detroit war industry	1	
Speculation in real-estate and securities should be curbed	5	
Unfair exchange rate in France	2	
Coddling of Nazi prisoners	1	
Russia's obligations of 1918-19 should be met or lend-lease discontinued	1	
Roosevelt estate may be tax free to family for many years	1	
OTHER SUGGESTIONS AND COMMENTS:		33
Roosevelt memorial dime		6
Favorable	1	
Unfavorable	5	
Currency problems, mutilated money, etc.		13
Inquiries about foreign funds control		12
Personally abusive		2

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Report on White House Correspondence

2 June 1945 to 8 June 1945, incl.

<u>BONDS</u>	12
Slogans, comments on 8th War Loan	1
Slogans, comments on 7th War Loan	3
Unfavorable comment on current method of selling War Bonds	2
Suggestion for borrowing on War Bonds rather than selling	1
Request for replacement of lost or stolen War Bonds	2
Suggestions for post-war "Depression Bonds", "Health Assurance Bonds", Adjusted Service Bonds	3
<u>TAXES</u>	26
Requests for exemption of pensions from income taxes	5
Requests for refunds of income taxes	4
Suggestions for reduction in taxes for small salaried workers, corporations	3
Asks Presidential support of excess-profits tax bill	1
Favors present tax system until war in Pacific is won	1
Routine tax plans	12
<u>WHE memorial coin</u>	4
Favorable	3
Unfavorable	1

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<u>CUSTOMS</u>	2
Complaints about Customs Inspector	1
Complaint about customs duty on photograph	1
<u>GENERAL</u>	19
Veterans requesting jobs as Investigators	2
Favorable comments on using Veterans as Tax investigators	2
Suggestion for issuance of new bank notes to curb black marketing	1
Unfavorable comment on Bretton Woods proposals	1
Suggestion that "Fighting Eagle" be restored to coins	1
Opposes cancellation of World War I debts	1
Miscellaneous plans for employment, comments on financial condition, requests for value of foreign funds, etc.	11
TOTAL RECEIVED FOR PERIOD	63

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



OFFICE OF THE
EXECUTIVE DIRECTOR

JUN 8 - 1945

My dear Mr. Secretary:

I am pleased to send you herewith a copy of
the report of the War Refugee Board for the period
from May 7 to June 2, 1945.

Very truly yours,

William O'Dwyer

William O'Dwyer
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

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Report of the War Refugee Board
for the Period from May 7 to June 2, 1945

V-E DAY

With the surrender of the German armies, much of the Board's work in Europe has been automatically terminated, inasmuch as the Executive Order establishing the Board strictly limits its activities to the rescue and relief of victims of enemy oppression in enemy-occupied territory. Accordingly, Representatives Olsen and McClelland were advised that relief and assistance of refugees liberated from the Germans are not within the Board's jurisdiction and that requests received by them for such help should be referred to the United Nations Relief and Rehabilitation Administration, the appropriate military authorities, the Intergovernmental Committee on Refugees, private refugee organizations, or other national or international groups authorized to deal with matters of this nature.

Our representatives were requested to begin immediately to wind up all Board activities in Sweden and Switzerland and to prepare final reports. On the basis of their estimates of the time required for this purpose and the expected period necessary to accomplish the winding-up process here, appropriate recommendations have been submitted to the Bureau of the Budget with a view to concluding the Board's activities and accomplishing its final liquidation within approximately sixty days after the end of the current fiscal year on June 30, 1945.

OPERATIONS FROM SWITZERLAND

In view of the foregoing, Representative McClelland was advised that all shipments of Board parcels should cease and was requested to take stock of all Board parcels still in Switzerland and to report the numbers and location to us. He cabled in reply that there were approximately 28,792 undistributed Board parcels on hand in warehouses in Geneva and that shipments of 31,208 parcels out of the 60,000 originally sent to Switzerland have been made as follows:

March 16	To Theresienstadt	1,170
March 16	To Vienna area	4,902
March 19	To Theresienstadt	492
April 16	To Mauthausen	900
April 17	To Theresienstadt	4,230
April 19	To Dachau and other camps in Wurttemberg and Bavaria	3,660

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April 23	To Landaberg-am-Lech	8,550
May 1	To temporary Interross deportee camp at Hoechst	1,500
May 4	To incoming convoys of rescued detainees from Mauthausen	804
May 11	To Bolzano area	5,000

Shortly after the cessation of hostilities, Representatives Katzki and McClelland advised us that reports of International Red Cross representatives who recently returned to Switzerland from Germany, Austria, and Northern Italy indicated that, while Allied military authorities were making every effort to assure adequate relief to liberated civil detainees, deportees, etc., an unavoidable delay in reaching many of the persons formerly aided by the Board through Interross is being experienced because of the magnitude and complexity of the task and the difficulties of transportation and distribution which are involved. It was stated that emergency calls for aid for liberated detainees and deportees in temporary agglomerations and on the roads have been sent by Interross field workers and that a large number of sick persons remaining in concentration camps were also reported to be in need. Apparently, this is a period of emergency need the duration of which is as yet undetermined, and it was reported that local Allied commanders having to deal with these displaced persons welcome such shipments as the International Red Cross has been able to get through to them. On the basis of this information, supplemented by reports from other sources, and in view of the fact that Interross truck convoys were still leaving Switzerland periodically, so that it is technically able to continue relief shipments to meet this situation, our representatives strongly recommended that the 28,792 undistributed Board parcels remaining in Switzerland again be made available to Interross to enable it to fill this temporary urgent demand until the situation becomes clearer. The Board promptly cabled its approval of the shipment of these parcels out of Switzerland on condition that military authorities permit Interross to continue relief shipments to concentration camp survivors.

Because of the great interest of the Board and its representatives for so many months in the problem of concentration camp relief, and in order that first-hand current information as to the needs in such camps might be obtained, we cabled Representative McClelland authorizing him to visit some of the liberated concentration camps, particularly Dachau, as soon as possible, and to make arrangements with appropriate military authorities for the necessary permission and travel facilities.

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McClelland's most recent report describes the splendid work of the International Red Cross in continuing distribution of food relief, including Board parcels, to liberated detainees in southern Germany and Austria. Four trucks were sent to Linz on May 28 with forty tons of food, including 2,650 Board parcels, for the detainees liberated from Mauthausen. In view of reports that some 27,000 liberated detainees are leading a most precarious existence in the Linz area, with from 300 to 400 persons per day dying from disease and starvation, McClelland has requested InterCross to prepare a second truck convoy to leave for Linz about June 4, when he expects to be in that area himself visiting camps to determine where the remaining Board stocks can be most effectively used. On May 29, twenty-eight trucks left Switzerland for Pilsen, with Theresienstadt the final destination. The convoy carried 3,600 Board parcels with other relief goods and was accompanied by two Czech officials who will attempt to arrange Czech and Russian clearance so that the relief goods may proceed to Theresienstadt. Another InterCross convoy was scheduled to leave on June 1 with eighty tons of supplies, including 5,000 Board parcels, for distribution to released civilian detainees in the Salzburg area.

Reports from Representative McClelland disclose that it was possible for the International Red Cross to utilize for the relief of Luxembourg deportees and detainees in Germany only a small portion of the funds made available for this American Labor-sponsored project. The interested agencies are now negotiating to have these funds used for the relief of families of Luxembourgers who were deported and died in German concentration camps or were executed by the Nazis and to assist returning deportees in the reestablishment of their homes.

It is understood from a private source that the Swiss are prepared to accept for a temporary stay and to provide for the maintenance of some 2,000 children from German camps.

Theresienstadt

From a representative of a private organization we learned that an International Red Cross delegate who recently visited Theresienstadt reported that of the 30,000 Jews there now, some 17,000 are from the original group of internees and 13,000 are recent arrivals from other camps. The largest national group consists of about 6,000 Czechoslovakians, and approximately 5,000 former Germans comprise the second largest group. The new arrivals brought typhus into the camp, which has resulted in conditions of great hardship, and medical

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supplies are urgently required. The United Nations Relief and Rehabilitation Administration was reported to have sent three planes of supplies from London, and it was indicated that, if the necessary official permission could be obtained for supplies to be flown in, the International Red Cross will send one plane from Switzerland with supplies chiefly from the United States. It was stated that in addition the Red Cross is sending several trucks of food, supplied in large part by the private agency represented by this informant, and that similar convoys with such supplies are being sent to Dachau, Landsberg, and other camps for the internees there.

More exact figures concerning the inmates at Theresienstadt were contained in a late cable from McClelland in which he quoted information given to him by an InterCross delegate who was at the camp in early May. It was stated that there were 17,556 Jewish deportees in Theresienstadt as of April 6 and that 12,863 new deportees were brought in from camps all over Germany, such as Bergen Belsen, Buchenwald, Dachau, and Mauthausen, between that date and May 5. Of the latter number, 88 persons were dead on arrival and 221 others died shortly thereafter, so that the total number of survivors there as of May 5 was 30,110. The camp is now reported to be under Czech control.

EVACUATIONS FROM SWITZERLAND

About the middle of May it was reported that the evacuation of the two groups of Bergen Belsen and Theresienstadt refugees probably would not be completed before the middle of June at the earliest. On May 24, Representative McClelland cabled us that the date for the movement from Switzerland of the first convoy of approximately 1,000 refugees, to go via Marseille to Taranto, thence to UNRRA camps in southern Italy, had been definitely fixed for June 4, the second convoy to follow two weeks later. However, a late cable from McClelland brought the information that, since the authorization on May 30 for seven hundred Palestine certificates to be delivered to Zionist refugees from Bergen Belsen and Theresienstadt now in Switzerland, some 1,100 persons among the two groups scheduled for evacuation have taken the position that they do not wish to leave Switzerland until they can proceed directly to Palestine. While the scheduled departure of the first convoy has been indefinitely postponed as a result of these developments, it was indicated that efforts will be made to arrange for the departure about the end of June of a convoy of those refugees who do not desire to go to Palestine.

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OPERATIONS FROM SWEDEN

According to information which Representative McGlelland received from the International Red Cross, the 140,000 Board parcels which were shipped from Goteborg on the SS MAGDALENA on April 16 arrived in Lubeck, and since the Interross delegate at Lubeck had previously distributed an unknown number of parcels under his control from other sources to civil detainees in northern Germany, particularly in Ravensbrück, the stock of Board parcels has been diminished to the extent necessary to replace these advances. Representative Olsen's most recent information indicated that the Interross delegate in Lubeck was distributing Board parcels to civilian internees in the immediate area and whenever possible was dispatching food packages by trucks to various concentration camps within reach. A cable from Representative Olsen advised us that, while more exact figures cannot be obtained until communications with Lubeck are reestablished, it was known that a fairly substantial shipment of parcels was forwarded to Ravensbrück quite recently, and that it was the opinion of an American Red Cross representative and the Interross delegate in Goteborg that most of the Board packages in Lubeck have now been distributed.

On behalf of agencies interested in the American Labor-sponsored project for rescue and relief activities in Norway, which were conducted under the Board's supervision and which the Board helped to finance, Representative Olsen's views as to specific needs for a follow-up relief program in liberated Norway were requested. The Swedish group advanced a five-point program, for which all the necessary arrangements as to the procurement and shipment of supplies have been made, and its proposals have been transmitted by the Board to the interested groups here.

EMERGENCY REFUGEE SHELTER

A group of thirteen persons from the Emergency Refugee Shelter at Fort Ontario, Oswego, New York, left this country on board the GRIPSHOLM on May 31. All of them are nationals of Yugoslavia, and they are the first of the refugees brought here from Southern Italy to be repatriated.

REPORTS FROM LIBERATED AREAS

A report which reached us from a private source stated that since May 21 deportees have been returning to France at the average rate of one hundred per day. About 25% were said to arrive from the east through Odessa, the rest from Germany, and it appears that a large majority of those who have thus

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far returned are of non-French nationalities. Another report from the same source indicates that, as a result of negotiations on the part of military authorities and private agencies with French officials, the French Government has agreed to permit the temporary admission of a thousand children from German concentration camps.

A private organization representative who recently visited Northern Italy reported that 150 Italians and other nationals who had just come from mountain hideouts were found in Turin and that there were in Bologna 400 of the 1,200 Jews formerly there. Smaller numbers of the Jewish communities in other towns have returned, and others are believed to be still in hiding. It was stated that in many instances the clergy was particularly helpful in preventing deportations. A complete record of the persons interned at the concentration camp of Fossoli di Carpi and records of the camps at Monticelli and Salsomaggiore were obtained. Of the 400 Jews reported interned at Bolzano, over 100 have returned to Milan. The others have been urged to remain at Bolzano temporarily in order to relieve the overcrowded situation in Milan. Apparently there is some unorganized movement from camps in Germany to Italy which is creating an additional problem.

William O'Dwyer
William O'Dwyer
Executive Director

DEPARTMENT
OF
STATE

RECEIVED
DIVISION OF
CENTRAL SERVICES

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

AdoR-49
1945 JUN 8 AM 10 12

OG/L
LIAISON

PLAIN

London

Dated June 8, 1945

Rec'd 7:10 a.m.

Secretary of State,
Washington.

US URGENT

5778 Eighth

FOR DEPT TRS AND EARL HARRISON

Date next meeting Executive Committee IGC fixed definitely June 13. Only business on agenda French request that IGC assume legal and administrative protection Spanish refugees in France under Convention Oct 28, 1933 benefits of which were extended to Spanish refugees by French decree Mar 15, 1945. The Convention contains provisions re sojourn of refugees issuance of travel document determination of private law concerning personal status of refugee and rights of refugee to work and receive social benefits. In short Spanish refugees will enjoy same rights as Hanson refugees. If AGC assumes legal and administrative protection of Spanish refugees in France it will be charged with taking up with French Govt questions relating to application of convention

-2-5778 June 8, from London

of convention of 1933 both of general character and in re to particular individuals, French Govt would confer necessary authority on IGC and quasi-consular powers on its representative. Spanish refugees in France come within mandate of IGC and Emerson strongly recommends that request of French Govt be approved. I concur in his recommendations and request that I be authorized before June 13 meeting to vote for approval. Please instruct urgently.

WIMANT

DJ

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US URGENT

CAULE TO AGLHATION, BERN, FOR HIGHERLAND FROM WAR REFUGEE BOARD

Reference your No. 3063, of June 6.

Board is arranging for sale of its surplus 306,000 POW parcels in Switzerland to UNHRA. Accordingly, please advise Intercess that none (repeat none) of these 306,000 parcels may be turned over to Intercess. Detailed instructions concerning transfer to UNHRA will be sent to your shortly.

Board is pleased to know that balance of 35,792 three-kilo War Refugee Board parcels will soon be exhausted. Please express appreciation of Board to Intercess.

We do not understand your reference to 30,000 gallons of gasoline (plus lubricants). Are they now available in Switzerland and owned by the Board?

THIS IS WRB BERN CAULE NO. 534

2:30 p.m.
June 8, 1945

Miss Ripple (for the Sec'y), Coln. Hodel, Hutchison, McCormack, Files.

YH:dave
6/8/45

DEPARTMENT
OF
STATE

INCOMING TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

AdeR-237
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated June 8, 1945

Rec'd 6:10 p.m.

DC/L
LANSON

RECEIVED
DIVISION OF
CENTRAL SERVICES
JUN 9 AM 11 18

Secretary of State,

Washington.

2071, June 8, 4 p.m.

The following telegram has been sent to Bern, 35
June 8, 4 p.m.

FOR MCCLELLAND FROM OLSEN

Supplementing our 33, May 23 following info (*)
ned by AMCROSS rep Whisler. 224,000 WRB food parcels
shipped from Goteborg distributed as follows.

Mar 5, two wagons to Kuongamme 10800 parcels.

Mar 15, by SS MAODELENA 5 to Lubeck for POWS.
compensate for those given NORWEG civilians 13200.

Mar. 16 wagon to Kuongamme 5400.

Mar. 17, same place same amount.

Mar 17, two wagons to Ravensbruck 9600.

Mar 17 by SS MAODELENA 7 to Lubeck for civ
internes 140376.

May 22 to Kooperative for Bandet for WJC
39288.

Total 224,121 parcels.

Of parcels

For security reasons the
text of this message must
be closely guarded.

-2-2071, June 8, 4 p.m. from Stockholm

Of parcels sent IRC rep Lubeck 53610 on
hand at latest reporting date. He was, however,
distributing these rapidly as possible to camp areas
in reach and also using them help feed 10,000
former camp inmates now in Lubeck area. Hence
assumable supply WRB parcels in Lubeck virtually
exhausted. Local WJC group distribu (*) a kosher
food parcels as follows.

Bergen-Belsen 7500.

Ravensbruck same amount.

Various camps Germany 10835.

Destined Lubeck but instead sent Denmark 10,000.

To Dane Jews in Sweden 2000.

Total 37,835.

As indicated above parcels in ten distributed
by Dane mosaic community to inmates Ravensbruck
as they passed thru Denmark (*) WRB as 2071.
Reports reached us many of these not given food for
several days and in critical condition.

JOHNSON

(*) apparent omission

JM

June 9, 1945
10:55 A.M.

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HMJr: I looked for you at Cabinet, then I couldn't find you.

Postmaster
General Walker: Well, Henry, I waited a few minutes and then I had to leave. It wasn't important, I sort of wanted to know if you wanted to see some cotton fellows. I don't know whether you would be interested in them or not.

HMJr: What's that?

W: I said there was a fellow asked me if you would see some cotton fellows someday next week.

HMJr: Sure.

W: I don't know whether it is important or not, but they are very and seem anxious to see you.

HMJr: I'll be glad to see them.

W: I'll tell them to call your secretary. It's Colonel Jackson.

HMJr: Colonel Jackson.

W: I'll tell them to call your secretary. Will you be here next week?

HMJr: I'll be here Monday and Tuesday.

W: How is Mrs. Morgenthau?

HMJr: She is getting along nicely, thank you.

W: That's fine. All right, Henry.

HMJr: Thank you.

June 9, 1945
2:30

✓
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GROUP

Present: Mr. D. W. Bell
Mr. Gamble
Mr. Pehle
Mr. Slough
Mr. Fussell
Mr. O'Connell
Mr. C. S. Bell
Mr. Gaston
Mr. Luxford
Mr. Coe
Mr. White

H.M.JR: Hello. I see you're still up today on your E bonds.

MR. GAMBLE: Yes. We covered a little more ground.

(Mr. O'Connell enters the conference.)

H.M.JR: Did you see this story on the Secret Service?

MR. FUSSELL: Yes.

H.M.JR: Where did that come from?

MR. FUSSELL: I don't know. It didn't come from us. Gaston saw it and suggested no change in it and made no comment.

H.M.JR: I just thought I would close the week. It's been a pretty good week. Is everybody here?

MR. PEHLE: Luxford is here.

MR. FUSSELL: Charlie Bell is coming in.

H.M.JR: Send out a dragnet,

MR. O'CONNELL: This is a good attendance to what it might have been.

- 2 -

MR. D.W. BELL: Joe and I are supposed to be away. Gaston is supposed to be away. White is supposed to be here.

H.M.JR: We'll give him the "Bronx cheer" when he comes in.

I am on "We The People" Sunday night ten-thirty to eleven. It's okay to take it just the way it is with no changes.

MR. FUSSELL: All right.

H.M.JR: It's supposedly on the bank business.

(Mr. C. S. Bell enters the conference.)

MR. PEELE: What are the exact instructions?

H.M.JR: Haven't you seen it? Nobody shows you anything.

MR. D.W. BELL: I see it in the papers. Financial speeches. (Laughter)

H.M.JR: Read that much. (Indicating script for "We The People" Program Sunday night, June 10.)

(Mr. Gaston enters the conference.)

H.M.JR: Where's the Acting Secretary of the Treasury today? Isn't that White? Is he supposed to--is it his turn? (Laughter)

MR. GASTON: Danny and I are substituting for him.

H.M.JR: We had a sort of surprise call from President Truman. Is that all right?

MR. D.W. BELL: Yes.

(Mr. Luxford enters the conference.)

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- 3 -

H.M.JR: Hello.

MR. LUXFORD: How do you do?

H.M.JR: Yes, sir, and he called at the last minute. He had the heads of three veterans organizations over and trotted me over there, and I got there just in time.

(Mr. Coe enters the conference.)

(Mr. White enters the conference and everybody claps.)

H.M.JR: I just said in another minute we will pull the flag down to half-mast. The Acting Secretary of the Treasury died on June 9th.

MR. WHITE: Oh, that's right. I am supposed to be. That's why I'm here. (Laughter)

MR. BLOUGH: Because you're dead?

MR. WHITE: The flag is at half-mast.

H.M.JR: Anyway, Truman had the heads of three veterans organizations over and gave a very hurried talk, whisked out the photographers, and we all had our pictures taken, which I haven't seen. I hurried Charlie Bell back from New York where he has been very active out at Camp Dix, and if you are interested, sometime he can tell you how he found things. It's not so good. I mean, the Government as an employer is, as I would say, way behind. Aren't they, Charlie?

MR. C.S. BELL: A little stinky.

H.M.JR: In dealing with the veterans and the result of this thing this morning, these various veterans organizations, one I know has a magazine with a million and a half circulation going to press Monday night and they are going to carry a notice in each one of them. Naturally they are interested, because this is the first time in twenty-five years that the Government ever tried to find the veteran a job.

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- 4 -

I think the work that Charlie is doing in the field-- I think when you get a little more of the story you ought to go over and tell it to McKim.

MR. C.S. BELL: Yes, sir.

H.M.JR: Because I think the President ought to know how bad the Civil Service is.

MR. LUXFORD: Do you want that on the record?

H.M.JR: Why not?

MR. LUXFORD: How bad Civil Service is.

H.M.JR: Compared to some of the things I have said on the record--

MR. D.W. BELL: He means the Commission.

H.M.JR: There are only about four of us here who are not Civil Service. Do you want to start something? (Laughter)

MR. LUXFORD: I heard they are going to make you Civil Service.

H.M.JR: And without going into the record, I had a very, very--I can't explain it, but I had a very disappointing experience with Tom Clark. So I am glad it came as early as it did, and all I can say is whenever you fellows meet him have both of your fingers crossed.

MR. D.W. BELL: I heard a nice conversation between you and him.

MR. O'CONNELL: Something has happened since then, apparently.

H.M.JR: Yes. Well, he proceeded me and double-crossed me after that afternoon.

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MR. D.W. BELL: Did he?

H.M.JR: Yes. It's the most amazing thing that has happened to me in Washington. I am glad it happened early. I just thought I would warn you guys that I don't think we can expect much from him except a double-cross. But I am glad I got it so early and painlessly. Were you in the room at the time?

MR. O'CONNELL: I was in the room at the time of the telephone conversation but not after that.

H.M.JR: He proceeded to double-cross, so I thought I would pass it on for what it's worth. It's too bad, and it's been a good week. I don't have anything special. There is nothing new across the street. I took an idea that you gave me about veterans, Herbert, and I called up General Marshall's office and asked whether he could find for me a very able General to head up Enforcement, and they are going to look for somebody.

MR. GASTON: A General?

H.M.JR: A General who has lost an arm or leg.

MR. GASTON: A General might be too old. I'd let it go as low as a Captain.

H.M.JR: I didn't specify any rank.

MR. D.W. BELL: General McAuliffe.

H.M.JR: I specified the qualifications but no rank.

MR. GASTON: He must have picked Bradley for the veterans job, didn't he?

H.M.JR: I don't know, but I thought you said the President thought it was better to take a man who was wounded, a veteran, so I called up McCarthy today and he said to give him a day or two and he might find somebody. He's the secretary to the General Staff.

- 6 -

MR. GASTON: Oh.

H.M.JR: And sort of an aide to General Marshall, secretary to the General Staff. He's got the job Bedell Smith originally had.

MR. GASTON: Yes. I considered calling over there yesterday. I am glad you did call.

H.M.JR: And Charlie is getting lots of people for us.

MR. C.S. BELL: I don't think we'll have any trouble getting people for the whole drive. I set the pattern up in New York. That was working well yesterday. We hired twenty-two out of thirty-nine we interviewed the day before.

H.M.JR: Bonds are looking up each day.

MR. GAMBLE: Yes, sir, they are. Mr. Secretary, in connection with this employment of these men, wouldn't it be a worth-while activity to take a couple of the top labor production centers like Detroit where the CIO and AF of L might have a couple of hundred surplus people that this would be public relations-wise a gesture to move in and find out.

H.M.JR: That's a good idea.

MR. GASTON: Yes.

H.M.JR: It's a good idea.

MR. C.S. BELL: Detroit is on the list.

H.M.JR: If we could do it--

MR. GAMBLE: Talk to Thomas.

MR. LUXFORD: Be in consultation with Thomas.

- 7 -

H.M.JR: Charlie, try to work it out to do it with Thomas.

MR. C.S. BELL: All right, sir.

MR. D.W. BELL: He came back on the plane the day I was in Detroit and indicated he was friendly to Treasury.

H.M.JR: How about Cochran?

MR. GAMBLE: We have a lot of post-war plans to take care of all our people.

H.M.JR: Through Robert Moses?

MR. GAMBLE: Partially. The City voted the other day to go ahead with this public project in about fifteen or twenty square blocks downtown.

H.M.JR: I wondered, Frank, whether we should ask the State Department in view of the T. V. Soong and Kung business, whether we shouldn't tell them about Kung coming in here, and ask them if we are doing the right thing?

MR. COE: It would be a good idea. I don't think they really--inform them and ask them if they know anything, but I don't think they do.

H.M.JR: I didn't want to ask Kung this morning, "Are you the guy I should do business with?"

MR. COE: I would talk to them, but as I say, I know they don't know. It's as confused to them as it is to us.

MR. D.W. BELL: I think they ought to find out.

H.M.JR: Huh?

MR. D.W. BELL: You might be carrying out negotiations with Kung the next month or so and find out he has no authority.

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H.M.JR: Who did you suggest?

MR. LUXFORD: Shields.

H.M.JR: Shields?

MR. LUXFORD: The fellow the FBI arrested. (Laughter)

H.M.JR: It's Service. You were pretty close.

I recommend the PM article of Stone's yesterday is very good.

Did Krock, or Frank Kent, or any of those men leak? That's all right.

MR. PEHLE: I think the State Department made a major blunder by that and paid for it.

H.M.JR: You look awfully satisfied about it.

MR. PEHLE: Yes, I am.

It's like Rankin's move against the PM report.

H.M.JR: White, have you got all your Senators lined up, educated, and on their toes, ready to go?

MR. WHITE: All but--let's see, there are twenty in the Committee--all but nineteen. Glass is all ready to go. (Laughter) He is liable to go any minute.

We made appointments with a few of them, but they don't seem to be interested.

(The Secretary holds a telephone conversation with Mr. Grew.)

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- 9 -

H.M.JR: He's going to get a ruling from the Generalissimo, ha, ha, ha!

MR. OOE: By the way, I think it will come back to Kung, because he is still head of the Bank, and they are the ones who give us the money.

H.M.JR: Well, I had nothing. I just thought it was a good week.

MR. WHITE: Senator Capper, according to Luxford, stated that he is on the Committee--the Republican Committee--and that the vote in the Senate would be the same as in the House.

MR. GASTON: Capper said that?

MR. WHITE: Yes.

H.M.JR: Who did he say that to?

MR. LUXFORD: The press, apparently. The press reported it.

H.M.JR: Really? Capper is a smart fellow.

- 10 -

MR. GASTON: Yes.

MR. PEHLE: He agrees with us.

MR. O'CONNELL: On this, we hope.

H.M.JR: Well, Herbert?

MR. GASTON: Isn't he pretty thick with O'Neal?

H.M.JR: I don't know. He's from the Middle West. They are fairly important.

MR. WHITE: Have you talked to Hannegan since the vote, Mr. Secretary.

H.M.JR: I had him for lunch that day.

MR. WHITE: I see.

MR. PEHLE: The PM says he's a great supporter of yours.

H.M.JR: Yes.

MR. WHITE: Well, I thought if it's been since--

H.M.JR: I left that to you. (Laughter)

MR. D.W. BELL: We are hoping to get that one, John.

H.M.JR: Did you ever see more gigglers?

MR. GASTON: No.

H.M.JR: I had a very pleasant hour and a half luncheon with Hannegan. Very, very, pleasant. In fact, he would have stayed another hour.

MR. GASTON: Did you get my note that I missed him today? I am going to call him from Chicago.

H.M.JR: It was your original idea, you know.

- 11 -

MR. GASTON: I thought it was a pretty good idea because we had to meet him sooner or later.

H.M.JR: I haven't got anything else. I asked the President about leaving the tax bill just as it is and he thought that was all right.

MR. WHITE: Before you went to the House you spoke to Hannegan, the Speaker, and all the rest. Do you feel it is necessary to duplicate that with the Senate?

H.M.JR: Not with this vote now, I don't think. The vote speaks for itself.

MR. O'CONNELL: We had lunch with Hannegan and the Senators, remember?

H.M.JR: Sure.

MR. O'CONNELL: Mr. Hill, Mr. Barkley and--

H.M.JR: Hannegan had lunch ten days ago on the Hill with all the leaders in the Senate which Mr. Joseph O'Connell participated in.

MR. O'CONNELL: We talked about everything but Bretton Woods. We talked about Bretton Woods to some extent, but they wanted to talk about salary raises. We talked about Bretton Woods and they talked about something else.

MR. GASTON: I would say naturally you are going to go before the Committee formally.

H.M.JR: Tuesday?

MR. O'CONNELL: We are going to have a hearing.

H.M.JR: Mrs. Roosevelt is delighted to go on the air and she will ask Elliott whether he will go.

- 12 -

MR. GAMBLE: We sent a story on this today. It's late, and we won't get a radio page coverage on "We The People" because the Sunday papers have already gone to press, but we'll get something.

H.M.JR: Don't you think it's good (indicating script for "We The People" program for June 10, 1945)?

MR. D.W. BELL: I don't like the first page.

H.M.JR: You don't like it?

MR. D.W. BELL: I think it's a little confusing the way it starts out with Guy Helvering and saying, "I'll tell you what Treasury is going to do" and then going back to Guy Helvering. I don't know.

H.M.JR: I am looking at you, Fussell.

MR. FUSSELL: What am I supposed to say?

H.M.JR: You are supposed to say, "Tell him to go to hell!"

MR. WHITE: Now, now, Fus.

MR. D.W. BELL: Be yourselves. Let your conscience be your guide.

MR. BLOUGH: Do you want to build up Guy Helvering?

MR. D.W. BELL: I wondered if you didn't want to say, "Former Commissioner of the Internal Revenue?"

H.M.JR: I suggested that but they say we went in with a former Commissioner of Internal Revenue in order to make a tax case.

Stay behind a minute, Fussell, and we'll look it over.

Well, Harry, I wish you luck the rest of the afternoon.

MR. WHITE: I've got my pen full of ink. (Laughter)

June 9, 1945
2:43 P.M. ✓

Mr. Joseph
Grew:

Good afternoon.

HMJR:

Good afternoon. I thought I ought to tell you that Dr. H. H. Kung, the Chinese gentleman, came in today to see me and now he claims he is the man who should negotiate for the pay that the United States Army owes them. Heretofore, we had conducted negotiations with him for the Army in consultation with the State Department, but about a month ago Mr. T. V. Soong said it was up to him to do it.

G:

Well, T. V. is now in town.

HMJR:

Yeah, and I just didn't want to find myself in the middle of the Royal family.

G:

(Laughs) I don't blame you.

HMJR:

So.. I don't know - I just wanted to be reassured by you or the Department that we should go ahead with Kung on this phase of it.

G:

Well, I think we will have to look into that.

HMJR:

Will you?

G:

It is a little difficult, if I ask T. V. he will probably say that he has to do it.

HMJR:

Well, I didn't want to do anything that might embarrass you because...

G:

Well, thank you. This has to do with what - with..

HMJR:

The Chinese government for the expenses of the United States Army in China.

G:

I see.

HMJR:

We've paid up to the first of October.

G:

Yes.

HMJR:

And since then we have not paid them.

G:

But you negotiated with Dr. Kung up to that point, is that it?

- 2 -

HMJr: That's right. Then he was taken ill.

G: Yes.

HMJr: Then T. V. came in on the scene, and he asked me about it and I said, "Well, who should I negotiate with. We are waiting."

G: Yeah.

HMJr: And he said, "Well, with me." Then, of course, he's been away, and today Kung comes in with a lot of telegrams in Chinese which he says are from the Generalissimo saying why didn't we do it yesterday.

HMJr: So I said for the very good reason that we have been waiting for some representative of the Chinese government to come in and ask us.

G: Well, my guess would be that the only way to do that is to telegram out to Pat Hurley and ask him to get a ruling from the top - from Generalissimo, because if I ask Soong he is almost sure to say that he wants to do it - ask Kung and he will say that he wants to do it.

HMJr: Did you see what happened to that message? Did Reams tell you about that message from Hurley?

G: Yeah.

HMJr: I hope you will do something about that.

G: Well...

HMJr: I mean I thought it was a rather churlish message from Hurley.

G: Oh, well, I now let me see, I'm not sure I know that.

HMJr: The thing that I asked Reams to speak to you about was this. I mean I took it upon myself to ask State Department to advise Hurley what had been going on here just as matter of courtesy.

G: Yes.

HMJr: Which we did. Then he comes back with a long message saying why ask his advice and he disagrees. It is quite a churlish message.

- 3 -

G: Oh, no, I haven't seen that.

HMJr: And then in it, he also complains that it took ten days to decode it and it was all terrible. He sent a copy of it to the President. I thought it was in very bad taste, and I told Reams to tell you the story.

G: Well, I'll... Reams has sent me two or three memorandums this morning which I haven't had the chance..

HMJr: Well, if you would have a look at it because I don't think, for the record, either for State or Treasury, we ought to let that message of Hurley's stand.

G: Have we a copy of that message?

HMJr: Yes, you have.

G: It came through us, did it?

HMJr: No, it came, strangely enough, through the Navy.

G: I see.

HMJr: Our message went out through State and the answer came back through the Navy.

G: I see. Well, I'll look into that.

HMJr: If you don't mind.

G: I will. Now about the other thing. Don't you think the only thing to do is for us to send a telegram to Chungking to get a ruling.

HMJr: I suppose so.

G: I don't see what else to do.

HMJr: I...

G: Soong is going to be around here until about the 15th.

HMJr: Yeah. It is a little embarrassing.

G: Well, would you like to have me do that then?

HMJr: I'd appreciate it if you could do it today.

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G: Oh, I can do it right away. It sometimes takes a couple of days for a telegram to get over there, but I'll do it as quickly as we can.

HMJr: Well, I would appreciate it.

G: All right I'll do that right away.

HMJr: Thank you.

G: Thank you.

HMJr: Goodbye.

G: Bye.

CLARENCE E. KILBURN
Sens. Dist. New York

SENATORS
GEORGE T. CATTREY
MARION C. COONEY

164 ✓
COMMITTEE
BUSINESS AND CURRENCY

Congress of the United States
House of Representatives
Washington, D. C.

June 9, 1945

The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury

My dear Mr. Morgenthau:-

I am pleased to acknowledge receipt of your letter of June 8, 1945, relative to the vote on Bretton Woods.

I have always been for all legislation in the interest of International cooperation. I voted for the draft bill, the extension of the draft; for lend-lease and the extension of lend-lease; to repeal the Neutrality and UNRRA. I always felt that Bretton Woods was non-partisan and the only thing I was anxious to do was to do a good job and I was delighted to see it work out as it did.

Sincerely yours,

Clarence E. Kilburn

Clarence E. Kilburn, M. C.

CEK/c

105 ✓
PAUL BROWN
Sens. Dist. Georgia

COMMITTEE ON
BANKING AND CURRENCY

Congress of the United States
House of Representatives
Washington, D. C.

June 9, 1945

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

Dear Mr. Morgenthau:

I appreciate your letter of June 8.

Like you, I am gratified that the Bretton Woods proposal passed the House by such a large majority.

Sincerely yours,

Paul Brown

PB-c

JESSE P. WOLCOTT
7th District Michigan

HOUSE ADDRESS:
PUNY BLUNDEN, MICH.

166 ✓
COMMITTEE:
BANKING AND CURRENCY
HOUSING

Congress of the United States
House of Representatives
Washington, D. C.

June 9th, 1945.

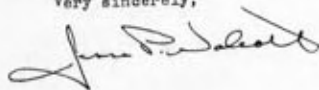
Hon. Henry Morgenthau,
Secretary of the Treasury,
Washington, D.C.

Dear Mr. Secretary:

I sincerely appreciate your splendid message of the 8th. I feel repaid for all the long hard hours we put on this legislation, now that it has passed the House so overwhelmingly. It is indeed kind of you to give me so much credit for its passage.

With every good wish, I am

Very sincerely,



JPW/n

167 ✓

9 JUN 1945

My dear Dean:

After the overwhelming vote of the House on the Bretton Woods Agreements, I think that the course of the legislation should be greatly eased and I know that this is due in no small part to the enormous effort which you have made. I want you to know that I am very grateful to you for the fine job you did both at Bretton Woods and throughout the country since last summer.

Sincerely yours,

(Signed) Henry

Honorable Dean Acheson,
Assistant Secretary of State,
State Department,
Washington 25, D. C.

RB:lej
9/6/45

CERTIFICATE OF AUTHENTICITY

OPERATOR:

Schwartz

ROLL NO.

8

DATE:

1/30/47

TIME START:

7:25 PM - 8:00 PM 1-30-47

TIME FINISH:

2-1-47

DEPT.:

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Diary
 Diary Book # 8510 May 29 thru May 31 1945
 " # 8504 May - June 1945
 " # 851 June 1 thru June 4 1945
 " # 852 June 5 " June 7 1945
 " # 853 June 8 " June 10 1945
 (pg 1 to 167 of June 45)

Cont on next roll # 9

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A. Schwartz
 Name of Operator