

PRECISION

TRADE MARK

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MICROFILM

ROLL NO.

12"

DIARY

Book 856

June 19-21, 1945

Read by White, O'Connell and Luxford.

Feltus was called twice but never came.

June 19, 1945
12:23 P.M.

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HMJr: Hello.

Mr. Chester
LaRoche: Hello.

HMJr: Morgenthau talking.

L: How are you?

HMJr: I'm fine.

L: Glad to hear from you.

HMJr: I've got a peculiar request to make of you.

L: Yes, sir.

HMJr: It's the first one. It's not for myself.

L: Yeah.

HMJr: Your company has been very helpful on Bretton Woods in every way. Hello?

L: Yes.

HMJr: Can you hear me?

L: Yes, very well.

HMJr: And I've got a prima donna on my hands by the name of Robert Wagner.

L: Yes.

HMJr: Who doesn't think he is getting enough publicity.

L: Ahhm.

HMJr: And he's kind of gone on a little slow-down strike on us.

L: Really.

HMJr: And I wondered if on one of your seven o'clock - I don't know what you would call it - news spots or something like that.

L: edition.

HMJr: Yeah.

L: Yeah.

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HMJr: I wonder if you couldn't put him on for about a minute or two.

L: Well, we'll certainly think about it and try to do something about it.

HMJr: Well, it would cheer him up a lot. I say it would cheer him up and would help us getting the legislation through.

L: Yeah. I think we can arrange it.

HMJr: I just suggested that as the one that would be the easiest, and if you have any better idea I would be glad to hear about it.

L: Well, he news and he generally has something to say.

HMJr: Yeah.

L: And we're looking for people like that, and I think that we probably can arrange it and we'll go right to it.

HMJr: It would be helpful, Chet.

L: Yeah. I'd be delighted to try and get it fixed up.

HMJr: You'd be surprised at the prima donnas we have to deal with.

L: (Laughs)

HMJr: Of course in the radio business you don't have them.

L: No, no, we are all practical hard-headed men they tell me.

HMJr: That's right.

L: How are you otherwise?

HMJr: I'm gettin along.

L: Fine. I hope you are going to stay there a little longer. Don't get tired out because I think we need you.

HMJr: That's very nice of you. Mr. Truman has left no doubt in my mind that he wants me to stay.

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L: Well, that's good and I think it is a really flattering thing, too - of course, you've done a great job. It's one of the greatest things ever done, I think. Ed Noble wants to talk to you here - he's sitting right here, wait a minute.

HMJr: Thank you.

Mr. Ed Noble: I just wanted to get my order in for apples.

HMJr: You do?

N: Yes.

HMJr: Yeah, listen - you are the fellow that told me that Treasury had no sex appeal.

N: (Laughs) Well, I'm a little short of life-savers, you can't get those now, but I can put you on the preferred list if you'll put me on your apple list.

HMJr: You're on.

N: Huh?

HMJr: You are on my list.

N: How are you?

HMJr: I'm getting along all right. How are you, Ed?

N: Well, I'm fine.

HMJr: You are doing a great job up there.

N: Well, we are trying to and sometime I'd like to have a little chat with you.

HMJr: Well, we can always give you some pigs' knuckles and sour kraut if you come down here.

N: All right. Next time I'm down there I'll take a chance and see if I can see you for a minute or so.

HMJr: Well, let me know a couple of days in advance and come in and have lunch with me.

N: Well, that would be very nice indeed, Mr. Secretary.

HMJr: But give me a couple of days notice.

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N: You bet.

HMJr: Be glad to see you.

N: And give my best to Ed Foley if you see him ever.

HMJr: Well, I don't unfortunately, see him any more, but if I do, I'll be very glad to.

N: Well, you are continuing on in your really remarkable stride, and I hope you are there for the next hundred years.

HMJr: Well, that is a little too long.

N: (Laughs)

HMJr: I see Kate Foley every once in a while.

N: What?

HMJr: I see Kate Foley.

N: I saw her a couple of months ago and I guess Jim ran her ragged for a while, but she is looking fine now.

HMJr: Well, whenever I go over there I always drop in her office and say hello.

N: Yes, I know you do. You are always very considerate.

HMJr: She's a nice girl.

N: Yeah. Well, thank you very much. Give my best to Mrs. Morgenthau.

HMJr: I'll do that. Goodbye.

N: Bye.

Read by White, O'Connell and
Luxford
Feltus did not read

June 19, 1945
2:19 P.M.

HMJr: No.

Mr. Nathan Straus: In Washington calling.

HMJr: That's right. Nathan, I'm calling up to ask a favor.

S: It's done if I can humanly do it - go ahead.

HMJr: You may have heard of a man - a prima donna by the name of Robert Wagner.

S: Yes, sir.

HMJr: And he doesn't think he is getting enough publicity.

S: Yes.

HMJr: It is a chronic illness with him.

S: Yes, sir, that is a chronic illness with many people as they get older.

HMJr: You do this very good "Halls of Congress."

S: Yes.

HMJr: And I wondered if in that they couldn't tie him in in what a wonderful job he is doing for Bretton Woods.

S: Ahem.

HMJr: I mean - she would normally do a review during the week, you see.

S: Right.

HMJr: And if he could sort of be tied in, and then if you could let him know that you are doing it.

S: I will do that - and not only that, but I will talk to both Frank Kingdon and Walsh this afternoon and tell them that I'd like them to emphasize his share and quote from him, and I'll send you the script.

HMJr: Well, but be sure and send it to Bob.

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S: To Bob rather than to you?

HMJr: Yeah.

S: Right, sir.

HMJr: I'd be glad to get a copy too.

S: Well, instead of bothering you I'll send it direct.

HMJr: No, no, but, I mean, if you didn't mind doing it to both.

S: Fine.

HMJr: Because I tell you - his interest is lagging.

S: Yes.

HMJr: And we want to get Bretton Woods through before the Senate goes home.

S: Why certainly you do.

HMJr: And I'm being very frank about it rather than beating around the bush.

S: I like the way you tell me and, of course, it will be done.

HMJr: When I was up in New York Mr. Fred Gehle told me you had offered to put the labor program on Sunday. He said he wished that he had let you do it.

S: Well, that's nice.

HMJr: But if you can - as I say...

S: I will get after it immediately and I understand perfectly what you mean and I don't see why it can't be done.

HMJr: You've been in politics. It is to build up Bob in connection with Bretton Woods.

S: I suppose that I can really find out what he is doing by consulting the Congressional Record, so can Kingdon, can't he?

HMJr: Yes, or he always has a very good secretary, you know.

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S: Sure, you mean .
HMMJr: Yeah.
S: O. K.
HMMJr: You use Mrs. Carr, don't you?
S: Surely.
HMMJr: Well, she could get it for you.
S:
HMMJr: Yeah.
S: Right.
HMMJr: I didn't know her first name.
S: Fine. I didn't know which Mrs. Carr you meant.
I'm sure I know the same one. - used to be in
Wallace's office.
HMMJr: Well, she does this "Halls of Congress."
S: That's right - she gives us our material.
HMMJr: Yeah.
S: And she will have some dope on what you say we
need. That sounds like an excellent source.
HMMJr: Yeah.
S: Henry, got anything else?
HMMJr: That's all.
S: How are things at home?
HMMJr: Elinor is making steady progress.
S: She's not at the farm yet, is she?
HMMJr: No, no.
S: O. K.
HMMJr: I'm ever so much obliged.
S: Nothing to be obliged for. I wish you'd be in New
York so we could see you.

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HMMJr: Well, I do too.
S: I'll give your regards to General Ike tonight
though, tell him you really wanted to be there.
HMMJr: (Laughs) I saw.....
S: One more thing while you are on the wire - looks
very good on Bretton Woods, doesn't it?
HMMJr: Oh, definitely!
S: Fine.
HMMJr: I would say that it is definitely in the bag, but
here's Wagner who ought to be in on the champion.
He's dragging his heels and kind of sulking because
he says, "Well, nobody knows I'm doing anything."
S: We'll give him a couple of cocktails. I read in
Kipling the other day that it was going through,
and I was very happy.
HMMJr: Oh, it is going to go through but just needs -
Wagner needs a little turpentine under his tail -
as we say on the farm.
S: All right, sir.
HMMJr: Yeah.
S: Thanks for calling, Henry.
HMMJr: Thank you.
S: Good luck.
HMMJr: Bye.

June 19, 1945
3:13 P.M.

Mr. Herbert Gaston: Hello.

HMJr: Herbert?

G: Yes.

HMJr: How do I go about finding out what you did on your trip?

G: (Laughs) I will come in at any moment you like.

HMJr: Well, I'm going to see you at 3:30, am I not?

G: Yes.

HMJr: Have you got any report for me?

G: Yes, I've got a couple of reports for you.

HMJr: Because I'm beginning to hear about your trip from other sources and I'd rather get it directly from you.

G: (Laughs) I hope the reports from other sources don't get too bad.

HMJr: No, I hear you've got a good man from Wisconsin.

G: Well, I -- we have some names that I think are worth consideration.

HMJr: Well, I'm very anxious to get them.

G: All right. Well, shall I discuss it at the meeting or ...

HMJr: I think so. I think we are all interested.

G: All right.

HMJr: Please.

June 19, 1945
3:30 p.m.

GROUP

Present: Mr. D. W. Bell
Mr. Haas
Mr. Pehle
Mr. Blough
Mr. Lynch
Mr. Coe
Mr. Feltus
Mr. Gaston
Mr. Bartelt
Mr. Gamble
Mr. Fussell
Mr. C. S. Bell
Mrs. Klotz

H.M.JR: Where is Joe O'Connell?

MR. LYNCH: Joe has to be before the Senate Committee on Bretton Woods this afternoon.

H.M.JR: I see. You tell him this: I have just had a call from Mr. Robert McConnell asking that I let Mr. Joe O'Connell accompany him on a three-months' trip to Germany, and he is going over to see what is going on. I said, "No," and he said would I think it over, and I said, "No."

MR. LYNCH: You mean your answer is "No?" (Laughter)

H.M.JR: Yes, and I forgot to tell Joe that about a week or two ago Mr. McCloy asked me whether Joe couldn't go permanently to be head of the Fiscal Section under General Clay and I said, "No," and when he couldn't have Joe he said, "I don't suppose you will let me have Bell," and I said, "No."

MR. LYNCH: It sounds like the broken record.

H.M.JR: I offered the services of Taylor and he didn't think that was good enough. He doesn't think he is

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good at all, and I said, "You're not asking me whom to send. You're telling me whom you want." So, these are the people that he said can get along with what he calls the IPCOG Committee. I said, "Well, Mr. O'Connell had nothing to do with the IPCOG Committee whatsoever. But I am just reporting it. I told him Mr. O'Connell was General Counsel, had Bretton Woods, and had a number of tax evaders on his hands and was doing a two-man job, and I didn't think I would even ask him if he wanted to go. And Mr. Bell is out of the question, so he said, "Don't you want to do anything about Germany?" I said, "Yes," and he said, wouldn't I think it over, and I said, "No." (Laughter)

MR. FELTUS: Are you going to think it over?

H.M.JR: No.

Now, Mr. Gaston, if you don't mind telling these people whom you have gotten.

MR. GASTON: The major results of our trip?

H.M.JR: Whatever the results. I began to get rumors of some very good results.

MR. GASTON: You asked me a question about the Post. That's the way they are down on the record. Theodore Olin Thackrey is the owner and Publisher.

H.M.JR: This fellow Thackrey.

MR. GASTON: Theodore Olin Thackrey.

Well, Mr. Ireys and I went to--

H.M.JR: Excuse me. If Mr. Bell or Mr. Joseph O'Connell wish to lodge a protest with me, I won't say I'll be pleased to receive it, but I'll receive it.

MR. D.W. BELL: I don't want to.

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H.M.JR: Do you want to go to Germany?

MR. D.W. BELL: No.

H.M.JR: Well, if Mr. Joseph O'Connell does--

MR. LYNCH: I won't even bother saving the record for him at this point, Mr. Secretary.

MR. D.W. BELL: It's quite an old request, isn't it?

H.M.JR: McConnell just left here.

MR. D. W. BELL: I thought it was a couple of months old.

MR. GASTON: Is he definitely going?

H.M.JR: I don't think so after that. (Laughter)

MR. GASTON: He needs company, huh?

H.M.JR: Yes.

MR. GASTON: Well, Mr. Ireys and I went to Milwaukee and Madison, Wisconsin, Cincinnati, St. Paul, and Minneapolis, partly in search of personnel--

H.M.JR: And to see the grandchildren.

MR. GASTON: ...for the Bureau of Internal Revenue, and to see the grandchildren.

H.M.JR: How is mine?

MR. GASTON: Gosh, I forgot to find out about your grandchild. I didn't think I had any commission on that. That was neglect.

Well, we talked to a lot of people and we didn't get an awful lot of suggestions. We got some names. If we could probably have spent some more time profitably in that part of the country, we might have gotten more results in

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investigating some of these names, but it is a little hard to get transportation, and we had arranged to come back. In Wisconsin you find a sharp cleavage between the Crowley Democrats, and all of the recognized Democrats are part of the Crowley organization.

H.M.JR: Recognized?

MR. GASTON: Yes, the people you learn about who are in office, and so forth, that you learn about in Democratic circles, it's Crowley all the way and it's pretty hard to get names of any others, and there are sharp differences of opinion between them.

In Minnesota you have somewhat the same thing but sharp differences between the two wings of the Farmer Labor--Democratic Farmer Labor party. We find it awfully hard to get any names out of the Farmer Labor group at all and hard to get any good names out of the other group.

I tried to get the names of people who had had good war records, and I got a couple of such names in Madison, and one turned out to be a Republican and the other, although he had a splendid record in both wars and looked fine on paper, when we met him in Chicago he seemed to be washed out, fat and flabby, and he didn't impress me at all, so I canceled it.

H.M.JR: I'm going to start dieting.

MR. GASTON: Better hold on to that figure, handy.

Well, he just didn't look good. I got these names that I thought were worth further consideration. One of them has no politics at all. He has registered Democrat and Farmer Labor and registered Republican--

MR. BLOUGH: He's got plenty of politics.

MR. GASTON: ...at different times. He is thirty-eight years old. He's the Comptroller of the University of Minnesota. He is a very able fellow according to everybody that I talked to.

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He has been an associate professor in the School of Administration there for some ten years. He taught banking, and people in the Comptroller's office know him rather well. He was a banking adviser to the Floyd Olson Administration and Benson Administration, but he was recently promoted to Comptroller which takes him out of the job of teaching and he feels unsettled, and he thought if he was going to do administrative work, he would like a broader field than the University of Minnesota. But he handled an endowment fund for some years, amounting to twenty-two million dollars, of their investments, and handles the general business affairs of the University, and really is very highly thought of.

He is the best prospect that I encountered. He is young, vigorous, would have a fresh approach, and would do a good job. I think the only thing against him is, perhaps, his lack of positive administration politics.

H.M.JR: Is that the only one you recommend?

MR. GASTON: That would be my first recommendation. Then I would go--I would revert to this possibility, that we might take somebody out of the Service, for instance, Ray Knox, Assistant Collector of Internal Revenue at St. Paul, and I think he is the best Assistant Collector they have in the Internal Revenue Service. He is entirely nonpolitical, but he has got real ideas and is really forceful. He runs a very fine shop and has ideas about the organization of this campaign, and so forth. He has been in the service since the Wilson Administration in 1914 and has run that Minnesota Collector's organization for a long time.

H.M.JR: What about this fellow you ran into in Wisconsin?

MR. GASTON: Now, there are two Wisconsin possibilities, and one is here in Washington and I have very good reports about him, and that's Lavern H. Dilweg who was a Representative from Wisconsin. He is from Green Bay, a professional football player, All-American end in college in Marquette, which

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ought to indicate he had some drive and energy. He married a girl named Coleman who was a champion swimmer. Maybe that helped too. He is here in Washington. He has an office in Wisconsin, and there is some indication he is going to start a tax practice. He has filed application to practice before the Treasury Department. He has offices with a man named Kingman Brewster who is a well known tax practitioner, and he is just starting in practice. I have not talked to him, but I have good recommendations of him from the Judge of the Progressive Democrats.

MR. COE: Adams?

MR. GASTON: Wickhem of the Wisconsin State Supreme Court.

I think Dilweg is a distinct possibility for either one of these jobs, and I talked in Milwaukee to Bruno Bitker, lawyer. He has been Director of the OPA in Wisconsin, and people whom I talked to said that he did a very excellent job. He told me that he had been out of that job about six months, and he told me it had taken him six months to rest up from the OPA job. He's about fifty years old, has premature white hair, is quite a vigorous and able fellow, and is liked by both Democrats and Republicans.

H.W.JR: Is he a Crowley Democrat?

MR. GASTON: Not especially so. I wouldn't say so.

MR. PEHLE: Did you say Bismiller recommended him?

MR. GASTON: Andrew Bismiller, Representative in Congress, recommended him as a good man for me to talk to. I talked to him and talked mainly to him about people that we might consider, and he said in a not very convincing way that he didn't want to be considered a candidate. I think he would take a job. He has gone into and started a private law practice just a short time ago with a man named Marshall and his wife. The name of the firm is Bitker and Marshall in Milwaukee. I think he could leave his practice at least if he thought it wasn't forever.

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Now, that's the list of those I thought really worth recommending except one other, and that's Major Frank Wickhem, who is a cousin of Judge Wickhem of the Wisconsin Supreme Court. Wickhem is the chief representative of the office of the Judge Advocate General in Hawaii, in charge of military courts in Honolulu, and he was formerly, I understood, President of the Young Democrats of America. The Judge--I thought that he was somewhat diffident about recommending a relative, but he thought he would be worth our looking into. I have a few other names from Wisconsin that I think are just a little less promising than the names that I mentioned.

H.W.JR: Could I take that home and read it?

MR. GASTON: You can take this home and also the companion report of the people to whom we talked, and here is something Mr. O'Donnell's office got up, got out of the directories about Wickhem.

H.W.JR: Thank you.

(Mr. Gaston hands the Secretary two memorandums dated June 18, 1945, listing names of candidates for the positions of Assistant Commissioner and Assistant to the Commissioner of Internal Revenue.)

MR. GASTON: I have some dope Elmer Irey got on this man Carr.

H.W.JR: Could you give it to me?

MR. GASTON: Yes. Maybe I better type out what I wrote on there, but at the time he went out there as a special Assistant District Attorney to handle the Grand Jury trial in the Willie Bioff tax evasion case, and this man Ottidal who had investigated the Willie Bioff case thought he handled it very badly. Yet, the Grand Jury did indict Bioff.

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There is a summary of a report from Gowdey, the Special Agent in Los Angeles, giving him a very fine record.

H.M.JR: Joe O'Connell looked into my records and found that I said if I ever had to be up for trial, I hoped that this fellow would try me because he is such a pure trial attorney, and as a result of what he did, I had the case moved to New York.

MR. GASTON: That's the impression that Oftidal gave us at that time, and he still sticks to it.

H.M.JR: I read the actual cross-examination right at the time.

MR. GASTON: Did you? But you will notice this summary report from Gowdey, our man out in Los Angeles now gives him an apparently perfectly clean bill. I am a little skeptical.

H.M.JR: Did you notice the labor people are most enthusiastic about it?

MR. GASTON: Are they?

H.M.JR: The AF of L came through with a most enthusiastic report. I read the thing, and Joe went through my records at the time and I have got a--

MR. BARTELT: Here's a report received from Mr. Woolf's man on it.

H.M.JR: Is this the same?

MR. BARTELT: It may be a copy.

MR. GASTON: It is substantially the same.

H.M.JR: What does it say?

MR. BARTELT: He gives him a very favorable recommendation.

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H.M.JR: I told the President of the United States I didn't want him.

MR. GASTON: Well--

H.M.JR: And that was told to Hannegan. I don't want it to get out and hurt the man, and I wouldn't be surprised to see him land an important job, but I told the President that I had read the case on Bioff and Schenck, and after reading the Grand Jury report I felt I didn't want him.

MR. GASTON: That was our impression at the time gained from Oftidal.

H.M.JR: I actually read the thing, and my records show I read it, and I told Mr. Hannegan he could come over and read it.

MR. GASTON: Yes.

H.M.JR: Do you have anything else, Herbert?

MR. GASTON: No.

H.M.JR: Thank you.

Did you know Doughton was going to introduce the tax bill?

MR. BLOUGH: Oh, sure. That was well known. It was in all the newspapers three or four days last week. I wasn't here the last two days of last week. It was introduced yesterday. The Ways and Means Committee met this afternoon. The purpose of the meeting was to decide procedure. They argued around and misunderstood each other for quite a while, but finally agreed to meet tomorrow morning at ten o'clock to have the bill explained to the members of the Ways and Means Committee, at which time it pretty well developed that if they decide to hold the

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bill to its present limits, there will be no public hearings and they will push the thing right through. If they decide to go beyond the boundaries of the bill, there will be an acceptance of decision not to push it through before the recess, and probably public hearings will be held and the whole thing will go over until fall and be merged with a larger bill.

I think with that prospect it very likely will go through without anything going in outside of the limits of the bill, although there might be an amendment or two within the limits of the bill, namely, setting the increase in the excess-profits exemptions a year earlier perhaps than appears in the bill. After doing that, they got involved in a discussion of what they had done when they had given themselves twenty-five hundred dollars for expenses. Stam testified before the Senate that the twenty-five hundred dollars would be included in income and that for all practical purposes they had a twenty-five hundred dollar increase in salary.

They had written Commissioner Numan asking him for a ruling on it and had not yet received a reply, but without anticipating what the Commissioner's reply would be, it looks like the Commissioner would have some difficulty in deciding any other way than Stam has already testified.

MR. GASTON: That it's taxable income.

MR. BLOUGH: Yes, despite the wording of the Committee report. The wording of the House Committee report saying it isn't taxable is not a substitute for legislation in the case.

MR. PHELLE: That is the thing I have been talking to O'Connell about and Joe has put Charlie Oliphant on it and we should have something for you to listen to within the next day or so.

H.M.JR: Have you talked to Blough about it?

MR. PHELLE: No I haven't.

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MR. BLOUGH: Unfortunately, I was out last week.

H.M.JR: I would talk with Blough about it. Pehle has some ideas.

MR. BLOUGH: Good. If there is some way to take care of it without messing the whole thing up, I think it should be done.

H.M.JR: Pehle thinks there is.

MR. BLOUGH: Good.

MR. GASTON: A way to take care of it, you mean.

MR. BLOUGH: I think they should be, insofar as possible, allowed it. I think they deserve it. It's an unfortunate way of doing it, but there it is.

MR. PHELLE: A dollar a year man comes to Washington, spends three or four days, gets all his deductions, and Congressmen who have to keep residences at home don't get it.

H.M.JR: If there is some way of telling Congressmen it is tax free--if there is such a thing--the quicker, the better.

MR. D.W. BELL: Wasn't it called "expense funds" in the legislation?

MR. BLOUGH: It was called expense allowance, but no provision was made for any additional expenses to be allowed and under present law they already get certain expenses deductible. There was nothing in the legislation making any additional expenses deductible, so it doesn't add to deductible expenses, since it doesn't have deductible expenses. It's nothing but an increase in income.

H.M.JR: Anyway, let's keep it in the family.

MR. D.W. BELL: Let's keep it simple.

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H.M.JR: And I want to use it myself.

Do you have anything else, Hoy?

MR. BLOUGH: No. I had, I thought, a very good meeting in Louisville Friday night. Mark Etheridge of the Louisville Journal is the man who sponsored it for twenty-five or thirty businessmen, and they seemed very much pleased, and I am supposed to talk Friday at the New England Council. That's a pretty tough crowd. They have been pretty hostile. I don't know what can be done there, but I think it's important.

I have another meeting of less importance Thursday in Philadelphia. I hope it doesn't interfere or get tangled up in this legislation.

I think that's all.

I would say there that you may be interested to know that Vinson's man, Everett Hagen, has been calling up trying to keep his fingers on what is going on in the tax world.

I gather that the Judge may refer to a few items in the forthcoming report. I don't think there is anything for us to worry about, but I thought you might be interested to know he does seem interested.

H.M.JR: That's all right. President Truman told me in no uncertain manner he looked to me to advise him on taxes.

MR. BLOUGH: That's good.

H.M.JR: John?

MR. FEHLE: I haven't anything, sir.

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H.M.JR: Mr. Fussell?

MR. FUSSELL: I've got several things, Mr. Secretary, if I may present them in order, and stop me when I've gone too far.

H.M.JR: Is this the thing which you gave out yesterday--reviews of tax fraud cases?

MR. FUSSELL: Yes.

H.M.JR: Is anybody in a hurry? Does anybody have an appointment?

MR. COE: I have an appointment with some Chinese.

H.M.JR: What time?

MR. COE: Four o'clock.

H.M.JR: We'll do you and go ahead.

MR. COE: Did Harry tell you about the meeting with Truman's man?

H.M.JR: No.

MR. COE: Well, they came down after we gave them the recommendation.

H.M.JR: Forty-one point nine?

MR. COE: Yes. And Kung sent three of his men, T. L. Soong, Hsi Te-Mou and Chi, down here and they argued for a long time, mainly along the lines that common war efforts should justify paying them more. Harry spoke to them and said that we were thinking somewhat of how cheaply we could get this eight billion if we sold gold in China. We weren't prepared for that one. The difference between the forty-one million and the gold value of it is very, very great. So that was adjourned with the understanding Kung is to get in touch

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with you and presumably come down this week and try to finish it off. They have sent down another mission today. I don't know what it's about, but we stuck to the figure and gave them no hope of increasing it.

H.M.JR: Is Sol Adler still in the hospital?

MR. COE: No, he's been out for several days.

H.M.JR: Sometime, those of you who think you know something about China, including White, I'd like to tell you something I have learned recently which more than justifies the recent position I took vis-a-vis China.

MR. COE: I'd like to hear it.

H.M.JR: I'd like to tell you people about it.

MR. GASTON: When you hold that meeting, I'm a China expert too.

H.M.JR: All right.

MR. GAMBLE: I like Chinese food.

MR. D. W. BELL: That doesn't make you an expert.

H.M.JR: That doesn't qualify you.

MR. COE: Not Chinese enough.

MR. GASTON: You're a China expert.

MR. COE: The second is that Plevin of France has sent through the State Department a notification that he talked with you and you said the Treasury would cooperate in his savings exposition.

(Secretary leaves conference temporarily.)

MR. COE: I was saying that Plevin has asked us to nominate some members of the War Finance Division or

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arrange for their participation in the French Savings Exposition.

H.M.JR: Look behind you.

MR. COE: Well, is that the way you want to participate in it?

H.M.JR: Talk up, Ted.

MR. GAMBLE: Well, we just started about two months ago and we have our exhibit almost complete. It will be shipped by Air Transport Command to Paris and open there on July 8. The original plan was for it to open the first of July and it was held back in hopes that the Secretary would be able to open the Exhibit. We have about one hundred thirty million feet about ten feet high for our Exhibit, and we're telling the whole story of the War Finance program since its inception in 1941 to the present time. It's a graphic display, and we don't have enough depth to use in live or animated displays, and we have a French fellow, who is the best French designer in this country, originally from Paris--top fellow in his field--who is working with us on it. We have a whole French division in the Office of War Information for doing all the translations for us. We are using five motion pictures. We have taken the best of all the motion pictures produced, and war pictures, and translated them into French, using some of the best radio programs from 1941 down to now, all translated to French, containing important speeches that the Secretary and President Roosevelt had made on the War Bond program. We're printing one million pamphlets to be distributed at this Exhibit which will briefly tell the story of the war financing program, and they have asked us to provide during the summer, people who will come over there, like Heads of the farm section, promotion section, and women's section, and school section, to travel around the provinces of France after they take their Exhibit out of Paris and travel with it throughout France. That's the story, briefly.

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MR. COE: Then it's all wrapped up.

H.M.JR: It's all in Gamble's hands.

MR. COE: Yes.

MR. GAMBLE: We have the French people-- I might add, Mr. Coe, the reason they're looking for information, we don't want to tell them anything. We wanted to accompany it with the announcement of the Secretary's going. So, we have the French people coming in tomorrow to hear from us.

H.M.JR: And Mr. Grew is supposed to tell them today I'm not going. President Truman asked me to stay here while he was out of the country. You're saying about these French speeches of mine--I've got to stop a minute, long enough to tell a story about Ambassador Edge, who made a Fourth of July oration in English at Paris, and after he sat down nobody applauded and he was disappointed. A Frenchman got up and started to read a speech and people applauded every paragraph, and the French applauded and they applauded, and when he got through he whispered to his secretary and said, "What was that all about?" He said, "The Frenchman was reading a translation of your speech." (Laughter) So at least, if I come over there, please let me know when I'm listening to myself.

MR. COE: You said you wanted to talk-- do you still-- about the letter you had from General Clay, thanking you for the cooperation on the German work.

H.M.JR: You tell them outside.

MR. COE: Yes.

H.M.JR: You go and see the Chinese.

MR. COE: Thanks.

MR. D.W. BELL: Before Frank leaves, Mr. Secretary, I think you ought to have a meeting on the disposal of

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foreign surplus property abroad, and rates and exchange, sometime in the near future, because we're going ahead there on McCabe's committee and I think you ought to know the whole story before those letters on my desk are signed.

H.M.JR: Nine-thirty tomorrow morning.

MR. D.W. BELL: Nine-thirty.

H.M.JR: Are you ready?

MR. D.W. BELL: We're ready, but I have a meeting with Roy at nine-fifteen. How long will that take?

MR. BLOUGH: It can't take too long, because the Ways and Means Committee is meeting at ten.

MR. D.W. BELL: I said nine o'clock, but nine-forty-five would give us more time.

MR. BLOUGH: Everybody in our office is here at nine o'clock.

MR. D.W. BELL: Okay. Nine o'clock is all right with me.

H.M.JR: Bell and you have the people here you want at nine-thirty.

MR. D.W. BELL: It's Coe's shop--Glasser.

(Mr. Coe leaves conference.)

H.M.JR: You come next Gamble, and we'll go back.

MR. GAMBLE: First thing is, we have set up the first of those radio programs for this Thursday night, day after tomorrow.

H.M.JR: Oh.

MR. GAMBLE: On Town Meeting of the Air, Reader's Digest Program.

H.M.JR: Nothing makes me sick.

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MR. GAMBLE: Eight-thirty to nine, this Thursday night. Now, the Marines will have some people for us. Since you came over here, I got confirmation of this time. The Marines will have some top people for us. I talked to them this morning. They had four Marines that arrived this morning from Okinawa, eight days out of battle, and they have recommended that we not use wounded Marines, because they're hospitalized. They are not even sent out of Okinawa unless seriously injured, and we wouldn't get them until they've been out of the hospital thirty or forty days after they arrived, and these boys, they say, can tell a better story. They have four men that have arrived here this morning that are going to do special incentive work for the Army, Navy, and Marine Corps, and I think we could pull men out of there for this show and the Monday night Coca Cola Program.

H.M.JR: Eight-thirty to nine.

MR. GAMBLE: Reader's Digest, Town Meeting of the Air.

H.M.JR: When will I get the details?

MR. GAMBLE: Tomorrow, together with the time. The running time will be between three and four minutes.

H.M.JR: You've got to do a lot in that time.

MRS. KLOTZ: Who is going to write the thing?

H.M.JR: Alan Barth.

MR. GAMBLE: Group two. You sent me a note this morning about Lt. Francis Tooley. It's rather amusing, so I'll tell you about it. Tooley spoke in New York yesterday and it was recorded in the New York Herald Tribune. Have you read it? It is a result of a letter you sent me about three weeks ago. You sent me a letter you had from Tooley telling you he was a friend of Henry's. You sent him a letter telling him to get in touch with me. I corresponded with him, and after he got out of the hospital we put him to work, and that's the story.

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H.M.JR: I see. Can I see him sometime?

MR. GAMBLE: We'll have him brought out here in a couple of weeks.

MRS. KLOTZ: It's kind of funny.

H.M.JR: That's a result of my asking him to get in touch with you?

MR. GAMBLE: Yes. So I thought you were being facetious when I first started reading the note. That's all I have, sir.

H.M.JR: All right.

(Mr. Gamble leaves conference.)

MR. FUSSELL: Mr. Secretary, headline edition of the Blue Network wants you for three minutes on a seven to seven-fifteen broadcast either Wednesday or Thursday night to discuss your latest move in setting up regional offices to expedite the processing of tax cases. Immediate answer is requested, because both Ickes and Wallace will appear on this program sometime this week, and Blue doesn't want conflicting dates of more than one Cabinet officer on the same night.

H.M.JR: I spoke both to Mr. Ed Noble today and to Mr. what's his name, Chet LaRoche, asking whether they won't please put on Mr. Robert Wagner, because the boys say we've got to encourage Robert Wagner to go forward. But if I'm on Thursday night for War Bonds, I don't think that I--I think it's overdoing it.

MR. FUSSELL: I would think no, in view of that.

H.M.JR: I think it's overdoing it.

MR. FELTUS: Can't we suggest White as a substitute on this?

H.M.JR: Now, listen. No, no. On decentralization?

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MR. FELTUS: No. Change the subject and everything.

H.M.JR: No. I'd leave it. I'd only get the thing mixed up. No, I'd leave it.

MR. GASTON: Couldn't we have Joe O'Connell, for instance, go on three minutes on your decentralization program? Wouldn't it be worth while?

H.M.JR: I wouldn't suggest Joe. I'd offer them Numan.

MR. FUSSELL: They had Numan about two weeks ago, Mr. Secretary, and I don't think they would want him again so soon.

H.M.JR: Let it go a little bit and I'll--next week sometime, maybe.

MR. FUSSELL: Definitely not this week?

H.M.JR: No.

MR. FUSSELL: The New York Times wants an article by you on tax evasion for their Sunday magazine. That's a substitute for this plan that you proposed to Mr. Huston the other day. I've prepared a draft which I haven't circulated yet, depending on whether you want to do it or not.

H.M.JR: I'd like to do it.

MR. FUSSELL: All right.

H.M.JR: This is Oliphant's field, but the man who did last Sunday's article for the Times, Henry Murphy, did an awfully good job. I suppose it's completely out of his field, though, isn't it?

MR. HAAS: Yes. He might help. It's completely out of his field. The other was a combination of several things.

MR. FUSSELL: I'll be very glad to ask Henry to work

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on it. I've got a draft prepared, however, that I can circulate immediately. Do you want me to?

H.M.JR: All right, will you?

MR. FUSSELL: Yes. Shall I leave it here with you?

H.M.JR: No. You keep it moving.

MR. FUSSELL: The proof is ready on the Patman speech, Mr. Secretary. I'm a little leery about using any list that War Finance has for circulation of that. In any event, we will have to do the typing and distribution of it and there are two or three questions in that connection that I'd like to be able to take up with you and get separate rulings on, if I could.

H.M.JR: Well, I just haven't got the time. I tell you, I'll appoint Gaston and Charles Bell to cooperate with you. The three of you clear it. Will you, please?

MR. FUSSELL: Mr. Secretary, we've prepared a draft of a letter to editors of daily newspapers, asking their cooperation in this tax evasion drive. It has been circulated around among a half dozen people and it has just been redrafted incorporating their suggestions. If you approve that plan, shall I go ahead with that? It involves about two thousand mailings.

H.M.JR: Let the same committee handle that.

MR. FUSSELL: Okay. Mr. Fred Smith requests scrap-books that were made up as a result of the Second, Third, Fourth and Fifth War Bond Drives. It's an express job, and I'm sending them up tomorrow, and I also have other material along the lines the same as we have previously given them. Shall I keep that running along?

H.M.JR: If you please.

MR. FUSSELL: Mr. Snavely of the Bell Syndicate, sent Mr. Julian Street this note:

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(Quoting from a letter addressed to Mr. Julian Street, Jr., from Mr. Henry M. Snevily of the Bell Syndicate Inc., dated June 6, 1945.)

"Dear Pete: One of the columnists recently carried a note to the effect that Mr. Morgenthau would write a book if and when he retired from office. I don't know anyone who has direct contact with him but thought perhaps you might be able to find out something about it, or put us in touch with the proper party. With best wishes."

I have written this letter and have not yet sent it.

(Quoting from a letter to Mr. Snevily from Mr. Fussell, dated June 18, 1945.)

"Mr. Julian Street, Jr., has passed along to me your note inquiring about the report that Secretary Morgenthau 'would write a book if and when he retired from office.'

"I doubt seriously whether any book is likely to develop within the foreseeable future, but your interest in such a project is noted."

H.M.JR: Very good.

MR. GASTON: It is well worth remembering that these people--newspaper syndicates--want your book wherever it is and whenever it is ready for newspaper syndication purposes.

H.M.JR: Oh, I thought they were trying to find out when I was going to resign.

MR. GASTON: No, I don't think so. I think they heard you were going to write a book.

MR. FUSSELL: We prepared an article that we had run under your signature in this Think magazine--Thomas J. Watson's. I was against it at that time, but in view of the fact that you did agree to and did write an article for this veterans magazine--

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H.M.JR: That's different.

MR. FUSSELL: That's out then?

H.M.JR: That's politics. No. We got something, though. I don't want to. I changed my mind.

MR. GASTON: That's strictly an advertising publication, this Think, I.B.M.

H.M.JR: Are you on my side?

MR. GASTON: Yes. I don't think we should write for any.

MR. D.W. BELL: It is not strictly a house organization.

MR. GASTON: Not a house organization and it's an advertising thing.

MR. D.W. BELL: The only basis you see I.B.M. on it is one required by postal regulations of the publisher. That's the only thing. It is really a very good magazine.

H.M.JR: We are going to stop at four-thirty.

MR. FUSSELL: I've got a photograph here I'd like you to autograph, and that winds me up immediately.

H.M.JR: Before you send more of that stuff to Mrs. Klotz, send it to me. Scrapbooks are all right, but the other stuff, let me look at.

MR. FUSSELL: Okay.

MR. HAAS: I have no new set of charts on the tax drive and there are aspects I'd like to discuss with you.

H.M.JR: Can you get here by nine-fifteen in the morning?

MR. HAAS: Yes.

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H.M.JR: I'll be very glad to see you tomorrow morning.

MR. HAAS: That's giving me fifteen minutes grace.

H.M.JR: Giving you about an hour's grace. (Laughter)

MR. HAAS: Have you seen this (indicating charts)?

H.M.JR: Wait a minute.

MR. HAAS: Page sixteen, I think. Have you seen that?

H.M.JR: Yes, and I'm pretty sure that comes through outside there, doesn't it?

MR. HAAS: I don't think so, but I'll inquire.

H.M.JR: Yes. Ask Mrs. Mannen, but I think she gets that from somebody. Maybe it's the State of New York, but I've had it.

MR. HAAS: I see. Yes, it looks kind of bad all over, except the West Coast.

H.M.JR: Feltus?

MR. FELTUS: I have nothing, unless you want an eight-thirty appointment in the morning.

H.M.JR: No. I won't embarrass you. (Laughter)

MR. BARTELT: Mr. Secretary, under the pay raise legislation that's now pending, the salaries of Federal employees will be increased by seven hundred eighteen million dollars, which includes overtime on a forty-eight hour week basis. As Chairman of the Inter-Departmental War Savings Bond Committee, I want to see how much of that money we can get invested in War Bonds on payroll savings. I'm suggesting to the various agencies the advisability of addressing appropriate letters to the employees. I've taken the liberty of submitting one to you in the hope you may see your

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way clear to sign it. That's about all I have.

H.M.JR: See Mr. Charles Bell and say what he is to do.

MR. C.S. BELL: It would be a good idea to put that in a letter to the ninety-three thousand employees. It's a good letter. I have seen it. It would certainly reach every employee of the Treasury that way.

MR. BARTELT: Yes, and I think it's worth going over.

H.M.JR: The suggestion you made sounds good if it is a good letter.

MR. BARTELT: I think it is.

MR. C.S. BELL: It's a good letter.

MR. LYNCH: Mr. O'Connell gave me these matters first to report as to decentralization in the Bureau of supervision over criminal enforcement. There's a report here. Would you like the report or the gist of it?

H.M.JR: I'll take it. On second thought, if Blue Network will take Mr. O'Connell on decentralization, let O'Connell go on.

MR. LYNCH: The second report has to do with a Providence, Rhode Island, jewelry firm. You inquired about why the Special Agent had recommended no criminal prosecution. There's a report on that. Would you like that?

H.M.JR: Thank you.

MR. LYNCH: Another matter has reference to sensational statements about Drew Pearson on the Floor yesterday.

H.M.JR: Somebody else asked me, and I said that was up to the General Counsel's Office.

MR. LYNCH: Well, I have a note here to--apparently Mr. Fussell had inquired from Mr. Woolf about it, and

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Senator Tydings charged, without giving any details of it, that Pearson had been connected with racketeers and gambling.

H.M.JR: Without looking at anybody, I want to say the General Counsel is on the job. Go ahead.

MR. LYNCH: And that the Internal Revenue Agents had got on his track, as Tydings had expressed it, and the report was in 1939. Mr. Clapp informed the Bureau that Pearson had an interest in selling the sweepstakes tickets, and they followed up on it and investigated it thoroughly, and they couldn't make out any case or substantiate the charge at all, and this Clapp, the informer, is said to have been related by marriage, or something, to Tydings. That's the way it's expressed here. (Laughter)

H.M.JR: Well, I have a vague recollection at that time, and there was great excitement at the time, and I also have a vague recollection there's nothing to it.

MR. LYNCH: The only other matter, Mr. Secretary, is that I have a letter from Mr. Fitzpatrick having to do with Judge Gilroy, and with a note from you to bring it to your attention.

H.M.JR: Yes. I need that. I haven't been loafing, but leave it here. (Mr. Lynch hands Secretary letter from Mr. Paul Fitzpatrick to Secretary dated June 15.) I got up at quarter past six this morning to see Mr. Truman off, and spent sometime with Harry Hopkins. So I had a fairly active morning.

MR. LYNCH: That's all I have.

MR. D.W. BELL: You asked to have a telegram sent to the Federals to get gossip and so forth. I have it ready to send.

H.M.JR: I told your young lady I wanted it to go last night.

MR. D.W. BELL: Well, I didn't get it out last night.

H.M.JR: All right.

MR. D.W. BELL: It's going out today and I'll have a report back tomorrow.

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H.M.JR: All right.

MR. D.W. BELL: But we are getting quite a few letters from bankers in response to your recent letter, and generally speaking, they are favorable and practically all are willing to cooperate, but there are a few critical letters that they still think you are making policemen out of the bankers and that you are destroying that confidential relationship that always existed between bankers and clients. And they are in the minority, but you get a good cross section from those letters.

H.M.JR: I would like to see them.

MR. D.W. BELL: They are quite voluminous. I thought we might have them digested as to the general trend of thought.

H.M.JR: My thought was to digest them.

MR. D.W. BELL: That might give you better cross section than even reports from Feds. Here is a summary of comments we got, and there is a more recent thing that came in from San Francisco.

H.M.JR: For Thursday there are about six Indiana cases in this week's report--Ruman's most recent report--and I thought we might concentrate on Indiana for Thursday. There are at least six from Indiana, and all good ones, too.

MR. D.W. BELL: You asked us to call Forbes Watson to look over those designs of the Roosevelt Memorial Medal, and I would like you to know he picked out the same one you said you liked. So, it has now gone to the Fine Arts Commission where it has to go before it is approved.

That's all I have.

H.M.JR: Thank you.

Mr. Charlie Bell?

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MR. C.S. BELL: I have quite a few things, sir, and it is only a couple minutes to four-thirty. I wondered if you didn't want to call me in tomorrow for ten minutes.

H.M.JR: Sure, but I don't want you to come before Haas. Dan, how long do you want tomorrow?

MR. D.W. BELL: About half an hour.

H.M.JR: At ten o'clock.

MR. C.S. BELL: That will be fine.

H.M.JR: You want ten minutes and you come back at ten-fifteen tomorrow about what you have got, Fus.

MR. FUSSELL: Fine.

H.M.JR: Ten-fifteen. Okay everybody. Thank you all. Feitus at ten-thirty tomorrow morning.

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University of Notre Dame

Notre Dame, Indiana

Office of the President

June 19, 1945

My dear Mr. Secretary:

Thank you for your gracious thoughtfulness in regard to my sister's funds, as indicated by your cordial letter of June 13th. It is clear indication of the very warm interest you have manifested in her behalf ever since I presented her case to you personally three years ago.

At present, I am trying to get her evacuated from Naples, and in the event I am successful, I assume there will be no difficulty about having her funds released to her shortly after her arrival here. She has been repatriated, so there should be no trouble on that score. Naturally, I shall keep you informed of developments.

I also take this opportunity to congratulate you on the success of the current war loan campaign. The early part of May we made the facilities of our stadium available to the local committee, and it was packed to capacity for the rally that was staged there. Mr. Klusmeyer, and his associates in South Bend are doing magnificent work, which naturally, will bring joy to your heart.

With assurances of esteem and regard, I am

Sincerely yours,

J. Hugh O'Leary, C.S.C.

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

12"

41
Treasury Department
Division of Monetary Research

Date 6/19 1945

To: Miss Rippel

From: Miss Famurek

Enclosures consisted of 4 copies
of Report from the Banking and
Currency Committee and 2 copies
of the Hearings.

12"

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✓
19 JUN 1945

Excellency:

As you are no doubt informed, the House of Representatives of the United States, by a vote of 345 to 18, has approved the bill providing for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development. The bill will soon be considered by the Senate of the United States.

I believe you and the members of your technical staff will be interested in reading the hearings before the House Committee on Banking and Currency and the Report from the Committee to the House of Representatives recommending adoption by the United States of the Bretton Woods proposals. Copies of the hearings and the Report are enclosed.

Sincerely yours,

/s/ H. Morgenthau, Jr.

His Excellency, Arthur de Sousa Costa,
The Minister of Finance,
The United States of Brazil,
Rio de Janeiro, Brazil.

Enclosures.

EWH:em 6-11-45

-42- 5323

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June 16, 1945

Australia - Joseph Benedict Chifley, Treasurer, Canberra, Australia
 Belgium - Gaston Eyskens, Minister of Finance, Brussels, Belgium
 Bolivia - Victor Paz Estenssoro, Minister of Finance, The Republic of Bolivia, La Paz, Bolivia
 Brazil - Arthur de Sousa Costa, Minister of Finance, The United States of Brazil, Rio de Janeiro, Brazil
 Canada - J. L. Flaley, Minister of Finance, Dominion of Canada, Ottawa, Canada
 Chile - Pablo Ramirez Rodriguez - Minister of Finance, The Republic of Chile, Santiago, Chile
 (O.K. Yui is English spelling)
 China - Yu, Hsing-Chun, Minister of Finance, c/o Ministry of Finance, Chungking, China
 Colombia - Carlos Sans de Santamaria, Minister of Finance, The Republic of Colombia, Bogota, Colombia
 Costa Rica - Alvaro Bonilla Lara, Secretary of Finance, The Republic of Costa Rica, San Jose, Costa Rica
 Cuba - Manuel Fernandez Supervielle, Minister of the Treasury, The Republic of Cuba, Habana, Cuba
 Czechoslovakia - Dr. Vavro Brober, Minister of Finance, Prague, Czechoslovakia
 Dominican Republic - Horacio A. A. Pebles, Secretary of State for Treasury, Dominican Republic, Santo Domingo, Dominican Republic
 Ecuador - Mariano Suarez Veintimilla, Minister of Treasury, The Republic of Ecuador, Quito, Ecuador
 El Salvador - Carlos A. Guirela, Minister of Finance, San Salvador, El Salvador
 Egypt - Makram Pacha Ebeid, Minister of Finance, Cairo, Egypt
 Ethiopia - Menasse Lemsa, Director General of Finance, Addis Ababa, Ethiopia
 France - Rene Pleven, Minister of Finance, Paris, France
 Greece - George Mantzavinos, Minister of Finance, Athens, Greece
 Guatemala - Carlos Leonidas Acevedo, Minister of Finance, The Republic of Guatemala, Guatemala City, Guatemala
 Haiti - Abel Lacroix, Secretary of Finance, The Republic of Haiti, Port au Prince, Haiti

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Honduras - Urbano Quesada, Secretary of Finance, The Republic of Honduras, Tegucigalpa, Honduras
 Iceland - Petur Magnussen, Minister of Finance, Reykjavik, Iceland
 India - Sir John Rowlands, The Minister of Finance, Government of India, New Delhi, India
 Iran - No minister of Finance
 Iraq - Salih Jabur, Minister of Finance, Bagdad, Iraq
 Liberia - William A. Dennis, Secretary of the Treasury, Monrovia, Liberia
 Luxembourg - Pierre Dupong, President of the Government, Minister of Finance, etc., Luxembourg, Grand Duchy of Luxembourg
 Mexico - Eduardo Suarez, Secretary of Finance, The United States of Mexico, Mexico City, Mexico
 Netherlands - Dr. G. W. M. Huymans, Minister of Finance, Royal Netherlands Government, Temporarily Residing in London, Pinners Hall, Great Winchester Street, London, E.C. 2, England
 New Zealand - Walter Nash, The Minister of Finance, Wellington, New Zealand
 Nicaragua - J. Ramon Sevilla Sacasa, Minister of Finance, Republic of Nicaragua, Managua, Nicaragua
 Norway - Cabinet resigned June 13, 1945
 Panama - Victor B. Tejeira, Minister of Finance, Republic of Panama, Panama City, Panama
 Paraguay - Juan Plate, Minister of Finance, The Republic of Paraguay, Asuncion, Paraguay
 Peru - Julio L. East, Minister of Finance, The Republic of Peru, Lima, Peru
 Commonwealth of the Philippines - Jaime Hernandez, Secretary of Finance, 1617 Massachusetts Ave., Washington, D. C.
 Philippine Commonwealth - Jaime Hernandez, Secretary of Finance, 1617 Massachusetts Ave., Washington, D. C.
 Poland - Jan Kwapiński, Acting Minister of Finance, 47 Portland Place, London, England (He's in)
 Union of South Africa - Jan Hendrik Hofmeyr, Minister of Finance, The Union of South Africa, Pretoria, Union of South Africa
 Uruguay - Hector Alvarez Cina, Minister of Finance, The Oriental Republic of Uruguay, Montevideo, Uruguay

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Union of Soviet Socialist Republics - Arseni Grigoryevich Zverev, People's
Commissar of Finance, Moscow, Union of Soviet Socialist Republics

(My dear Sir John:)

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

Venezuela - Rodolfo Rojas, Minister of Finance, The United States of Venezuela,
Caracas, Venezuela

Yugoslavia - Juraž Sutej, Minister of Finance of the Federal Government, Belgrade,
Yugoslavia

June 18, 1945

H.W.JR: Senator Kilgore phoned me and I asked if he had spoken to President Truman, and he said, "No." I said President Truman definitely didn't want me to testify on Germany because he felt it would embarrass him, because he had to sell a plan on Germany to both Stalin and Churchill and that he had hoped that Senator Kilgore could postpone his hearings on Germany for the time being, and I said that I had thought that as far as I was concerned, I wanted to postpone my appearance and I had hoped that President Truman would speak directly to Kilgore, but Kilgore said he was going to speak to Truman tomorrow on the telephone and he would ask him about it.

He said something about his time on appropriations running out on the first of July and he had to do it before that, so I said, well, after he has spoken to President Truman would he let me know what Truman said to him.

47-
19 JUN 1945

Dear Cliff:

Your suggestion on the decentralization of the Penal Division of the Bureau of Internal Revenue was relayed to me by John Pehle. Your idea was a very timely one and appropriate action is already being taken.

I want you to know how much I appreciate such helpful suggestions from the Treasury staff.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Clifton E. Mack
Director of Procurement
7th & D Streets, S. W.
Washington, D. C.

JWPehle:aa 18 June 1945

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19 JUN 1945

Dear General Denig:

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.

Brigadier General Robert L. Denig, USMC
Director, Division of Public Relations
Navy Department
Washington 25, D. C.

BOL:raf
6-14-45

49
19 JUN 1945

Dear Admiral Sherman:

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.

Rear Admiral Forrest Sherman, USN
Deputy Chief of Staff
Navy Department
Washington 25, D. C.

BOL:ekb

6-18-45

50
19 JUN 1945

Dear General Larsen:

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.

Major General Henry L. Larsen, USMC
Island Commander, Guam
Navy Department
Washington 25, D. C.

BOL:ekb

6-18-45

51 ✓
19 JUN 1945

Dear General Hunt:

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. Merpentau, Jr.

Brigadier General Leroy F. Hunt, USMC
Assistant Division Commander
2nd Marine Division
Navy Department
Washington 25, D. C.

SGL:raf

6-14-45

52 ✓
19 JUN 1945

Dear General Patch:

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. Merpentau, Jr.

Lieut. General Alexander M. Patch
Commanding General, Seventh Army
The Pentagon
Washington 25, D. C.

SGL:eb

6-13-45

12"

53 ✓
19 JUN 1945

Dear General Mulcahy:

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.

Major General Francis P. Mulcahy
Commanding General, Aircraft
Fleet Marine Force, Pacific
Navy Department
Washington 25, D. C.

SGL:rmf

6-14-45

54 ✓
19 JUN 1945

Dear Admiral Ingram:

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 Jonas H. Ingram, USN
Commander in Chief, U. S.
Atlantic Fleet
Navy Department
Washington 25, D. C.

SGL:eb

6-15-45

12

19 JUN 1945

Dear General Underhill:

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,

H. Morganthau, Jr.

Major General James L. Underhill, USMC
Deputy Commander, Fleet Marine Force,
Pacific
Navy Department
Washington 25, D. C.

SGL:eb

6-14-45

19 JUN 1945

Dear General Woods:

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,

H. Morganthau, Jr.

Brigadier General Louis E. Woods, USMC
Commanding General, 4th Marine Air Wing
Navy Department
Washington 25, D. C.

SGL:akb

6-14-45

12"

57
19 JUN 1945

Dear General Michelberger:

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 Robert L. Michelberger
Commanding General, Eighth Army
The Pentagon
Washington 25, D. C.

BGL:mb

6-15-45

58
19 JUN 1945

Dear General MacArthur:

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 Douglas MacArthur
Commander-in-Chief, Pacific Area
The Pentagon
Washington 25, D. C.

BGL:mb

6-15-45

12"

59.
19 JUN 1945

Dear General Shepherd:

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.

Major General Lemuel C. Shepherd, Jr.
Commanding General, 6th Marine Division
Navy Department
Washington 25, D. C.

SGL:eb

6-13-45

60.
19 JUN 1945

Dear General Gates:

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.

Major General Clifton B. Gates
Commanding General, 4th Marine
Division
Navy Department
Washington 25, D. C.

SGL:eb

6-13-45

12"

61
19 JUN 1945

Dear General Thomas:

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.

Brigadier General Gerald C. Thomas
Director, Division of Plans &
Policies, USMC
Navy Department
Washington 25, D. C.

SGL:eb

6-18-45

62
19 JUN 1945

Dear General Geiger:

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.

Major General Roy S. Geiger
Commanding General
Third Amphibious Corps
Navy Department
Washington 25, D. C.

SGL:eb

6-18-45

63
19 JUN 1945

Dear General Hart:

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. Morganthau, Jr.

Brigadier General Franklin A. Hart
Assistant Division Commander, 4th
Marine Division
Navy Department
Washington 25, D. C.

SOL:eb

6-15-45

64
19 JUN 1945

Dear General Sultan:

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. Morganthau, Jr.

Lieut. General Daniel I. Sultan
Commanding General, U.S. Forces
in India-Burma Theater
The Pentagon
Washington 25, D. C.

SOL:eb

6-15-45

12"

19 JUN 1945

Dear General Erskine:

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.

Major General Graves B. Erskine, USMC
Commanding General, Third Marine Division
Navy Department
Washington 25, D. C.

EGL:skb

6-12-45

19 JUN 1945

Dear General Kenney:

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 C. Kenney
Commanding General, Far East Air Forces,
South West Pacific Area
The Pentagon
Washington 25, D. C.

EGL:eb

6-12-45

67
19 JUN 1945

Dear Admiral Smith:

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.

Vice Admiral William W. Smith, USN
Commander Service Force
United States Pacific Fleet
Navy Department
Washington 25, D. C.

SGL:eb

6-14-45

- 68
19 JUN 1945

Dear General McHarney:

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 Joseph T. McHarney
Deputy Supreme Allied Commander
Mediterranean Theater
The Pentagon
Washington 25, D. C.

SGL:eb

6-13-45

12"

69
19 JUN 1945

Dear Admiral Murray:

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.

Vice Admiral G. D. Murray, USN
Commander Air Force, U. S.
Pacific Fleet
Navy Department
Washington 25, D. C.

SGL:eb

6-13-45

70
19 JUN 1945

Dear General Schmidt:

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.

Major General Harry Schmidt, USMC
Commanding General, 5th Amphibious Corps
Navy Department
Washington 25, D. C.

SGL:raf

6-14-45

12"

19 JUN 1945

Dear General Lear:

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 Ben Lear
Deputy Theater Commander
European Theater of Operations
The Pentagon
Washington 25, D. C.

BGL:eb

6-13-45

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 19 JUN 1945

TO Secretary Morgenthau
FROM Mr. O'Connell

You asked me to look into a reference you have had to a tax case against Gerald L. K. Smith.

My office has reviewed an exhaustive report of 18 June 1943 by Special Agent S. Lawrence Schroll, and related papers, of an examination of Smith for 1937 through 1941. The case arose on the receipt of a voluminous manuscript written under the alias of "Jack Allen" by a publicity and public relations man named Reilly who had been employed by Smith. The allegations were that during Smith's crusading years from 1937 forward he had received large contributions upon which no taxes had been paid. Reilly's statement came to the Bureau through George J. Mintzer, a New York lawyer.

The examining agents conducted an intensive and exhaustive investigation, interviewing many people around the country, including the Ford interests and some Pennsylvania oil interests. They found fairly substantial contributions to Smith's "crusade" but at the same time they found offsetting expenses. Smith's pattern was radio and public appearance. His scale of living ran from modest down to panhandling. The case was closed by the addition of \$360 additional tax with no fraud penalty for 1941. Smith reported \$500 for that year. The result reached is apparently correct.

I am advised by the Bureau that there is no case pending for later years.

Jay J. O'Connell

12"

73

19 JUN 1945

Secretary Morgenthau
Mr. O'Connell

You asked me to look into a reference you have had to a tax case against Gerald L. K. Smith.

My office has reviewed an exhaustive report of 18 June 1945 by Special Agent S. Lawrence Schroll, and related papers, of an examination of Smith for 1937 through 1941. The case arose on the receipt of a voluminous manuscript written under the alias of "Jack Allen" by a publicity and public relations man named Reilly who had been employed by Smith. The allegations were that during Smith's crusading years from 1937 forward he had received large contributions upon which no taxes had been paid. Reilly's statement came to the Bureau through George J. Wintzer, a New York lawyer.

The examining agents conducted an intensive and exhaustive investigation, interviewing many people around the country, including the Ford interests and some Pennsylvania oil interests. They found fairly substantial contributions to Smith's "crusade" but at the same time they found offsetting expenses. Smith's pattern was radio and public appearance. His scale of living ran from modest down to panhandling. The case was closed by the addition of \$360 additional tax with no fraud penalty for 1941. Smith reported \$800 for that year. The result reached is apparently correct.

I am advised by the Bureau that there is no case pending for later years.

(Signed Joseph J. O'Connell, Jr.)

CO/AM
6/18/45

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 19 JUN 1945

TO Secretary Morgenthau

FROM Charles S. Bell *ml*

Purchases for the week ended 9 June 1945, effected by the Procurement Division totaled \$16,759,606.92 of which \$13,000,000 was Lend-Lease; \$3,340,000 was USNSA, and \$419,606.92 was regular.

Unusual requisitions included 31,380 truck tires and tubes for the Netherlands in the amount of \$1,237,475; 39,000 tires and tubes for China for trucks carrying war supplies in the amount of \$3,432,000; 23,934 tires for civilian relief by USNSA in liberated areas in the amount of \$1,498,700; 4,000 medium or light-heavy duty cargo military-type trucks complete with two spare tires and tubes for China in the amount of \$17,500,000; relief supplies to Greece at the rate of 25,000 tons monthly in the amount of \$1,170,000; 600,000 pounds of steel wire rope, in the amount of \$156,000, urgently needed by China for production of salt in Szechung from deep wells for armed forces.

Unusual purchases included 26,776 pieces of builders hardware for French Air Forces in North Africa, of which 18,440 were lock sets for doors, in the amount of \$67,424; 5 police radio sets, 50 watt, in the amount of \$2,700 for Secret Service and 50 miniature transceiver units for the FBI in the amount of \$11,750.

Two new assignments were received by the Procurement Price Adjustment Board, and eight cases were disposed of involving determinations totaling \$160,000.

Conferences were held with representatives of the Agricultural Adjustment Agency looking towards use by county associations whose funds are controlled by AAA of our field supply services. Contacts were also made with General Accounting Office to have its field offices use our field services.

Looking towards the annual audit of the General Supply Fund by the General Accounting Office, instructions were issued in

regards to physical inventory to be taken 30 June.

The return of nylon yarn bobbins which were shipped to England under Lend-Lease, has resulted in the re-use of 36,660 of these bobbins with savings of \$14,222.67.

The Contract Termination Board discussed the proposed settlement terms of two terminated contracts, and a meeting with representatives of the American Nickeloid Company was held to discuss their terminated contract with the Bureau of the Mint.

The Seventh War Loan Campaign in the Procurement Division in both departmental and field services is progressing satisfactorily and the overall percentage as of 4 June is 112.92%.

LEND-LEASE
TREASURY DEPARTMENT-PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U.S. PORTS
AS OF JUNE 30, 1945
(In Billions of Dollars)

	<u>Total</u>	<u>U.K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous Undistributed</u>
Allocations	\$ 5948.9	\$ 2262.3	\$ 2206.2	\$ 136.3	\$ 19.2	\$ 1200.9
Requisitions In Purchase	\$ 143.6	\$ 42.3	\$ 10.4	\$ 3.7	-	\$ 60.4
Requisitions Not Cleared by W.P.A.	\$ 125.7	\$ 24.9	\$ 3.4	\$ 23.1	-	\$ 69.3
Obligations (Purchases)	\$ 5020.0	\$ 2142.7	\$ 2217.4	\$ 121.4	\$ 19.2	\$ 519.3
Deliveries to Foreign Gov'ts. at U.S. Ports *	\$ 3859.2	\$ 1966.7	\$ 1721.8	\$ 80.4	-	\$ 230.3

* Deliveries to foreign governments at U.S. Ports do not include the tonnage that is either in storage, "in transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

U.S.R.A.
TREASURY DEPARTMENT - PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U.S. PORTS
AS OF JUNE 30, 1948
(In Millions of Dollars)

	<u>Total</u>	<u>U.S.R.A.</u>	<u>Administrative Expenses</u>
Allocations	\$ 201.0	\$ 200.0	\$ 1.0
Requisitions in Purchase	\$ 40.14	\$ 40.14	-
Requisitions Not Cleared By W.P.S.	\$ 0.85	\$ 0.85	-
Obligations (Purchases)	\$ 120.28	\$ 119.52	\$.76
Deliveries to Foreign Gov'ts. at U.S. Ports *	\$ 3.68	\$ 3.68	-

* Deliveries to U.S.R.A. at U.S. Ports do not include the tonnage that is either in storage, "in transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

12

19 JUN 1945

Secretary Morgenthau

Charles S. Bell

(SIGNED) CHARLES S. BELL

Purchases for the week ended 9 June 1945, effected by the Procurement Division totaled \$16,759,506.92 of which \$13,000,000 was Lend-Lease; \$3,340,000 was UNRRA, and \$419,506.92 was regular.

Unusual requisitions included 31,980 truck tires and tubes for the Netherlands in the amount of \$1,237,475; 39,000 tires and tubes for China for trucks carrying war supplies in the amount of \$3,432,000; 29,934 tires for civilian relief by UNRRA in liberated areas in the amount of \$1,496,700; 4,000 medium or light-heavy duty cargo military-type trucks complete with two spare tires and tubes for China in the amount of \$17,500,000; relief supplies to Greece at the rate of 35,000 tons monthly in the amount of \$1,170,000; 600,000 pounds of steel wire rope, in the amount of \$135,000, urgently needed by China for production of salt in Szecheng from deep wells for armed forces.

Unusual purchases included 25,776 pieces of builders hardware for French Air Forces in North Africa, of which 18,440 were lock sets for doors, in the amount of \$87,424; 5 police radio sets, 50 watt, in the amount of \$2,700 for Secret Service and 50 miniature transceiver units for the FBI in the amount of \$11,750.

Two new assignments were received by the Procurement Price Adjustment Board, and eight cases were disposed of involving determinations totaling \$150,000.

Conferences were held with representatives of the Agricultural Adjustment Agency looking towards use by county associations whose funds are controlled by AAA of our field supply services. Contacts were also made with General Accounting Office to have its field offices use our field services.

Looking towards the annual audit of the General Supply Fund by the General Accounting Office, instructions were issued in

- 2 -

regards to physical inventory to be taken 30 June.

The return of nylon yarn bobbins which were shipped to England under Lend-Lease, has resulted in the re-use of 36,960 of these bobbins with savings of \$14,926.67.

The Contract Termination Board discussed the proposed settlement terms of two terminated contracts, and a meeting with representatives of the American Nickeloid Company was held to discuss their terminated contract with the Bureau of the Mint.

The Seventh War Loan Campaign in the Procurement Division in both departmental and field services is progressing satisfactorily and the overall percentage as of 4 June is 119.99%.

LEND-LEASE
TREASURY DEPARTMENT-PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U.S. PORTS
AS OF JUNE 9, 1945
(In Millions of Dollars)

	<u>Total</u>	<u>U.K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous Undistributed</u>
Allocations	\$ 5046.9	\$ 2282.3	\$ 2306.2	\$ 138.3	\$ 19.2	\$ 1200.9
Requisitions In Purchase	\$ 143.6	\$ 49.3	\$ 10.4	\$ 3.7	-	\$ 80.4
Requisitions Not Cleared by W.P.B.	\$ 125.7	\$ 24.9	\$ 8.4	\$ 23.1	-	\$ 69.3
Obligations (Purchases)	\$ 5020.0	\$ 2142.7	\$ 2217.4	\$ 121.4	\$ 19.2	\$ 519.3
Deliveries to Foreign Gov'ts. at U.S. Ports *	\$ 3959.2	\$ 1986.7	\$ 1721.6	\$ 30.4	-	\$ 220.3

* Deliveries to foreign governments at U.S. Ports do not include the tonnage that is either in storage, "in transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

U.N.R.R.A.
TREASURY DEPARTMENT - PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U.S. PORTS
AS OF JUNE 9, 1945
(In Millions of Dollars)

	<u>Total</u>	<u>U.N.R.R.A.</u>	<u>Administrative Expenses</u>
Allocations	\$ 201.0	\$ 200.0	\$ 1.0
Requisitions in Purchase	\$ 40.14	\$ 40.14	-
Requisitions Not Cleared By W.P.B.	\$ 6.85	\$ 6.85	-
Obligations (Purchases)	\$ 120.23	\$ 119.52	\$.76
Deliveries to Foreign Gov'ts. at U.S. Ports *	\$ 3.58	\$ 3.58	-

* Deliveries to U.N.R.R.A. at U.S. Ports do not include the tonnage that is either in storage, "in transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

12

DEPARTMENT
OF
STATE

INCOMING TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

JP-1916
Distribution of true
reading only by special
arrangement. (SECRET V)

Stockholm
Dated June 19, 1945
Rec'd 12:17 p.m.

Secretary of State,
Washington.

2191, June 19, 1 p.m.

FOR WAR REFUGEE BOARD FROM OLSEN

Final report on WRB operations from Sweden has
been completed and is going forward in this weeks
courier pouch. Confidential funds on hand total
92746 Swedish kroner and will be transferred back
to David White per your instructions.

JOHNSON

EDA

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

RECEIVED
DIVISION OF
CENTRAL SERVICES
LIAISON

1945 JUN 20 AM 9 16

DEPARTMENT
OF
STATE

INCOMING TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

MMH-1966

PLAIN

Rome

Dated June 19, 1945

Rec'd 3:10 p.m.

Secretary of State
Washington

1663, Nineteenth

FOR HOGES LEAVITT AJDC FROM RESNIK 46.

Relief organization Aquila established by Joint
immediately after liberation has now sent formal note
to Joint that it will cease operation because it has
succeeded in resettling and finding employment for
all needy persons under its care.

KIRK

WGP

DC/L
LIAISON

1945 JUN 20 AM 10

RECEIVED
DIVISION OF
CENTRAL SERVICES
LIAISON

83

DEPARTMENT
OF
STATE

MES-1961

INCOMING
TELEGRAM

PLAIN

Rome

Dated June 19, 1945

Rec'd. 3:05 p.m.

Secretary of State,
Washington.

1665, Nineteenth

FOR MOSES LEAVITT JDC FROM RESNIK 49.

On initial visit to British and American sections of Austria found small number 99 ex-Hungarian forced laborers in British section for whom emergency relief granted. Some members this group came to Milan where receiving our assistance on American side camps at Ebensee Faldafing Allach Salzburg Freienberg and Dachau found estimated 8000, many of whom being repatriated although substantial number stateless and others undesirable of returning former countries. This group represents large problem in connection ultimate emigration and urgent on the spot relief lists on above named camps going forward. Austria shortly organize more permanent setup and prepare fullest budgetary and financial details.

KIRK

EDA

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION
 195 JUN 20 AM 5 10
 RECEIVED
 DIVISION OF
CENTRAL SERVICES
LIAISON
DC/L
DEPARTMENT
OF
STATE

MES-1962

INCOMING
TELEGRAM

PLAIN

Rome

Dated June 19, 1945

Rec'd. 3 p.m.

Secretary of State,
Washington.

1664, Nineteenth

FOR MOSES LEAVITT JDC FROM RESNIK 47

Rome Jewish community embarking on large scale fund raising campaign to finance its local institutions. This effort part of plan of JDC to have communities here undertake greater share responsibility wherever possible. However, Joint will be compelled provide large scale assistance for partial support Roman institutions. Florence community as part of same plan has raised over 700,000 lire.

EDA

KIRK

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION
 195 JUN 20 AM 5 10
 RECEIVED
 DIVISION OF
CENTRAL SERVICES
LIAISON
DC/L

12"

DEPARTMENT
OF
STATE

MES-1065

INCOMING
TELEGRAM

PLAIN

Rome

Dated June 19, 1945

Rec'd. 3:10 p.m.

86
DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

Secretary of State,
Washington.

1666, Nineteenth

FOR MOSES LEAVITT AJDC FROM BEN BROOK 49

Melvin Goldstein left today for Algiers en route
Lisbon. Resnik left for Milan and other countries.

KIRK

EDM

DC/L
LIAISON

JUN 20 AM 9 55

RECEIVED
DIVISION OF
CENTRAL SERVICES

SECRET

No paraphrase necessary

June 19, 1945

7 p.m.

87

AMBASSY,
CHUNGKING.

Gak.

Department has received a letter from Soong, the substance of which follows:

QUOTE In reply to your letter of May 22 concerning registration of American firms in China, I wish to say that the Chinese Government is well aware of the importance of this question affecting the commercial relations of our two countries.

QUOTE My Government has already taken steps to formulate new regulations for the registration of foreign firms which will be designed to establish simple and effective procedure for this purpose.

QUOTE It is expected that these new regulations will be completed by the end of June, and in the event of their promulgation being delayed my Government is prepared to consider the further extension of the time limit set for registration. UNQUOTE.

You will note divergence between above letter and Soong's statement to Clayton reported in Department's 904 of June 14, 4 p.m. It would be to our advantage to proceed upon basis of Soong's oral statement. Please discuss matter with appropriate authorities, with Soong if possible, with a view to reaching satisfactory understanding of action to be taken by Chinese Government.

OREN
(Acting)
(RRW)893.5034 Registration/
CP:JFK:ating:OTWhite:LD
6-16-45

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6-22-45

DE WASHINGTON

CABLE FOR HOLLAND, 1945, FROM WASHINGTON, WAS RECEIVED REARD

Clearance has been obtained for Mr. Earl Harrison, the American Delegate to the Inter-Governmental Committee on Refugees, to proceed in the very near future to the liberated countries of Europe and to Germany to investigate certain facts with regard to displaced persons, particularly Jews. He would be charged to ascertain the needs of these people and to what extent these needs are being provided by international, national, or private organizations.

It has been suggested that you accompany Harrison on this mission as Special Attache of the American Legation in Bern. Board heartily approves. If agreeable with you, please advise at once. Harrison will proceed to Paris shortly and you will be advised when and where to meet him.

THIS IS THE REAR CABLE NO. 535

9:00 a.m.
June 19, 1945
Miss Ripple (for the Sec'y), Cohn, Hodel, Hutchison, McCormack, Files.

Five 6/18/45

DEPARTMENT
OF
STATEINCOMING
TELEGRAMDIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTIONVE-505
Distribution of true
reading only by special
arrangement (SECRET W)Bern
Dated June 19, 1945
Rec'd 7:10 p.m., 20th

Secretary of State,

Washington.

US URGENT

3242, June 19, 9 p.m.

PERSONAL FOR O'DWYER OF WRS FROM MCCLELLAND

Dept's 1971, WRS's 5316 and Legation's 3064,

June 6.

Regret not having been able answer your 531 sooner
but was absent from Switzerland visiting concentration
camps in Germany from June 8 to 16.

Although I should like to comply with your desire
that I come to Washington for consultation on termination
Board activities in Switzerland, such trip would be
practically very difficult both for official and personal
reasons. Please advise regarding its necessity.

Barring any unforeseen delays or complications
in getting off refugee group scheduled leave Switzerland
for southern Italy toward end this month with possibly
a second convoy of 700 certificate holders leaving mid

July directly

WARNING

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

RECEIVED
DIVISION OF
CENTRAL SERVICES
DC/L
LAWSON
JUN 21 AM 9 49

June 19, 1945

Mr. Cemble

Secretary Morgenthau

In Monday's New York Tribune right under my picture,
there is a story, I quote "Today Lieutenant Francis L.
Tooley, of the 2d Cavalry of the 3d Armored Division, the
'Ghost Troops' which operated throughout the Battle of
France sixty miles behind the German lines, will speak
at the Motion Pictures' War Heroes Bond Rally at the
Times Square Statue of Liberty at 6:00 p.m."

Lieut. Tooley sounds as though he is with the same
outfit as Henry. I would appreciate it if you would find
out today if that is correct. If it is, I would very much
like to see the young man and talk to him and find out what
he knows about Henry. I would appreciate it if you would
give this matter your personal prompt attention.

Cemble Letter to WRS 7/1/45

12"

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June 19, 1945

Mr. Gamble
Secretary Morgenthau

I saw General Patton tonight and I asked him about coming to Philadelphia. He first said no, and then he said he would come if the Army wanted him to and I did. So go to it and let me know if you need any help. *Feltz*

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STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Secretary Mergenthau

DATE: June 19, 1945

FROM : W. Gregory Silvermaster *WGS*

SUBJECT:

On a recent visit to New York City, I chanced to talk about President Truman with a personal friend whose judgment I respect. I was particularly interested in my friend's views because he had spent several years on Capitol Hill working with Congressional committees, during which time he had numerous contacts with Mr. Truman and saw the way in which he worked and did business.

I trust that you don't mind my taking the liberty of passing on to you my friend's comments and observations for what they are worth.

Attachment.

OBSERVATIONS ON PRESIDENT TRUMAN

A. The Truman Committee

A study of the record of Truman Committee hearings, including a careful examination of its behaviour and Mr. Truman's line of questioning, provides perhaps the best means of understanding the way he thinks.

First, throughout the work of his committee, Mr. Truman has shown himself to be essentially objective-minded, with an almost insatiable passion for facts. From constant tours of war plants and constant probing into the problems of war mobilization, Mr. Truman has acquired what is probably the best knowledge, on a personal basis, of American industry, its problems and the diversity of opinion in business leadership.

Second, his investigation started on the basis of preventing profit, padding and over-charging of the American people by war contracts. He knew that the Army would waste money and he was determined to do his very best to prevent it. Any business man or Army official who did not come clean, who was not honest and forthright with Mr. Truman, became an object to destroy. From this it can be taken for granted that Mr. Truman will not tolerate crookedness in his administration, although he will take care of the patronage question. This is an important point to note.

Third, the combination of the desire for honesty and the lawyer's passion for objectivity, for the facts — these two things are the most important to Truman's behaviour.

Several things marked the course of Truman's investigations. First was his political astuteness. He deliberately backed young men from

both parties. For example, he took Senators Ball and Burton on the Republican side. When he took Burton he knew that he did not have a Taft. Similarly, on the Democrat side he worked most closely with Senators Hatch, Kilgore and Nease — all young, vigorous senators.

In the case of each senator, he would conduct an investigation in their states, applying a light coat of white wash to some local or state problem, but in return he would receive from them their unanimous support on his national policy recommendations. This political astuteness enabled Mr. Truman to obtain the support of Senators Brewster, Burton and Ball for major national policy recommendations of his committee. It was Mr. Truman's proud boast that every report submitted by his committee was unanimous.

A study of his reports and hearings reveals that they are marked by a legal prosecutor's approach, that is to say, by a case by case method, proceeding empirically, with a tendency to limit conclusion to the case in hand. This was partially the fault of his chief investigator, Hugh Fulton. Mr. Truman, however, was conscious that his investigation was short on theoretical analysis. Hence, he would instruct his staff to take the premises, the analysis and the conclusions of the Tolan Committee investigations (which were marked by a high degree of theoretical competence) and weave his committee's factual material into this framework of thought.

Throughout the investigations of the Truman Committee, Mr. Truman took a clear-cut stand for all-out war mobilization, for full labor participation, while in the Senate he supported the Pepper-Kilgore-Tolan

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Hill, the Murray-Kilgore Bill on reconversion and the Murray Bill for full employment.

One of the marked aspects of Truman's investigations was his intense antagonism to the extension of military authority and control over the civilian economy and over the civilian aspects of the war. For example, he sustained Donald Nelson against the Army, he sided with C. E. Wilson against Eberstadt, the Army stooge. In short, he fought for civilian control of raw material distribution, for civilian control of contracting, for civilian centralized direction of scheduling, for civilian control of manpower distribution, for civilian control of civilian defense, etc.

In other words, Truman is not a theoretical know-nothing. On the contrary, he has real intellectual competence but he wants a thoroughly, soundly, documentary, factual case. It is just because Truman does have a theoretical, a broad and long range understanding of the U.S. economy that he is able to and does make quick, fast, hard decisions.

In short, as chairman of the committee, Mr. Truman has displayed great political maneuvering capacity, but he based his policy recommendations on the facts of what was necessary for all-out war production and civilian direction of the war economy.

D Political behaviour in Senate

There are many aspects of Truman's work in the Senate which are relatively unknown. For example, it was Truman who wrote the E2H2 resolution. As told by Mr. Truman, he selected the four men -- Burton, Hall, Hatch

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and Hill to run the campaign for this resolution for the following reasons:

First, he said it obviously had to be a bi-partisan measure -- that peace is a bi-partisan proposition. Thus, it will be found that Truman at all times operates in a bi-partisan manner on policy. But in national politics he operates almost entirely as a party man in regard to patronage and he does that in a conscious, deliberate manner.

Second, Truman said that he selected Hill to be one of the four in order that the E2H2 drive could not be considered anti-administration in outlook.

It is important to understand that Truman was building new, young leadership in the Senate -- a bi-partisan leadership on both sides of the aisle.

Truman was very careful to do what he could to give leadership to the Roosevelt policies in the Senate when the titular heads of both the Democratic and Republican parties in the Senate were basically opposed to Roosevelt's policies. He worked closely and carefully with Riffe, the Clerk of the Senate. Through Riffe, he knew at all times the opinions and attitudes of every senator.

He did not make enemies of any one in the Senate, with the exception of Senator Harry Byrd of Virginia. Mr. Truman fought Senator Byrd and the recommendations of Byrd's committee on "Non-Essential

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Expenditures." But with all other senators he has maintained personal, affable relations. In other words, he is able to have personal affection for the individual notwithstanding personal differences in political outlook. The result is that Truman can operate in the Senate and with the senators better than probably any other single man in the country.

Mr. Truman is not likely to give any position to Jim Byrnes in his administration -- because Truman himself can do better than Byrnes can what Byrnes has the reputation of being able to do -- namely, to influence the Senate. Where Roosevelt had lost contact with the Senate, it was logical for FDR to take Byrnes into his administration. Truman does not need Byrnes for this purpose. Secondly, Byrnes has been away from the Senate for 5 years and is personally hated by the 25 liberal, progressive senators with whom Truman works.

Truman's passion for facts, plus his almost unfailing capacity to push his personal emotions completely out of the picture, clearly indicates that he will make his decisions on the basis of facts primarily.

Truman, unlike Roosevelt, will read lengthy memoranda; he will hold to economic facts, he will be able to make his own political judgments. While his decisions will be based both on economic and political factors, the economic factors will weigh with him more, because he believes that this is sound politics in the long run. Mr. Truman has a thorough understanding of American political institutions and knows how to handle the American

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press, how to ride the press, and how to make news.

It is important to note in connection with his Senate history that Truman knew that the Senate Military Affairs Committee, of which he was a member, should have done the kind of investigation which his Special Committee did, but he knew that the Committee would not do it under its then existing leadership. Therefore, just as he selected young Republicans and young Democrats on E2E2 resolution to compose his own committee -- just so did he deliberately undercut and take away the functions of the whole, tired reactionary leadership of the Senate Military Affairs Committee. He also had to take the approach because the members of the EWAC had been bought by the Army through multitudes of past favors.

A crucial part of Truman's Senate work was in connection with the Interstate Commerce Committee. Truman was strongly supported by the railroad unions and by the railroad industry, particularly the Morgan interests in railroads in Missouri. Max Lowenthal, who ran the Wheeler railroad investigation, is a close personal friend and advisor to Truman.

C Miscellaneous

Several other things should be noted about Mr. Truman. He is very fond of Henry Kyser and Andrew Higgins of New Orleans, primarily because these two men plunged forward. Truman likes directness and honesty. He likes progressive, strong, aggressive, production men. He is production-minded. He likes to get things done essentially and honestly. He went to bat for these men when the financiers were attempting to use a hatchet on them.

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Truman is not a patrician. He genuinely likes ordinary, simple, plain people. For the same reason that President Roosevelt took Mr. Biddle, Truman would naturally get rid of him, because Biddle is a Biddle, a Philadelphia Biddle, a snob, an irresponsible liberal who talks hot line, but pays no attention to the facts and does things on emotional prejudice.

One should not be disturbed by the fact that Truman invites Mr. Garner into his administration when one understands that he knows ahead of time that Mr. Garner will not accept. One should not be disturbed by the fact that he invites Mr. Hoover to the White House when at the same time he sends Mr. Hopkins to Moscow. One should not be disturbed by the fact that he puts Tom Clark, a shifty Texas politician and a smart guy into the Justice Department, when he at the same time makes Mr. Anderson, a tough-minded, factual-minded lawyer, Secretary of Agriculture, and places a good, solid liberal into the Labor spot.

Truman knows better how to hag the enemy to death than Mr. Roosevelt himself did. For example, the way in which he has taken from McKellar, let the flash-light bulbs go off in the old man's face and at the same time reappointed Mr. Lilienthal as head of TVA. What was to be a terrific fight was for Mr. Truman but a simple, little maneuver.

D Immediate Problems

The most important problems for the next few months are (a) the selection of a new Secretary of State, (b) the establishing of solid

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Soviet-American friendship and (c) establishing firm relations in the Cabinet.

The man to be selected as the new Secretary of State should be able to meet the following qualifications: (1) loyalty to Truman, (2) loyalty and acceptability to the Democratic Party, (3) a liberal, a man who is not anti-Soviet, (4) a man acceptable to the Senate, and (5) a man who could be president.

These conditions seem to dictate that the man must be a senator acceptable to the South and a liberal in the Senate who is loyal to and has been personally associated with Truman. There are two such men in the Senate — Senator Lister Hill of Alabama and Senator Carl Hatch of New Mexico. For a number of reasons Senator Hill would be most acceptable because of his intimate, close, personal relations with Henry Wallace and Hugo Black.

From the standpoint of peace and maintenance of post-war U.S. prosperity, relations with the Soviet Union are crucial.

President Truman has been arduously preparing himself for the forthcoming meeting between himself, Stalin and Churchill. Because of his intimate knowledge of U.S. economy and understanding of the post-war problems it will face, President Truman will favor the establishment of solid and friendly relations with the Soviet Union. Because of his way of thinking, his desire to see things for himself and his tremendous capacity to receive and absorb factual material, it would be extremely desirable if

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Truman could (a) take a trip through the big industrial plants, mines and devastated areas of the Soviet Union, and (b) have layed out before him the actual facts of the Soviet economy and a realistic perspective of Soviet-American trade.

A trip through the Soviet Union and Siberia on his way back to the U.S. might somewhat serve the same purpose as his investigation trips with his investigating committee through the plants and cities of the U.S. It would enable him to come back from the big 3 meeting with more intimate personal knowledge and direct personal relationship with the key people, having a better knowledge than any other American and any Briton.

The present composition of the Cabinet is such that it is possible to have within it a strong, progressive, operating team, consisting of Morgenthau, Wallace, Ickes, Anderson, Schwollenbach and Hannegan, plus the new Secretary of State. It is of extreme importance that such operating team be built up. For this purpose, one of the members of the Cabinet should take the initiative to see to it that they meet each other regularly at social parties, dinner engagements, etc. They should stand solidly by Mr. Truman, expressing and having full confidence in him. They should pour factual materials and problems on to him, recognising his tremendous energy, ability and capacity.

They should work solidly with Hannegan on patronage and the sooner they begin to do this the better (the party must be built up). They

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should work solidly together on Soviet-American friendship. Thus they stick with Truman, they stick with Hannegan, they stick with each other and they stick together on Soviet-American friendship.

While Truman does not resent the Roosevelt heritage and while he intends to carry it out, he must be treated now as "boss", as a man in his own right. He's making his own heritage. The less Roosevelt is thrown up to him, the better -- particularly, because Truman is able to do as well as Roosevelt himself did.

June 20, 1945
11:45 A. M.

Judge Irving
Lehman: Can you hear me?
HMJr: Yes, I hear you very well.
L: I hear you perfectly.
HMJr: Irving?
L: Yes.
HMJr: Do you have any personal knowledge about Judge Herbert Gilroy of Utica?
L: No, I have no first hand knowledge of him at all, Henry. If you want information, I can find out from some people in Utica, but I have no personal information about him.
HMJr: Well, if it isn't too much trouble, I would appreciate it if you would make some inquiries.
L: Well, I surely would be able to do so. I will let you know very promptly, Henry.
HMJr: Good. Now Irving....
L: Yes.
HMJr: If I'm not mistaken it was you that originally recommended Robert Jackson to me.
L: I did so.
HMJr: I'm quite sure, and I - a good deal of water has gone over the dam and I wonder if up-state New York there isn't another insipient Robert Jackson that you could recommend.
L: I don't know of any just at present, Henry. What kind of a job is it?
HMJr: It is Deputy Commissioner of Internal Revenue.
L: Well, I'll try and think -- what will that pay?
HMJr: I think it pays \$9,000.
L: Well, I'll find -- and it is a legal positon?

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HMJr: Well, not -- it's a very big administrative position.
L: Yes. Preferably a lawyer.
HMJr: Preferably a lawyer and preferably some who has had some criminal work.
L: Yes, well, I'll try and find some.
HMJr: I mean anybody going in there can make a national reputation for himself within a year.
L: Well, I will try to get somebody to recommend somebody to you within two or three days.
HMJr: That would be very kind of you.
L: Henry, when do you think Ellie will get up to the farm?
HMJr: We hope around the first of July.
L: Around the first?
HMJr: The first of July.
L: And when do you think you will get to Cape Cod.
HMJr: Well, we hope a month later.
L: I see. That's about the time we will. Henry, we liked your speech at Central Park the other day.
HMJr: Well, I thought yours last night - I read it in the Tribune this morning - I thought yours was excellent.
L: Well, it went over big.
HMJr: I read it very...
L: It was a little too long, but General Eisenhower asked me to do it.
HMJr: Well, I thought it was excellent, and I congratulate you.
L: It went over very nicely. I enjoyed it immensely. What do you hear from Bob.

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HMJr: Good news.

L: And what do you hear from Henry?

HMJr: Henry is living in Bavaria in the mountains there and having a very pleasant time..

L: They seem to be happy. Barney is in and he writes me they even have a quartet to play music for them at lunch.

HMJr: Wonderful.

L: And I spoke to some of Eisenhower's staff and they tell me that they are living on top of the world now. It is what I enjoyed yesterday - that feeling of relief - at least for half of it.

HMJr: Yes.

L: Thanks very much, Henry, and I'll get you that information just as quickly as I can.

HMJr: Thank you.

L: Thank you.

June 20, 1945
12:11 P.M.

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HMJr: I don't think I would push too hard on that General Patton business.

Mr. Ted Gamble: Yes.

HMJr: I mean unless it comes easy I wouldn't do it.

G: Well, that is exactly the way I did it, and I put it up to General Searis this morning.

HMJr: Yeah.

G: And told him how you felt about it and how I felt about it.

HMJr: Right.

G: I told him if it was convenient - we've switched now to Boston on it because of his being in Massachusetts. I told him the occasion we would like to use him, and I told him that we would appreciate it if he would check it and see if it met with everybody's approval.

HMJr: I see.

G: I told him we didn't want to violate our policy which had been to take our cue from them on these visiting generals.

HMJr: Right. And the other thing - if and when you know you are going over the 14 billion, I think it would be nice if I could send President Truman a telegram ..

G: Definitely.

HMJr: ..the night before it breaks in the paper.

G: Fine. We had better send it to him tonight then.

HMJr: Well, then you get one over to me.

G: All right, sir. And what time this afternoon, Mr. Secretary, could we take five minutes and go over tomorrow night's show.

HMJr: Oh.

G: We can do it as late as tomorrow morning if that is better for you.

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HMJr: No, four-thirty.
G: Four-thirty. All right, sir.
HMJr: Yeah.
G: I'll be there, and then at that time I'll discuss
this Truman wire with you.
HMJr: Right.
G: All right, sir.

HMJr: Ed?

Mr. Edward
Fussell:

Yes.

HMJr:

Is anybody going to go on that show for the
Blue Network at seven o'clock?

F:

No, they turned - they said if they couldn't
get you now, they would renew their request
for you next week or week after.

HMJr:

O. K. All right.

F:

You bet.

HMJr:

Thank you.

June 20, 1945
12:14 P.M.

Read by Mr. White, Luxford and
O'Connell

June 20, 1945 110
1:00 P.M.

HMJr: Hello.

Operator: Here's Mr. Biffle.

HMJr: Thank you.

HMJr: Morgenthau speaking.

Mr. Leslie
Biffle: Mr. Secretary, how are you?

HMJr: Fine. How are you?

B: Fine, thank you.

HMJr: I was just talking to my boys and they say they think there is a chance that the Committee may get through with Bretton Woods this week.

B: Yes, I was just talking to Senator Barkley a few minutes ago, and they hope to conclude the hearings this week.

HMJr: Sounds too good to be true.

B: Yes, it does, but I think they have made a tentative engagement --- wait a minute....

HMJr: Pardon.

B: Here's Senator Barkley right now, I'll let him talk to you.

HMJr: All right.

Senator
Barkley: Hello.

HMJr: Henry talking.

B: Yeah.

HMJr: Hello, Alvin.

B: All right.

HMJr: I was just calling up to do a little checking on the Bretton Woods - find out how it was getting along.

B: Why it is going along pretty well, I think.

- 2 -

B:(cont.) We've finished our side and one or two of these bankers, president of the New York Bankers' Association, was there this morning - I can't think of his name.

HMJr: Allan Sproul.

B: No, he is the incoming president.

HMJr: Oh.

B: Penuchi, or something like that.

HMJr: Oh, I don't know him.

B: He's up at Rochester.

HMJr: Oh, I don't know him.

B: And then Mr. Defendoffer.

HMJr: Yeah.

B: ...was on the stand when I left over there.

HMJr: He's affective?

B: No, I don't think so. The fact is they didn't - according to my notion they were very unaffected.

HMJr: Ahuh.

B: They just objected to the fund, that is, they thought it ought to be postponed. When I asked them some questions about whether if the fund - if we don't want to enter into the fund - whether there would be any fund, which, of course, is obvious. If we don't go in why nobody else is going in and there wouldn't be any.

HMJr: Yeah.

B: Also whether they favored reconvening all these nations to write a new agreement...

HMJr: Yeah.

B: They were not in favor of that. I said, "Well, how are you going to abolish or postpone the fund or give the bank the authority to do what the fund is going to do without calling them all together again?" Well, they didn't know.

- 3 -

HMJr: Well, that was a good question.

B: They didn't know - just got the banker's idea that makes them against most anything that is new.

HMJr: Sometimes I'm ashamed I come from New York.

B: Well..

HMJr: When these bankers come...

B: Well, you can't see -- I didn't want to get into any past controversies but I was very much tempted to ask if the banking fraternity didn't take the same attitude toward the Federal Reserve System when it was..

HMJr: Oh, they did and...

B: Of course they did.

HMJr: Then Postal Savings..

B: Yes.

HMJr: SEC and Postal Savings...

B: Now they take the jitters if anybody wants to touch it.

HMJr: Yeah.

B: Well, they didn't make any headway.

HMJr: Tell me - have you got enough votes in the Committee?

B: Oh, I think so.

HMJr: And on the floor too?

B: I think so.

HMJr: Fine. Well, when do you think it will come to a vote on....

B: Well, we won't get it out of the Committee before next week.

HMJr: Before next week?

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B: The latter part of next week. The American Bankers Association is to appear Monday.

HMJr: Yes.

B: I don't know what they are going to recommend. I understand they are not quite sure themselves now.

HMJr: Ahuh. Well, if there is anything I can do, please give me a ring.

B: By the way - I want to ask you a question. A fellow asked me the other day and I couldn't answer it.

HMJr: Yes, sir.

B: You've got a \$5,000 limitation on the purchase of E Bonds in any one year.

HMJr: That's right.

B: By one person. But suppose a man forgets his calculation and buys more than that, the Government would repudiate it, would he?

HMJr: No. For you?

B: No, no, not for me.

HMJr: No, I mean for your information.

B: Yes.

HMJr: What we do is - we haven't bothered too much to check up on that. I mean- if a fellow has up to \$5,000 cash, see?

B: Yes.

HMJr: I mean not face value, up to cash, we kind of let it go by. Now if we find he has over \$5,000 cash in E Bonds, then all we might do is to write him a letter and ask him to turn in the extra bonds. We wouldn't repudiate him.

B: Oh, no.

HMJr: And there is no suit...

B: There's some - this fellow who was asking me about it said there was a provision in fine print on the bond somewhere that you had to swear you didn't

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B: (cont.) have any more than five bought in any one year.

HMJr: Well, we've gone very easy on that.

B: Well, I didn't suppose the Government could take advantage of a fellow..

HMJr: Oh, we wouldn't repudiate in any case, but if he had actually \$5,000 in, then we would sort of bring it to his attention.

B: Yeah. You mean \$5,000 face value or....

HMJr: No, cash.

B: Cash. That would give him about \$6500 or something like that.

HMJr: Yeah. If they get up that high then we bring it to his attention.

B: Well, I just wanted to get that information. I intended to ask you the other day.

HMJr: That isn't to be -- I mean not for...

B: Oh, no, no, of course not.

HMJr: For you to use on the floor.

B: No, no, I just wanted to give this fellow - a friend of mine who was asking.

HMJr: Well, you tell him...

B: He said he forgot how much he had and he bought a couple of thousand more than his five, that is about \$7,000 in one year.

HMJr: Well, chances are we never would get to him.

B: No.

HMJr: And if we did, all he would do is get a polite letter.

B: Yeah. Well, all right.

HMJr: Anything else?

B: That's all?

HMJr: Thank you.

B: Thank you. Bye.

June 20, 1945
2:40 P.M.

HMJr: Morgenthau.

Mr. Joseph Grew: Good afternoon. May I read you a copy of the note which I prepared on the subject which we mentioned yesterday?

HMJr: If you please.

G: As you remember the original note was from the French Ambassador to the President.

HMJr: Correct.

G: Now I've stated it this way:

In the absence of the President, I have the honor to reply by his direction to your note to him of June 9th, in which you extended an invitation on behalf of the provisional government of the French Republic to the American Government to be represented at the opening of the United Nations War Savings Exhibition, which is to begin in Paris in the first days of July, and stated that the provisional French Government would be very pleased if Mr. Morgenthau, the Secretary of the Treasury, could preside at the opening ceremony with Mr. Pleven, the French Minister of Finance. As both the President and the Secretary of State are expected to be absent from the country during the next few weeks, Mr. Morgenthau will be the ranking member of the Cabinet, and the President has therefore requested him to remain in the United States until their return. Under the circumstances, I am sure you will understand that as much as he would like to attend the opening session to the United Nations War Savings Exhibition, he would not be able to do so. I should greatly appreciate it if you would thank the Provisional Government of the French Republic on behalf of Mr. Morgenthau for its kind invitation and express his regret that it will not be possible for him to make the journey until later in the summer. I have the honor, however, to accept the invitation extended by the Provisional Government of the French Republic, and to state that the American Ambassador, the Honorable Jefferson Caffery, is being designated as the representative of the United States Government to attend the opening session of the exhibition.

G: Does that cover it?

- 2 -

HMJr: That is -- I just -- all up and down -- the last thing about Caffery -- just let me think a minute about that, see?

G: All right.

HMJr: Supposing they wanted to postpone the thing?

G: Well, I see what you mean.

HMJr: You couldn't put it this way -- I'm just thinking because up to that end it was perfect. I wish you could do all of mine -- I mean...

G: Thank you. Well, now....

HMJr: I just wonder if you said, "If you decide to go ahead with the exhibit, the American Ambassador would represent."

G: All right, I'll put that in if you wish.

HMJr: Would that be all right?

G: Yes, I'll get some kind of a phrase so that it will lead the way out in case they would like to postpone it.

HMJr: That thought -- they might want to postpone it.

G: Otherwise you think it's O.K., do you?

HMJr: I think it is a perfect draft.

G: Thank you, I'll get that off then as soon as possible.

HMJr: Thank you.

G: Thank you.

DEPARTMENT OF STATE
THE UNDER SECRETARY
June 21, 1945

Dear Mrs. Elotz:

Attached hereto is a copy of the note to the French Ambassador, about which you telephoned me today.

Marion A. Johnston

June 20, 1945

Excellency:

In the absence of the President, I have the honor to reply, by his direction, to your note to him of June 9, 1945, in which you extended an invitation on behalf of the Provisional Government of the French Republic to the American Government to be represented at the opening of the United Nations War Savings Exhibition, which is to begin in Paris in the first days in July, and stated that the Provisional French Government would be very pleased if Mr. Morgenthau, the Secretary of the Treasury, could preside at the opening ceremonies with Mr. Fieven, the French Minister of Finance.

As both the President and the Secretary of State are expected to be absent from the country during the next few weeks Mr. Morgenthau will be the ranking member of the Cabinet and the President has therefore requested

Mr. Morgenthau

His Excellency

Mr. Henri Bonnet,

Ambassador of the French Republic.

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Mr. Morgenthau to remain in the United States until their return. Under the circumstances, I am sure you will understand that much as he would like to attend the opening sessions of the United Nations War Savings Exhibition, he would not be able to do so. I should greatly appreciate it if you would thank the Provisional Government of the French Republic on behalf of Mr. Morgenthau for its kind invitation and express his regret that it would not be possible for him to make the journey until later in the summer.

I have the honor, however, to accept the invitation extended by the Provisional Government of the French Republic and to state that provided there is no postponement and if the Exhibition is held during the early days of July in accordance with the present plan, the American Ambassador, the Honorable Jefferson Caffery, will be designated as the representative of the Government of the United States to attend the opening session.

Accept, Excellency, the renewed assurances of my highest consideration.

Joseph C. Grew

Acting Secretary of State

A true copy of
the signed original
is *a*

119
June 20, 1945.
3:30 p.m.

TAX EVASION

Present: Mr. C. S. Bell
Mr. Fehle
Mr. Numan
Mr. Tickton
Mr. Woolf
Mr. Haas
Mr. Gaston
Mr. Irey
Mr. Oliphant
Mr. O'Connell

H.M.JR: Well, this morning George Haas seemed all steamed up and excited and I heard half of his story, and I said that I thought he might as well tell it to all of us this afternoon what he thinks could be done with statistics to help us accomplish what we are after. So, George, start from the beginning.

MR. HAAS: All right. In working up this statistical material for the drive, it naturally divides itself into two broad groups. One is the measurement of result, and the other is operating on progress statistics. When we were working up some basis for measuring results of the drive, we immediately had to take into recognition the fact that you had announced the tentative goal of one billion dollars, and it was obvious that the drive progress figures as now reported would not produce a figure that size. The only way a figure that size could be produced is have the drive encompass the whole enforcement activities of the Internal Revenue Bureau. So that's the first policy decision that has to be made. The drive has to be defined more precisely, and unless it's defined so as to include all the Bureau's enforcement activities, I don't think it could reach the figure of one billion dollars. That would mean redefining and changing the reports, progress reports now coming in. The fact is, it is difficult to define a black market case specifically, or a currency case, because the different regions are reporting differently, so it's a heterogeneous report.

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H.M.JR: You thought the Commissioner had somebody over in his office that would do this very well for him.

MR. HAAS: Yes. I think he has a very capable person over there, Atkeson. I suggested that I thought it would be desirable to have a unit attached to the Commissioner with Atkeson in charge of it, because if the program is going to be brought to include the whole Bureau, you have all the Bureau activities involved and there ought to be some central plan. If it isn't done now, I'm sure it will be done later.

H.M.JR: Have you had time to talk to Haas?

MR. NUMAN: I talked to him this morning. A good deal of this money is coming not from headline cases. The trouble in the Bureau in the past has been we haven't been able to audit a great many of the returns and it's the feeling of the Income Tax Unit with the additional auditors they're going to get--high class men--we can audit twice as many of the returns we threw aside last year, and from an intensive audit of that kind we expect to get a great deal of money which, after all, will be the result of you getting these extra people and help in the Bureau. But they won't come from cases where there are black market violations or currency transactions, but from cases where people have actually filed their return but taken a loophole in the law or advantage of some technicality in the law, and have not paid the full amount of the tax they should, and we'll dig up a tremendous amount of this money next year.

H.M.JR: What do you think of Haas suggestion that in making these statistics available, cover the whole works? Is that what you say, Haas?

MR. HAAS: Yes.

MR. NUMAN: I hoped to talk to Mr. Atkeson before coming over here. Mr. Haas went over this with me, but Atkeson has been up on the Hill all afternoon and he has

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had a lot of work in the line of the Revenue Bill and on the new forms. If Doc can give the time, I think he'd be a great man for the job.

H.M.JR: Well, let me just say this: I think that Haas is on the right track. I mean, I want you to have time to think about it, and that is you should have some kind of regular rules as to what statistics we do want, but if I'm only going to get a piece of it from some sections, and from other sections I get all of them, they're not very useful to me and I don't see from what he told me this morning why these statistics shouldn't cover your entire work. If, for instance, they say, I think this morning that there were twenty-five cases in the Department of Justice, I take it those are not all the cases with the United States District Attorney. Those are just the drive cases. But from my standpoint it would be much more useful if these statistics that you're giving me would cover all of the work, and then I think you could follow it much better and I could follow it much better.

MR. NUNAN: Well, to be perfectly frank, I haven't paid much attention to statistics so far. I've been interested in getting the drive organized and getting men to work, but you see on the cases in the drive, where we send them to the Department of Justice for criminal prosecution, in a great many cases those people don't pay a cent, and after the case is decided, then we go and sue civilly for the money and won't collect the money for a long time to come. For that reason, Mr. Haas and I both agree that a great deal of this money which is coming from a more intensive audit of cases won't reflect any criminal procedure at all, just increased payment in taxes.

H.M.JR: Even so, as time goes on I think you'll find these statistics very useful, because I have over a period of twelve years, and sometimes you're surprised to find some one section is a bottleneck, and at least I can only find them if we have production charts, just the way any factory would. They buy a lot of parts

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for cars and expect so many cars to come out the other end of the factory, and if they don't, the factory manager wants to know why they don't. That's what I want, and I'd like to suggest that you and Atkeson and Haas sit down with the idea that we make it cover the whole field, and this Atkeson, I gather, would be a natural for it.

MR. NUNAN: Well, he's very much a gentleman along those lines. He would be very good in that position.

MR. O'CONNELL: He's good enough. He has an awful lot of other work to do. He's very valuable in connection with such things as the legislation down on the Hill. He's been working for months with our people on that and he is plenty good.

H.M.JR: If he can't do it, Haas will carry for him until he can do it, that's all.

MR. HAAS: Somebody over there has got to operate for me one way or the other. He could do that as well. That Unit could perform that service for the Commissioner, this legislative service and the other, without any trouble. But he should be relieved of all administrative duties.

H.M.JR: Suppose between now and Tuesday you gentlemen get together and come in with a suggestion for me by next Tuesday. Is that fair enough?

MR. NUNAN: Yes.

H.M.JR: Let me just see--I've got something here from Charlie Bell. Bell is making a suggestion that all Special Agents in Charge should be brought to Washington and that I should, amongst others, tell them what I have in mind. What would you think of that?

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MR. NUNAN: All the Special Agents in Charge?

H.M.JR: That's what he has down here.

MR. C.S. BELL: Special Agents in each of the fourteen Districts, Joe, and you might want to bring along a Revenue Agent with them, and in that way they'll all get in here and they'll hear direct from the Secretary just what this whole program contemplates, and it will create more interest in the field in the drive.

MR. O'CONNELL: In the very beginning of the drive many came in.

MR. NUNAN: We had a majority of them in when we started, and I sent each of them your remarks, plus the President's speech, and reaction from that has been very good. But if you want them in again, we'll bring them in. The only thing now is that they're right up to their shoulders in this recruitment program and when they finish that we're going to have schools in different areas where they will train them in three weeks' intensive training.

MR. C.S. BELL: That's true. This won't take a great deal of their time to come in here.

H.M.JR: Instead of all, why don't we possibly go as far West as Chicago?

MR. WOOLF: That was done.

MR. O'CONNELL: They are the ones that came in.

MR. NUNAN: From Cleveland, Chicago, New York, Philadelphia, Baltimore, and I was out further in the West than that, but Palmer was in from Dallas. Most of them have been in, but if you would like to have them in again, it's an easy thing to do.

H.M.JR: If it's going to be done, it ought to be done next week, because the week after that is the Fourth of July.

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MR. C.S. BELL: There's another way of handling that by waiting and then seeing them, or establishing these committees in each of the Civil Service Regional Offices. I thought there would be some benefit derived from their hearing from you personally on the drive.

MR. NUNAN: I would suggest this, Charlie: If it meets with your approval, Mr. Secretary, we will wait until the end of the recruitment program, until they have that off their hands. It's very important to try to get the men to start working. Now there won't be too much activity for the next couple of weeks, probably due to that drive. Let's get the men in first and get them staffed, and then bring them in, and if you want to then give them a talk, that's fine.

MR. C.S. BELL: That could work out.

H.M.JR: Well, think it over, Charlie. You wrote me a memorandum. I'm ready.

MR. C.S. BELL: I think we concur with having the fellows in that haven't been in in the field, and hold the thing, as Joe mentions, until we're further along with the personnel, and they'll want to know more about what they're going to do with the personnel. They'll have a lot of questions themselves.

H.M.JR: Well, think it over. The Commissioner is very cooperative, and if we want it, we'll have it, and if you think you want to wait now with this recruiting--

MR. C.S. BELL: What do you think, Elmer?

MR. IREY: I think we should wait until the recruiting program is over.

MR. C.S. BELL: It won't be over in two weeks.

MR. IREY: Our experience in the field indicates they're up to their necks in that and it's a critical situation.

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H.M.JR: Look, boys. I am going to be here all week, and if you change your minds and want to go through with it, all right. If you want to bring in--if there are certain ones that aren't doing well--now I was impressed with Madden's report, not the one of the 19th, but before that, the 12th. I thought that was a very good one.

MR. NUNAN: I thought the Philadelphia report this week was good.

H.M.JR: I haven't read it.

MR. NUNAN: New York fell off because he said he was occupied almost entirely with recruitment.

MR. PENLE: How long is that going to continue, Commissioner Nunan?

MR. NUNAN: I don't know, even if we assigned five hundred--

MR. IREY: Nine hundred.

MR. NUNAN:..it will take a little time.

MR. IREY: The first week he got ninety-four.

MR. C.S. BELL: Ninety-four out of two hundred and twenty interviews.

H.M.JR: I suggest these people watch this thing. If some district goes sour, either bring the fellow here or I'll go to the district with the Commissioner.

MR. NUNAN: That's what I had in mind, Mr. Secretary. I thought we would watch the districts and if one wasn't performing the way it should, it would be easier to go out there and talk to them, the Agent, Special Agent, and Collector, and get them all together in that district.

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H.M.JR: I think we will leave that that way.

MR. GASTON: May I contribute a suggestion?

H.M.JR: Please do.

MR. GASTON: I think that the manner of recruitment needs to be reviewed, and I would strongly suggest you have two or three of your best supervising Agents, such as Madden, and Palmer, maybe another, plus two or three good Deputy Collectors, come in here and discuss with them how this thing is going, the recruitment program, and what their ideas are of the source of recruitment and allocation of the men to different services, and then when you agree that we are right or wrong there ought to be some minor changes made. We ought to go out and sell that program to the districts one by one. That would be my feeling.

H.M.JR: We will take that under advisement.

MR. NUNAN: That's pretty sensible.

H.M.JR: Charlie?

MR. C.S. BELL: Yes, sir, we can think of that along with the other proposal, and by Tuesday come in with a definite recommendation.

H.M.JR: May we say Tuesday, at three. You will be here?

MR. NUNAN: Yes, sir.

H.M.JR: I have nothing else, unless somebody wants to take up something.

MR. HAAS: I have one other thing. Some question has been raised as to how frequently you want these statistics. I assumed you wanted them weekly.

H.M.JR: Yes.

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MR. HAAS: If that's the case, it settles it.

H.M.JR: For the time being I want it weekly.
A month is a lifetime now.

MR. PEHLE: Does that mean you get one billion dollars
comparing enforcement activities last year and this year?

MR. OLIPHANT: No. We get a billion dollars from
comparing the total last year with the total this year,
special drive enforcement total taxes.

MR. PEHLE: Total taxes?

MR. OLIPHANT: Total additional taxes.

MR. IREY: Whether fraud or otherwise.

MR. PEHLE: That's right, and that's a fair carrying
out of the Secretary's billion dollar estimate.

H.M.JR: That will make an honest man out of me.

MR. TICKTON: It will be slow coming, however.

H.M.JR: Well now, George, if you haven't got
what you want, it's your own fault.

MR. HAAS: I'm all right. There's one pending the
Commissioner is going to report on Tuesday. That's all.

H.M.JR: Anybody want to raise anything?

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D. C.



DEPARTMENT OF STATE
WASHINGTON

June 20, 1945.

Dear Mr. Morgenthau:

In reply to your letter of today's date with regard to the mission to Europe of Mr. Earl Harrison, I hasten to advise you that I have given instructions for a diplomatic passport to be issued to him, and I have also had prepared a letter from the President to him along the lines which you suggest. This letter will be sent to the President for his signature and forwarded to Mr. Harrison in Europe.

Sincerely yours,

Acting Secretary of State

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.



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20 JUN 1945

My dear Mr. Grew:

It is my hope that Earl Harrison will be able to get off this week on his mission to Europe.

In connection with this trip I should like to make the following suggestions:

1. That he be given a diplomatic passport.
2. That a letter be obtained from the President expressing his interest in the mission and requesting a report from Harrison on his return.

Apparently, it will not be possible to obtain such a letter from the President prior to Harrison's departure, but arrangements can be made to send it to him in Europe.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Joseph Grew,

Acting Secretary of State.

JWP:aa 20 June 1945

130
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(Signed) H. Morgenthau, Jr.

Honorable Joseph Grew,

Acting Secretary of State.

JWP:aa 20 June 1945

131
June 20, 1945
9:30 a.m.

SURPLUS PROPERTY BOARD

Present: Mr. D. W. Bell
Mr. Glasser
Mr. Pehle
Mr. Scott

MR. BELL: Harold knows more about this whole situation than I do, Mr. Secretary, but you know Tom McCabe is down here heading the Army and Navy Liquidation Commission--something of that kind--selling surplus property abroad, and he asked us earlier in the game to name somebody in the Treasury who could sit in with them on various matters and we named Harold.

Two weeks ago he asked me if I would come over and sit with a little group to discuss more or less the major policy. I did go over and he had Bob Patterson, and Will Clayton, and John Snyder, and Mr. Bard, and Captain Strauss, and one or two others, and he said he would like to form a little informal committee just to sit down like that from time to time and discuss what had gone on in the lower ranks and what they had recommended as policy. They had another meeting the day before yesterday. The policies that come up in this informal committee have to do with--I am not so sure I belong on it, but I went because he asked me, and he might want somebody else to sit in on it--whether there should be a bulk sale of this property to a particular government. For instance, they have got Italy up now, and that's right on their doorstep.

H.M.JR: May I interrupt you? Does this committee that sits over there--does it include the Surplus Property Board?

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MR. BELL: No. The Surplus Property Board makes the policies and this committee merely carries them out.

H.M.JR: Does McCabe function under the Surplus Property Board?

MR. SCOTT: That's right.

MR. GLASSER: The Secretary pointed out one of the difficulties we are dealing with, and that is we are dealing with one of the under bodies, and the top body we have no relation with.

H.M.JR: It doesn't make sense.

MR. BELL: Now, Heller sat in on the committee the day before yesterday. Now, they feel as to the bulk sale that that is wrong and they ought to have the world markets available for this surplus material. That's one problem, and I am not so sure we are too much involved in that, although in one of these letters we do express a policy that we are in favor of the bulk sale. I am not so sure--

H.M.JR: Before you get into that, can I get this organization thing straight? Do you mind if I have Pehle listen to this?

Now, look, through a slight of hand I got rid of Surplus Property. Just now I don't want to put my brain on this thing--I am perfectly frank--whether it's bulk sale or sales by owners or anything. They have got a Surplus Property Board set up that should do this thing. And I am talking now on straight organization. Here comes another informal committee that seems to me to be doing--whether it should be a bulk sale or not is a thing that should be set by the Surplus Property Board and they should decide.

MR. BELL: I think that's right, and in one of these letters I think we express preference for the bulk sale.

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H.M.JR: Why should we express any preference?

MR. BELL: That's the reason that before I sign the letter I am coming here to settle these questions of policy.

H.M.JR: Yes, sir.

MR. GLASSER: Mr. Bell, one thing I would like to suggest, thinking this thing over after I heard there was going to be a meeting this morning, is we send a letter to the Surplus Property Board, along these lines, telling them if they want the Treasury to be helpful, they should tell us specifically--let the Surplus Property Board's top organization tell us--what they want us to do, and then we will decide what we should do.

H.M.JR: No. May I put it a little differently? I don't know--Mr. X is Chairman of the Surplus Property Board. I don't know who he is. He hasn't been appointed yet.

MR. BELL: Symington has been nominated.

(Mr. Pehle enters the conference.)

H.M.JR: If Mr. Symington tells us he wants to ask Mr. Bell's advice, Mr. Bell would be glad to advise with him informally. But I don't want, unless Mr. Bell argues me out of it, very briefly an informal committee sitting with McCabe, Will Clayton, and that group, advising on sales overseas. You come to me to ask my advice this morning. Without giving you a chance to finish what you were saying, I was very rude. I am joking, but I don't think that I want to be advising or having Treasury people advise Mr. McCabe about what he should do when it is the Surplus Property Board who should tell Mr. McCabe whether it should be bulk sales or sales by owners abroad.

MR. PEHLE: What kind?

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H.M.JR: Any kind-- his method of doing business abroad.

MR. PEHLE: Can you separate out of that the financial foreign exchange?

MR. BELL: We are coming to that. That's one of the problems, but I think the Board does make that decision, Mr. Secretary.

Now, what McCabe will do is take the matter to the Board and make recommendations. He draws up regulations--what you call regulations or aide memoires--on Italy, on over-all policy in the form of a memo. Those things go to the Board and the Board approves them, and I understand they have approved the over-all memo that you went over, and I understand you approved it. That goes to the Board and a member of the Board sits on this informal committee. Now, the bulk sale came up and the Board decided they didn't want a bulk sale. They wanted the world as a market for these things, and that was McCabe's recommendations.

They have stuff in Italy the Italian Government will want to buy at a bargain price. They can say to Italy right now that Brazil would like to buy a lot of that stuff for cash, and that brings pressure on Italy to get busy and buy the stuff if they want it.

H.M.JR: Brazil wants to buy our stuff which is now in Italy?

MR. BELL: Yes, and they have the ships bringing their own troops back and they can use the ships to bring the material to Brazil. Now, I don't think that is our problem.

H.M.JR: I don't think it is our problem and I don't want to get in on it.

MR. BELL: One, we don't want to get in on the method of sale or what they do.

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MR. BELL: Do you mind if somebody sits on an informal committee? It's not a formal committee. He is just seeking advice in Government. That's all he is seeking. He is a new man in Government.

MR. PEHLE: Mr. Secretary, I think all the things you were worried about regarding surplus property have happened double.

H.M.JR: Yes, but you and I didn't agree.

MR. PEHLE: On the Act, you mean?

H.M.JR: Yes.

MR. PEHLE: I still think the Act is good. You don't think the Act has been tested out with this Board, do you? I think the Board is terrible, and I think what has happened in the Commerce Department since this has been transferred is bad and will be bad for Wallace before it is through. But apart from the Act, Mr. Secretary, I think that the surplus property is going very wrong.

H.M.JR: Well, I still think the Act is lousy. Mr. Pehle thinks it's good.

MR. PEHLE: It is going to be demonstrated to be lousy because the people are running it in a very bad way, but apart from that, I think it's full of danger, and I think if you make any recommendations, they ought to be strictly on finances and very carefully made, because it is going to blow up.

H.M.JR: Now, may I just say this--what's your name?

MR. SCOTT: Mr. Scott.

H.M.JR: And you are with--

MR. SCOTT: The Legal Division.

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H.M.JR: What's the Foreign Exchange? Where does that come in?

MR. BELL: Well--

H.M.JR: I'll come back in a minute. I just want to know.

MR. BELL: You help me out.

H.M.JR: I haven't answered your question, but I will answer it.

MR. BELL: I understand McCabe wants his organization to be strictly a sales organization and the Board agrees with that, and Will Clayton spoke up at the meeting the other day and he thought that was highly desirable, although that was contrary to what his people felt in the State Department. They felt it ought to be an over-all organization sale, make terms of sales, and conditions under which they are sold, but he wanted it to be a sales organization and if he sells goods to Italy, he wants to say, "I'll sell them for so many dollars." If Italy doesn't have the dollars, Italy ought to come to State and Treasury as the credit organizations, one political and the other financial. Now, if the Treasury and the State Departments determine that you can take Italian lira to a certain amount safely, Italy can pay so many dollars out of their cash pot all right, but if you have got to take obligations, then, they ought to determine what those obligations will be, and if you want Italy to get dollar credits, send them to the Export-Import Bank.

H.M.JR: I'll just give you my horseback opinion. You fellows have been living with it. You tell me. This is what I think, and I went through this thing yesterday with Robert McConnell. I am so sick and tired. They suck the Treasury dry--and they have got an informal committee on Germany. The thing is out. Does Mr. Clayton or Mr. McCloy tell me what's going on in Germany? I can't find out.

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This is what I'm thinking about. I like McCabe but it's very easy to do these things because you like a fellow. My thought is you or somebody should call up Symlington, see?

MR. BELL: He hasn't been confirmed yet, so it will have to be Heller.

H.M.JR: Well, Heller, then. This is what I would say as a horseback opinion and say, 'Look, Mr. Heller: This is the situation. We have got limited financial power. If your Board wants the Treasury to advise you on foreign exchange, we will be very glad to consult with you. We think before any transaction is closed the formula should be set with the advice of the Treasury so that the Treasury is protected. Now, if you tell us, 'Will you please advise Mr. McCabe on that thing,' we are very glad to do so. We think that's part of our responsibility, but we don't want to go beyond that.' But I think it should register definitely with the Board, if, when it comes to view, whether the War Department or FEA--the formula and how they handle it. I have a foreign exchange agreement with Brazil. I think we should be having a Treasury adviser to the Board on foreign exchange and dollar balances. I don't think we ought to go any further, but it should be at the Board level. And I don't think--and I don't see why we should waste our time trying to help McCabe solve his problems, other than the foreign exchange position. If I am wrong, argue with me.

MR. BELL: McCabe is the one that does the spade work and he works up all of these things and submits them to the Board. Before he submits them to the Board he wants Treasury's advice in documents.

H.M.JR: Yes, but he wants us to advise him as to his methods of selling, and that I don't want to advise him on.

MR. BELL: I don't think that's right.

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H.M.JR: Whether it will be bulk sale or not bulk sale.

MR. BELL: No, he is going to recommend, and has recommended to the Board, that it not be bulk sale but that the world be the market on surplus property and the Board has approved that.

MR. GLASSER: The difficulty is trying to distinguish between financial questions and sales questions.

H.M.JR: But the thing I am trying to say is it should be just the way Mr. Taylor is Financial Adviser to the American Embassy. I think the Treasury should have financial advisers to the Surplus Property Board, and then that same fellow can work with the lower group.

MR. GLASSER: I agree, Mr. Secretary, that we should have our relations direct with the Surplus Property Board in order to be sure we are firmly anchored and we have our authority, and we are the only organization that can give authority, and we should get in touch with the Surplus Property Board.

H.M.JR: What about you?

MR. SCOTT: That's the position we take in the letter there.

MR. PERLE: I agree fully. I think it should be limited to foreign exchange problems, not financial because--

H.M.JR: Dollar balances.

MR. PERLE: Or dollar balances, but the word finance cuts across all the Board's operations.

H.M.JR: Dollar balances is something quite different from foreign exchange.

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MR. PEHLE: Dollar balances, yes, but once you have a relationship with the Board you can work with McCabe.

MR. BELL: And the subsequent disposition of those currencies.

H.M.JR: Definitely.

MR. BELL: They want to turn that over to the Treasury. There's no--

H.M.JR: That's the position.

MR. BELL: There is no question about that. I don't know about the lower group.

H.M.JR: That's the position I am taking with Truman that that is the Treasury's responsibility, because it gets down to dealing with other Treasuries of other governments, and I don't think FEA should deal with foreign currency. Remember, we had a call on it once, some transaction, and the Army wanted some rupees in India? That's our business.

MR. BELL: Well, I think we have got that pretty well coordinated.

H.M.JR: But you don't have it understood with Symington and Heller when they begin to operate in the field of foreign exchange and dollar balances.

MR. BELL: You see the Board is not operating in the field of foreign exchange.

MR. PEHLE: It isn't operating at all.

MR. BELL: McCabe is doing that for the Board and McCabe goes to the Board with a full set of documents for approval.

H.M.JR: Just because the Board rests doesn't mean I should work for somebody else.

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MR. PEHLE: Once the Board has approved it and has asked the Treasury to do this, don't you agree that informally the Treasury can work with McCabe on that issue?

H.M.JR: Yes.

MR. PEHLE: Then I think we are all in agreement.

MR. BELL: That's all right, but I don't think you can work with the Board on this because you get it after it has been hashed over. I think it's a lost motion.

MR. GLASSER: We have never gotten word from the Board.

MR. BELL: The Board is the only one who has the authority. We are dealing with McCabe on a personal basis.

MR. PEHLE: Once the Board has said, "Will the Treasury advise us and McCabe"--once the Board has said that on dollar balances and the foreign exchange thing, then the Secretary agrees Treasury can work with McCabe. Then everything is settled, isn't it?

MR. BELL: Yes, but I really don't see this.

MR. CLARK: As it is now, McCabe's office may send his recommendations to the Surplus Property Board which are at variance with Treasury's, and they either take or reject our advice.

MR. PEHLE: It's the Board that does it.

H.M.JR: I think, Dan, that we should establish a relationship with the Board and then there is no reason, having established the thing with the Board's knowledge and their approval and their request to assist Mr. McCabe in preparing the document, to come up before the Board, having first established our relationship to the Board as to our field.

- 11 -

MR. BELL: That makes everybody else do the same thing, the State Department on the political end, the Navy and War Departments on their property, and so forth.

H.M.JR: It's just like yesterday Summerlin, Head of the Protocol, called me up and asked, "Is it obligatory for the cabinet to go down to see President Truman off?" I said, "Of course not." It's a big day for me to be asked what each member should do. So, I say, after twelve years in Washington I have had my ups and downs. I think this is the way to do it and let each Department do as they damn please, which they do anyway, until the President says, as he said under this Advisory Committee on Bretton Woods, "That is the top committee on financial matters; the Secretary of the Treasury is Chairman, and all of these things fall within that committee." Then we know where we are.

MR. BELL: Well, does that take in everything under Bretton Woods and take in things of this kind?

H.M.JR: Well, that committee--you know the thing.

MR. BELL: I know.

H.M.JR: But I say if the President says so--if he would say so--

MR. BELL: I agree with that.

H.M.JR: I repeat, if he would say so--you and I have been working on this thing and I know, I realize your sympathy for wanting to help McCabe out. I don't want to repeat myself, but if you agree, will you do it the way we all agree?

MR. BELL: Yes.

MR. PERLE: There won't be any trouble with the Board.

MR. BELL: I don't want to throw any monkey wrenches in the machinery. He has been working hard, and it's the only organization that is working in my opinion.

- 12 -

H.M.JR: It's more important than McCabe. It's this whole relationship between the Treasury and other Departments and the President in relation to financial matters vis-a-vis other governments. It's got to be settled, and we have got to set the pattern each time this comes up, and every time we set it it becomes established and gradually you get a picture. That's what I think.

MR. PERLE: That's what I think.

MR. BELL: How do you feel about the credit angle of this thing? Do you think that ought to come back? McCabe wants the State and Treasury Departments to determine what we should do in taking foreign currency and taking obligations or borrowing dollars here to pay for surplus property. Personally, I think it's a Treasury and State matter, largely Treasury, but there is a political factor in it.

H.M.JR: I would say Treasury in consultation with State.

MR. BELL: That's the way McCabe feels. He feels it ought to be nothing but a sales organization.

(The Secretary leaves the conference temporarily.)

H.M.JR: I agree we should service organizations like that on the financial front. That's our position.

Well, gentlemen, I got it all settled.

MR. BELL: Here's a letter that Harold has prepared to the Board.

(Hands the Secretary letter to Mr. Howse, Administrator of the Surplus Property Board, from the Secretary, dated June 19, 1945, copy attached.)

H.M.JR: Well, you read my mind. You're very good. It's excellent.

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MR. GLASSER: All good minds go to the same point.

(The Secretary signs the letter to Mr. Howse, Administrator of the Surplus Property Board.)

H.M.JR: I think this is excellent. Have you seen this?

MR. PERLE: No. I'll read it now.

H.M.JR: You collaborated on this?

MR. SCOTT: Yes.

H.M.JR: It's excellent.

MR. GLASSER: This is the accompanying one to Mr. McCabe. We are preparing him for that.

MR. BELL: We ought to tell him informally.

H.M.JR: That's all right.

(The Secretary signs a letter to Mr. McCabe from the Secretary, dated June 19, 1945, copy attached.)

H.M.JR: I agree from the little I know that McCabe should be the sales organization.

MR. BELL: That's what he would like to be.

H.M.JR: Whatever happened to that administrative fellow I let the Surplus Property Board have?

MR. PERLE: I think they let him come back.

MR. BELL: McNamara. He is up at Procurement, isn't he?

MR. PERLE: Yes.

H.M.JR: He didn't like it, or they didn't like him?

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- 14 -

MR. PERLE: They didn't like him.

H.M.JR: He seems to be an odd fellow to place. Nobody seems to like him.

MR. PERLE: His reputation down at Procurement is not so hot.

MR. BELL: What's the matter? He's a nice fellow.

MR. PERLE: He's agreeable. I don't think he is a very hard worker. That's what I suspect.

MR. BELL: He is kind of political at times. Maybe he comes from a political section. He comes from a New York crowd.

H.M.JR: Everybody is finished and moderately happy.

144

COPY.

21 JUN 1945

Dear Mr. McCabe

Transmitted herewith is a copy of a letter which the Treasury Department has sent to Mr. A.E. Howse, Administrator, Surplus Property Board.

In the future, the Treasury Department's relations with the Office of the Army-Navy Liquidation Commissioner will be governed by the reply which the Board makes to the attached letter.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Thomas B. McCabe,
Commissioner, Office of the
Army-Navy Liquidation Commissioner,
Washington, D.C.

6/23 - Signed by Secy. dated 6/21/45
cc to HG
mailed by Secy's office.

HG:RDS:PHD:gp 6-19-45.

COPY

21 JUN 1945

Dear Mr. Howse:

Officers of the Treasury Department have from time to time been requested by representatives of agencies engaged in the disposal of surplus property to advise them concerning the acquisition and disposition of foreign currencies and other financial matters arising from the disposal of surplus property abroad.

The Treasury Department, due to its general responsibility for U. S. foreign financial policy, has a continuing interest in the financial aspects of surplus disposals in foreign countries. The Treasury would, therefore, be glad to furnish the requested advice. However, since the authority for the disposal of surplus property rests ultimately with the Surplus Property Board, the Treasury, before participating further in this capacity would prefer to receive a specific request from the Surplus Property Board indicating the extent of the responsibility which the Board would like the Treasury to assume.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. A. E. Howse, Administrator,
Surplus Property Board,
Washington, D. C.

6/23 - Signed by Secy. dated 6/21/45
cc to HG
mailed by Secy. office

HG:RDS:PHD:gp 6/19/45

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 20,
1945TO
FROMSecretary Morgenthau
Randolph Feltus

I am putting this in writing, as you suggested.

Now that Donald Nelson has been appointed head of the Society of Independent Motion Picture Producers, he will be looking for program ideas.

It is clear that the new group will need a new approach in order to direct public attention to their virtues as compared with the Will Hays group.

My suggestion is that you invite Mr. Nelson to lunch, on which occasion we outline to him a method of developing a series of films based on Treasury topics - starting with the law enforcement functions of Treasury.

It should be pointed out to Mr. Nelson that without sacrifice of entertainment value these films can serve a serious purpose and thus meet criticism directed at the motion picture industry on the ground that it does not serve the public interest. Nelson will have a concrete device to offer his associates. Treasury, the motion picture industry and, ultimately, the public will be the beneficiaries.

R.A.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date June 20,
1945

TO Secretary Morgenthau
FROM Randolph Feltus

The following steps have been taken with regard to Senator Wagner:

1. Radio commentators in New York have been asked to comment on Wagner's new role in the foreign field (by virtue of his sponsorship of Bretton Woods) as contrasted with his history of accomplishment in domestic legislation. Several will cooperate.
2. Americans United for World Organization - an influential group - has written him a laudatory letter and is now arranging to honor him with a cocktail party here in Washington.
3. The Business and Industry Committee for Bretton Woods, Inc. has invited him to be a guest of honor at a luncheon in New York on June 28. He received a telegram from them today (signed by Ralph Flanders).
4. We have arranged for him to speak Sunday at 3 p.m. on the United Nations Forum - a network show originating in New York. He has been invited, but I am not sure whether he has accepted.
5. We have arranged for some 25 or 30 organizations and individuals to write him expressing their faith in the sure and quick passage of Bretton Woods under his able leadership. These include New York business and labor leaders.
6. The National Maritime Union, who worked hard and effectively for Wagner's reelection, telephoned him today and expressed confidence in his leadership, telling him they are sending a reporter down to interview him for their paper, "The Pilot".

- 2 -

You will note that we have concentrated on New York. It is there that the recognition will help Wagner most and thus pressure from there will mean more to him.

R.F.

150
20 June 1945

Here are a group of cases from a single State, which happens to be Indiana. They are presented, not because Indiana is a particularly bad State in a tax evasion way, but to show the variety of income tax cases that can develop in a single State, and the part that currency is playing in so many of these cases.

151
J. C. Perry and Company, Inc., et al, Indianapolis, Indiana

Half a million dollars additional taxes and penalties are involved in the case of an Indiana concern that showed remarkable acumen in branching out into various fields where an easy dollar could be turned. While the major unreported income appears to consist of large sums of currency received from black market sales of whiskey, the company turned a neat bit of speculation in the purchase and sale of 10,500 cases of pineapple, for a \$9,000 profit (unreported), and participated in a sugar diversion to the tune of \$12,000 more. The money allegedly was diverted to the personal uses of the officers of the corporation.

Prosecution of three principals on charges of evasion of corporation and individual income taxes probably will be recommended.

152
Gary Wine and Liquor Corporation, Inc. et al, Gary, Indiana

Special agents estimate total taxes and penalties of around a million dollars may be collected as a result of a series of cases revolving about the operations of another Indiana company dealing in wines and liquors. Sales were reported at ceiling prices by the corporation while "side payments" in cash allegedly were made to its officers.

Two such payments by a single individual totalled \$125,000 in currency.

153
Otto W. Kratzberg, Lafayette, Indiana

~~L. B. Kratzberg~~, who came to the United States in 1929, found employment ultimately with an Indiana manufacturer of prefabricated buildings. He stole lumber from his employer and acknowledges having made \$29,000 by selling this lumber in a recent 18-month period. None of this profit was reported as income. The investigation of his operations is continuing, looking toward establishment of his complete profits and prosecution.

154
Louis Sullivan, Elwood, Indiana

This Indiana man won \$2,500 on a horse race. However, he miscalculated the odds when he bet against Uncle Sam. The \$2,500 and \$35,000 income from gambling tables operated in the basement of his tavern were not reported for tax purposes. Last week he paid \$10,000 in additional taxes and penalties.

155
Fred McKown, Warsaw, Indiana

The lowly onion took on a bit of glamor early last year when a temporary scarcity developed. One Indiana dealer in the pungent vegetable apparently required that the proceeds of sales be split into two checks, only one of which was reported on his books and in his income tax return. One such omitted check, amounting to \$17,000, has been traced. The taxpayer told agents he omitted this item because he was afraid OPA would learn of his overceiling dealings.

156

Rocco Barbera, Mishawaka, Indiana

An operator of slot machines made little money for ten years prior to 1942. Came the war, and big industrial payrolls, and his "take" soared, relatively. He neglected to report income totalling \$35,000 over a three-year period, and agents are recommending criminal prosecution for evasion of taxes.

157

Reuben S. Troyer, Elkhart, Indiana

Over a period of years an Indiana truck farmer and florist either made no income tax return, or filed non-taxable returns or returns showing only nominal liability. Yet, since 1939, investigation showed, he had accumulated assets worth \$100,000, including \$50,000 in currency. Additional taxes and penalties of \$22,000 have been paid, and further investigation is expected to disclose additional amounts due.

158

Deborah Rosen, Isadore Rosen, Libby Rosen, and Alice Rosen
Silver, Indianapolis

The alleged evasion of \$15,000 in taxes and penalties in one Indiana case appears to have been something of a family affair. The amount is claimed due from the operators of two taverns, that is a mother, her son and two daughters.

159

Here are some other Indiana cases under investigation:

An Indianapolis man paid \$89,000 in currency for a small apartment house. While Treasury agents were investigating this case they learned that he and his son had made several other purchases, totalling in all \$95,000, in which currency was used. These currency transactions appear out of proportion to the incomes reported.

An Indiana liquor house found itself with an unusually large inventory during the liquor shortage period in 1943. The Treasury investigation of its operations, just started, has shown that it received "side money" in currency of \$150,000 in excess of ceiling prices, and it is believed additional unreported income will be found.

Treasury agents are also investigating unexplained currency deposits totalling \$40,000 by another wholesale liquor dealer and \$50,000 by a dealer in bananas.

12"

25

20 June 1945

My dear Mr. Justice:

This is to tell you how pleased I am that you have consented to serve as judge in the competition being conducted by the committee of newspaper and periodical correspondents, radio reporters and press photographers to select a quotation from the late President Roosevelt for use on a forthcoming Treasury War Bond.

As the committee has undoubtedly told you, I am personally offering a series of three awards, but the committee has formulated the conditions and is handling the competition throughout. Mr. Fussell, one of my assistants, is acting as contact man for the Treasury.

We had originally planned to announce the result on 30 June through a radio program which will also give a final boost to the Seventh War Loan. Radio time was not available for that night, however, and the program is now scheduled for the evening of 29 June.

We had hoped that you might be able to appear on this program. Members of the committee tell me your plans will not allow you to leave your home for this purpose and I can readily understand the difficulties involved. The new plans for the radio program now include some dramatic presentation, indicating the circumstances under which the winning quotation, which you will select, was delivered.

Again assuring you how much I appreciate your cooperation in this matter, I am

Sincerely yours,

(Signed) H. Morgenthau, Jr.

The Honorable Owen J. Roberts
Justice of the Supreme Court
Chester Springs, N. D.
Chester County, Pennsylvania
EBF:nmc

101

20 June 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

A proposed draft of Judge Vinson's next quarterly report contains a statement of principles for postwar tax revision. The draft was discussed with me today and I suggested numerous changes. The report will probably not conflict with Treasury policy but it may announce more definite postwar proposals than the Treasury has thus far made.

Certainly we want Judge Vinson behind us.
Does it matter if he is ahead of us?

162
20 June 1945

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RB:dsd
6/20/45163
20 June 1945

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Does it matter if he is ahead of us?

RB:dsd
6/20/45

164
20 JUN 1945

My dear Mr. Secretary:

Attached is a list of Secret Service Agents who have been inducted or have accepted commissions in the Army. In addition, I am enclosing a list of nine agents who were placed in the Inactive Reserve upon induction into the Army and then returned to the White House to continue their assignments of protecting the President. These latter agents have been released from the White House detail and were given orders to report for active duty with the Army on 15 June 1945.

It is noted that the Army is contemplating releasing all men over 37 years of age within a short period of time. Therefore, in view of their special qualifications, I would like to request that you give consideration to the release of all of the agents on the attached lists, who are 30 years of age or over, for immediate assignment to the Treasury Department.

These agents are well trained and experienced in all phases of enforcement work and could assist this Department in its drive against income tax evasion. As you know, we are endeavoring to recruit 5,000 agents for this work, and as we are encountering difficulties in finding qualified applicants, the services of these men would prove very valuable at this time.

In addition to the drive against income tax evasion, there are several thousand active stolen check investigations which have to be completed by

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- 2 -

the Secret Service Division before duplicate checks can be issued. Most of these checks cover allotments to servicemen's families, and any delay in the investigations results in hardships, and quite often emergencies, in the homes of the people depending upon the proceeds of these checks for their livelihood.

In view of the above, I wish to assure you that your early consideration and approval of my request for the release of these men will be deeply appreciated and be of great assistance to my staff in carrying out its plans for prosecuting all violators of the statutes applicable to the work of this Department.

Sincerely,

(Signed) H. A. Borenstein, Jr.

The Honorable

The Secretary of War

AGENTS OF THE U. S. SECRET SERVICE ON MILITARY PERSONNEL - ARMY

Name	Date of Birth	Date of Discharge	Latest rank and address reported
Rockstrom, Fred H.	4-16-17	11-3-41	Capt.; Provost Marshal; Hq. 5th Eng. Spec. Brigade; APO 560, Postmaster, NYC.
Elkington, W. Frank	3-7-10	4-11-42	Capt. AC; 1403 AAF Base Unit; SC ATC; APO 648; Postmaster, NYC.
Klase, Louis, Jr.	3-11-01	7-28-41	Major; O-175003; home on leave - 2 Beverly Road, Upper Mersey, Pa.
Boyd, Alfred E.	2-16-06	10-1-42	Capt.; O-618061; 132nd Airborne Squadron; APO 5482, Postmaster, NYC.
Chandler, Harold F.	2-5-07	9-17-42	Capt. CMF; O-697612; c/o Theater Provost Marshal; USAF CSI; APO 805, Postmaster, NYC.
Cooper, Harry	2-15-95	8-1-42	Colonel; O-206206; Walter Reed Hospital, D. C.
Counts, Lionel C., Jr.	4-1-15	10-1-43	Sgt.; 3849420; Office of the Judge Advocate; 16th Armored Division; APO 412; Camp Chaffee, Arkansas.
Janet, Russell	11-20-06	5-10-43	S/Sgt.; 37479655; Hq. 82nd Airborne Div.; APO 469; Postmaster, NYC.
Island, Joseph J.	2-10-13	4-10-42	Major - A.C.O.; O-620642; Hq. India, China Div. ATC; APO 192, Postmaster, NYC.
Ellis, Charles A.	7-2-92	7-23-41	1st Lt. Colonel; Cavalry; O-181368; Co. 91st CAS BN Squadron; latest address c/o Hotel Shelburne, Miami, Fla., but he has departed to unknown destination.

12"

- 2 -

<u>Name</u>	<u>Date of Birth</u>	<u>Date of Parolous</u>	<u>Latest rank and address reported</u>
Kills Joseph J., Jr.	5-6-13	6-10-42	(No military address) - Home - 1914 T St., S.E., Washington, D. C.
Fallon, John W.	10-22-06	6-12-44	2nd Lt.; 33090794; Class 28 - Group 1; S.F.O.C.S. - F.M.O.S.; Fort Sam Houston, Texas.
Flannery, Joseph W.	12-12-13	10-6-43	(No military address) - Home: 44 Parkway North, Tonawanda, NY.
Gaffney, John F.	5-29-11	11-23-43	623 Green St., Harrisburg, Pa.
Giovannetti, Jan. W.	12-21-05	1-5-44	Cpl.; 79145409; 2527th Serv. Unit S.F.W.; 415 - 22nd St., S.W., Washington, D. C.
Gruber, Paul J.	6-23-02	5-9-42	Capt. AG; Director, Base Intelligence; Army Air Base, Westover Field, Mass.
Hale, Kenneth E.	5-18-20	4-6-42	Capt.; O-418849; Hq. CIC, Com 2, STREMA; APO 887, Postmaster, NYC.
Hart, Paul W.	2-1-27	6-5-42	Capt.; Staff & Faculty; Provost Marshal General School; Fort Sam Houston, Texas
Hutchinson, Leonard F.	9-15-02	5-11-42	Major; CMP; Hq. 744th S.F. Bn.; APO 322, Postmaster, San Francisco, Calif.
Irwin, Fred A.	11-22-08	7-31-42	Major; O-413720; Hq. 19th Service Group; APO 650, Postmaster, NYC.
Janusis, Adolph A.	11-7-12	10-14-43	O-132807; Co. A - 10th Bn., 8th Regt.; Fort McClelland Oklahoma.
Jordan, Joseph F.	7-16-14	11-5-43	Cpl; 33090791; 2527th Serv. Unit; 415 - 22nd St., S.W., Washington, D. C.

- 3 -

<u>Name</u>	<u>Date of Birth</u>	<u>Date of Furlough</u>	<u>Latest rank and address reported</u>
Karp, William A.	5-18-05	1-3-42	Lt. Col.; Chief, Security Investigations Branch; Hq. 2nd Service Command, P.O. Box 24, Ste. F; NYC 4, NY.
Kiljan, John J.	10-27-18	1-16-42	Capt.; Signal Security; Detachment "D"; APO 655, Postmaster, NYC.
Kober, Clayton E.	11-6-07	8-21-42	Major; Laurinburg-Maxton Air Base, Maxton, N.C.
Kohler, Fred H.	6-12-12	12-5-43	Pvt.; 33835109; Service Battery; 879 F A Bn.; APO 417, Postmaster, NYC.
Labre, George C.	8-4-15	11-25-42	1st. Lt.; O-373478; Inf. Co. H.; APO 15500, Postmaster, NYC.
Lieberman, Alexander	1-23-06	7-26-42	Capt.; O-911872 ATC; 374 Troop Group; APO 920, Postmaster, San Francisco, Calif.
Lieffers, James H.	7-6-14	10-2-42	Capt.; O-418330; Hq. 88PS-PS-ATC; 155th AAF Base Unit; APO 359, Postmaster, San Francisco, Calif.
Lobb, Anthony W.	6-22-09	3-17-42	Major; O-276013; Hq. II Corps; CIC Detachment 220; APO 340, Postmaster, NYC.
McCormack, Alphonso L.	1-18-92	7-23-42	Capt. C.M.F.; F.O.R. Camp; Huntsville, Texas
McGally, George J.	4-18-06	9-16-42	Capt. U.S. Group CG-Main; APO 742, Postmaster, NYC.
McManis, William J.	5-27-09	4-16-42	Major; O-902919; 8th AAF Fighter Command; APO 637, NYC.
Murphy, Allen W.	10-20-07	10-2-40	Lt. Col.; O-171183; 489th AAA; APO 403, NYC.
Norris, Charles A.	1-31-02	10-5-42	Capt.; O-298484; 32nd P.O.B.; APO 105, NYC.

- 4 -

<u>Name</u>	<u>Date of Birth</u>	<u>Date of Purlough</u>	<u>Latest rank and address reported</u>
Crocutt, Ralph G.	10-24-12	2-12-42	Major; AFHQ - MACO - CIG; APO 512, NYC.
Faterni, Paul J.	5-6-07	1-6-43	1st; O-2054259; Co. E. 2677th Regt. CSH (Prov.); APO 512, NYC.
Peters, Theodore E.	7-12-09	9-27-43	Pvt.; 31415265; Co. A.-240 Hq. H.P.; Hyde Park, NY.
Frost, Homer L.	3-11-09	11-6-43	T/Sgt.; 39715985; C.I.C. MACO; (Patients Det); APO 322, San Francisco, Calif.
Qualters, Thomas J.	6-5-07	5-1-42	1st. Col.; Hq. MAAF A-2 CIG; APO 654, NYC.
Reed, William F.	3-17-06	3-20-43	Sgt.; 33994405; 108th Airborne Div.; Hq. Co. - CIG Detachment; APO 472, NYC.
Schlar, Wm. H.	10-3-06	3-6-42	Major; Room 1833 Munitions Bldg.; Office of Provost Marshal Gen.; Washington, D. C.
Sherbon, Charles W.	3-1-18	12-10-43	Aviation Cadet; 8160; CL-45-4, Flight 7; Cadet Detachment I.J.A.A.F.; La Junta Army Air Field, Colo.
Shields, Wm. F.	2-11-14	6-27-43	Pfc.; 31350470; S.C.U. 1101 Security & Intelligence Div.; 1st Serv. Comp.; BOS Commonwealth, Boston.
Smith, John W.	2-15-06	6-30-43	Pfc.; 39464155; Hq. & Hq. Sq.-73 Bomb Wing (VB); APO 566, San Francisco, Calif.
Stewart, Robert A., Jr.	9-25-06	2-14-44	Sgt.; Agent SIC; 1106 Strickland St., Dallas 16, Texas.
Stout, Stewart O., Jr.	6-1-14	9-26-43	Pvt.; 33633006; Hq. Strp; 757th F.A. Bn.; APO 75, San Francisco, Calif.

- 5 -

<u>Name</u>	<u>Date of Birth</u>	<u>Date of Furlough</u>	<u>Latest rank and address reported</u>
Tyson, Henry F.	2-10-01	6-2-42	Major; 122nd Base Unit; Provost Marshal, Camp Springs, Md.
Van Alst, Reuben E., Jr.	8-18-14	8-11-43	Cpl.; 33745402; 29th CI Sec.; Base Section, Com E; APO 513, NYC.
Van Fleet, Geo. W.	4-11-08	3-10-41	Major; G-280825; Bq. 349th Troop Carrier Gp.; APO 133, NY.
Satto, Melway D.	10-31-01	1-24-42	Major; Civil Affairs Det.; USAFFE; APO 503, San Francisco, Calif.
Wheeler, Wm. A.	5-5-16	1-1-45	Pfc.; 39735443; Training School for Investigators, Little Rock, Arkansas.
Whitaker, Albert E., Jr.	9-23-07	12-21-42	1st Lt.; C.E., U.S.A.; Box 42, Sta. F., NYC.

PERSONNEL OF THE U.S. SECRET SERVICE IN
THE ENLISTED RESERVE OF THE ARMY WHO
WERE ORDERED TO ACTIVE DUTY 15 JUNE 1945

<u>Name</u>	<u>Date of Birth</u>
BECKMAN, Wilmer E.	25 December 1909
GRIFFITH, James E.	25 October 1912
HASTINGS, Robert E.	22 January 1908
LOWERY, Robert F.	16 December 1914
MAISHALL, John A.	25 February 1912
PETERSON, Burrill A.	11 August 1915
SAVAGE, Roland W.	10 December 1907
WILLIAMS, Roger	7 January 1906
WOOD, Frank B.	20 February 1912

6/20/45

This was sent by Secret Service
to Mr. Latta at the White House
for transmission to the President.

172
June 20, 1945

MESSAGE FOR THE PRESIDENT:

I am happy to report to you that tonight the Treasury will pass its \$14 billion goal in the Seventh War Loan. The announcement of this achievement will not be made until Thursday night for Friday's newspapers.

I hope you are enjoying a well earned rest.
Kind regards.

/s/ Henry Morgenthau, Jr.

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The War Loan News Desk
War Finance Division
Treasury Department
Washington 25, D. C.

RE: "REMARKS" "REMARKS"

REMARKS AND HIS JUNE 21

WASHINGTON, D.C., JUNE 20 — A first hand account of what it's like to fight on Okinawa will be given to Secretary of the Treasury Harry Truman, Jr. by Marine Pfc. Harold C. Doughton of Smiley, Texas (15-year old boy), who has just returned from that bloody battleground in a personal interview to be broadcast as part of "America's Town Meeting" program over the American Broadcasting Company's Blue network on Thursday, June 21, from 8:30 to 9:30 p.m., EDT.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ¹⁷⁶
CENTRAL SERVICES
TELEGRAPH SECTION

CSL-529
Distribution of true
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arrangement. (SECRET U)

Born

Dated June 20, 1945

Rec'd. 8:03 p.m.

Secretary of State

Washington

US URGENT

3256, June 20, 4 p.m.

O'DAYER WRB FROM MCCLELLAND.

DEPT'S 2076 WRB 535 June 19 and LEGT'S 3245 June 19.

Whereas I much appreciate suggestion that I accompany
Mr. Earl Harrison American delegate to IGCR on survey trip
in Europe and Board's approval thereof, I am afraid this
will be practically impossible since I have a minimum of
4 weeks work ahead of me getting off refugee convoys,
writing final WRB report and generally winding up Board
affairs in Switzerland.

Provided it does not interfere with his WRB work in
Switzerland, particularly dispatching these refugees, I
usually recommend Herbert Kataldi to accompany Mr. Harrison if
this meets with Board's approval. H. K. is well acquainted
with question of displaced persons in Europe and would
be much interested in such a trip.

HARRISON

JMS

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

RECEIVED
DIVISION OF
CENTRAL SERVICES
JUN 20 12 11 PM '45
DC/L
LANSON

June 21, 1945 176
10:02 A.M.

HMJr: How are you?
Mr. Leo Crowley: Fine. How are you?
HMJr: O. K.
C: That's good.
HMJr: Leo, I've been talking to one of your Wisconsin boys.
C: Yeah.
HMJr: By the name of Bruno Bitka.
C: Yeah.
HMJr: And we've been sort of having a little informal talk about the possibility of his coming down as the Deputy Commissioner of Internal Revenue. Hello?
C: Yeah.
HMJr: Originally we were told about him, and I wanted to know what your opinion was.
C: Well, he is a very, very nice fellow. He had charge of the O.P.A. out home and did an excellent job.
HMJr: Yeah.
C: He's one fellow that all of the Republican press said did a good job.
HMJr: Yeah.
C: He is a Democrat. He's always supported the President, and he's a good lawyer. He is a man of good habits, and he is a very high-class gentleman.
HMJr: He is.
C: He's very loyal to whoever he's working for.
HMJr: Would you be glad to give him your support?
C: You bet, be glad to. Glad to, Henry. He is a very high-class fellow, and has always done a lot to help us back there in the election of the President.

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HMJr: He has.
C: Yeah.
HMJr: How about his ability?
C: Oh, he's got ability.
HMJr: An on the O.P.A. thing....?
C: He did an outstanding job. He took it when it was in a hell of a mess back there, and when he quit why even papers like the Milwaukee Journal gave him a good editorial for what he had done and things like that.
HMJr: Fine.
C: And he's got the support of labor and he's got the support of all the good lawyers back home. He's considered a good lawyer.
HMJr: Well, we haven't gotten along far enough yet to know whether he wants the job or whether we want him. But when we do, I'll talk to you and if it can originate from Wisconsin, it will be very good.
C: Fine and dandy.
HMJr: You see what I mean.
C: Do anything at all, Henry, because he is - you are getting a good man.
HMJr: Well, if we decide - say he'd like it and we would want him, then it is a thing that should sort of come out from Wisconsin - I think - to the national
C: I understand.
HMJr: Your State Chairman there is very kindly disposed to him.
C: They are - everyone would be.
HMJr: Fine.
C: There would be no opposition on that score at all.

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HMJr: How about getting him through? This is a
Presidential appointment...

C: Oh, we'll have no trouble with that - I'd help
get it through if you decide that you want
him.

HMJr: You would.

C: Fine.

HMJr: Thank you.

C: All right, goodbye.

The Secretary gave the original of ¹³⁰

his memorandum to Judge Vinson at lunch today. He is going to include part of it in his report, and will let us have a copy of it.

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21 June 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

The following is my best recollection of the two-page section on taxes proposed by members of Judge Vinson's staff for inclusion in his next quarterly report. It was discussed with me on Wednesday, June 20, by Mr. Everett Hagen of Judge Vinson's office. I do not know whether Judge Vinson has seen or approved any of it.

(The following numbers are not in the original manuscript.)

1. Senator George is quoted as stating that postwar employment policy is largely confined within the four borders of taxation. (I questioned the desirability of mentioning Senator George.)
2. Postwar tax revisions are the foundation of postwar employment policy. (I raised the question whether this is true since it gives the impression that if the tax policy is sound, the rest of the employment problem should be easy to solve.)
3. A statement of principles is given to the effect:
 - (a) Taxes should offer the minimum interference with investment.
 - (b) Taxes should not restrict mass consumption and mass markets.
 - (c) Taxes should be equitable.
 - (d) Tax policy should fit into overall fiscal policy.

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4. The individual income tax is the best tax for carrying out these principles. It should be the central tax of the system and imposed on a broad base.

5. Sales and excise taxes repress consumption and should be eliminated insofar as possible.

6. The excess profits tax should be repealed. (I pointed out that this, as well as other parts of the statement, ought to be clearly applicable only after the close of the war.)

7. Taxes on business profits should be reduced. (I questioned the desirability of saying this since it may be desirable to revise the corporation taxes in other ways than reducing rates.)

8. Congress has been working on tax revisions. The Secretary of the Treasury has set up an Inter-departmental Tax Committee to assist in studies. (I suggested that the Treasury tie-in with Congress be more clearly indicated.)

9. The Secretary of the Treasury and Director of the Budget have advised with the Council of State Governments with respect to wartime fiscal policy. Postwar fiscal policy of all levels of Government should be coordinated and an organization should be set up to permit this to be done.

I suggested a number of changes in language, in addition to those mentioned above.

RB:dd
6/21/45

12"

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June 22, 1945

Secretary Morgenthau
Mr. Blough

Please add the following point to the memorandum
on the forthcoming report of Judge Vinson:

A draft of a postwar tax bill should be prepared
as soon as possible so that business may know in advance
its postwar tax situation. (This was intended to be
weaker than the earlier recommendations of Baruch and
Byrnes. I objected that it would be publicly inter-
preted as a recommendation for passage now of a postwar
tax bill.)

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June 21, 1945
10:25 a.m.

PKE-PRESS

Present: Mr. Fussell
Mr. Gamble
Mr. Shaeffer
Mr. O'Connell
Mr. White
Mr. Pehle
Mr. Gaston
Mrs. Klotz

MR. FUSSELL: Here is that Indiana stuff. (Mr. Fussell hands Secretary Attachments A, B, C, D, E, and F.) They are little leads I thought might be interesting.

(Mr. Gaston enters the conference.)

H.M.JR: Are you sure of these figures (referring to Attachment A)?

MR. FUSSELL: Yes.

H.M.JR: What?

MR. FUSSELL: I took them right out of this week's report.

H.M.JR: George Haas--

MR. FUSSELL: I haven't seen him, but this is from the report. If there is any doubt about it--but it's very definite in the report.

H.M.JR: The "Grand total, ten millions!" I wouldn't use that. George isn't satisfied with these figures. I don't think they are big enough.

Oh, yes, you've got the names.

MR. FUSSELL: That's for your own reference. I have carbons without any names on them.

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H.M.JR: Have you? All right.

MR. GAMBLE: I think it's a good story, Mr. Secretary, and I think you ought to give it out at this conference. That's the best way to handle the French story. The French Government has invited Treasury to put on an exhibit in Paris of the War Bond Program, graphic illustrations of the progress of this program of ours that they think that has a great unifying effect on our people, and they would like to duplicate as nearly as they can our operations there in a reconstruction program in France and the sale of bonds.

H.M.JR: Only you did my Paris speech this morning for free.

MR. GAMBLE: For free, but I want a rehearsal of it.

MR. GASTON: I think it's a good story.

MR. GAMBLE: It's a swell story and comes from you.

H.M.JR: How was my dinner last night, Mr. White?

MR. WHITE: You were wise for not attending. (Laughter)

H.M.JR: Wasn't it any good?

MR. WHITE: To me it wasn't good. We didn't get steak, we only got chicken.

Dean Acheson was there and Wayne Taylor and many others that I know and don't know and just the usual crowd.

H.M.JR: Did you give them any silver?

MR. WHITE: What, sir?

H.M.JR: Did you lend them any silver?

MR. WHITE: No one asked me about it. I learned a good deal about India. I had the sequence which was

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reserved for you. I guess they couldn't change fast enough. I learned a good deal about India.

H.M.JR: I appreciate your going. When is this thing going to open in France?

MR. GAMBLE: Early in July.

H.M.JR: Early in July.

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COPY

ATTACHMENT A

The special tax drive hit a new high this last week.

Taxes, interest and penalties totalling \$3½ millions (\$3,676,000) were assessed in cases closed by agents (deputy collectors, revenue agents and special agents).

In addition, 2,735 taxpayers voluntarily filed delinquent returns and 3,798 voluntarily filed amended returns, reporting additional tax liabilities of \$6½ millions (\$6,373,000).

Grand total, \$10 millions! (\$10,049.00)

COPY

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ATTACHMENT B

Here are some other Indiana cases under investigation:

An Indianapolis man paid \$39,000 in currency for a small apartment house. While Treasury agents were investigating this case they learned that he and his son had made several other purchases, totalling in all \$95,000, in which currency was used. These currency transactions appear out of proportion to the incomes reported.

An Indiana liquor house found itself with an usually large inventory during the liquor shortage period in 1943. The Treasury investigation of its operations, just started, has shown that it received "side money" in currency of \$150,000 in excess of ceiling prices, and it is believed additional unreported income will be found.

COPY

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ATTACHMENT C

Special agents estimate total taxes and penalties of around a million dollars may be collected as a result of a series of cases revolving about the operations of another Indiana company dealing in wines and liquors. Sales were reported at ceiling prices by the corporation while "side payments" in cash allegedly were made to its officers.

Two such payments by a single individual totalled \$125,000 in currency.

COPY

ATTACHMENT D

Over a period of years an Indiana truck farmer and florist either made no income tax return, or filed non-taxable returns or returns showing only nominal liability. Yet, since 1939, investigation showed, he had accumulated assets worth \$100,000, including \$50,000 in currency. Additional taxes and penalties of \$2,000 have been paid, and further investigation is expected to disclose additional amounts due.

COPY

ATTACHMENT E

Half a million dollars additional taxes and penalties are involved in the case of an Indiana concern that showed remarkable acumen in branching out into various fields where an easy dollar could be turned. While the major unreported income appears to consist of large sums of currency received from black market sales of whiskey, the company turned a neat bit of speculation in the purchase and sale of 10,500 cases of pineapple, for a \$9,000 profit (unreported), and participated in a sugar diversion to the tune of \$12,000 more. The money allegedly was diverted to the personal uses of the officers of the corporation.

Prosecution of three principals on charges of evasion of corporation and individual income taxes probably will be recommended.

COPY

ATTACHMENT F

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An operator of slot machines made little money for ten years prior to 1942. Came the war, and big industrial payrolls, and his "take" soared, realtively. He neglected to report income totalling \$35,000 over a three-year period, and agents are recommending criminal prosecution for evasion of taxes.

June 21, 1945
11:07 A.M. 143

HMJr: Hello.

Operator: Go ahead.

General
Roosevelt: Good morning, sir.

HMJr: Elliott?

R: Good morning, sir.

HMJr: How are you?

R: Fine, thank you, sir.

HMJr: I'm going to see you?

R: Yes, sir, anytime. I have an appointment this afternoon with Mr. Paul, so I will be with him from two o'clock on.

HMJr: Are you going to be here tomorrow?

R: I was planning to go back up to Poughkeepsie, Sir. I got leave until next Monday, and I was planning to go up there.

HMJr: Well, what time are you with Paul?

R: I'm going to see him at 2 o'clock.

HMJr: Oh. What time are you planning to leave town?

R: Well, after I get through with him. He said it would take the best part of the afternoon.

HMJr: Oh. You couldn't drop around over here say 4:30?

R: I'll be glad to try to, sir. Shall I call you back and see whether....

HMJr: Well, if you can't - when you are over to his office you can't make it. I think two and a half hours you ought to be able to clean up your business.

R: I hope so.

HMJr: What?

R: I hope so.

- 2 -

HMJr: I'll put you down tentatively for 4:30.
R: O. K., sir.
HMJr: And if something goes wrong, you give me a ring,
how's that?
R: All right, that will be fine.
HMJr: Thank you.
R: Thank you, sir. Goodbye.

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June 21, 1945 ✓
11:59 A.M. 145

HMJr: Hello.
Mr. Chester Bowles: Hello, Henry. How are you?
HMJr: O. K. How are you?
B: Pretty good. I'm sorry I wasn't around here when you called.
HMJr: That's all right. What I called up about was this. We are considering a man by the name - I think, it is Dieter of Wisconsin, who was the the greater part of Wisconsin for you.
B: How do you spell that? Ditner?
HMJr: I haven't got it here before me.
B: Ditner?
HMJr: Wait a minute, I don't know what they did with it. I saw the man this morning. I think it is Dikert.
B: Yes, that's right. Dikner.
HMJr: Yes.
B: He was our District Director out there, and he's in town and I understand he is talking here with some people too. I don't know him, Henry, myself, at all. I know of him.
HMJr: You don't know what kind of a job he did?
B: No, I don't, but I can find out.
HMJr: Could you?
B: Yeah.
HMJr: Could you let me know today?
B: Yes, I can.
HMJr: I'd appreciate it very much.
B: I just know him by reputation. I understand he did a good job out there, but I'll find out more about it.

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HMJr: Because we were considering him for a very important job over in Internal Revenue.

B: I see.

HMJr: Yeah.

B: All right, fine. I'll find out more about him.

HMJr: Thank you so much.

B: Good.

June 21, 1945
12:05 p.m.

TALK WITH MR. WHITE

Present: Mr. White
Mrs. Klotz

H.M.JR: You will have to wait for an answer on this until tomorrow. This thing came in here the 28th of May and I am booked absolutely solid, and it's a terrifically important thing.

MR. WHITE: We'll get it tomorrow. What we did is we had everybody else initial it before it came to you.

H.M.JR: Well, I spent two months on this thing and--

MR. WHITE: There is nothing there, I think, that raises any question that you are not already--

H.M.JR: No! No!

MR. WHITE: ...familiar with.

H.M.JR: No! No! I'll start with you tomorrow morning at nine-thirty, but I want to go into the whole thing very, very carefully. After all, it's outrageous that it has been kicking around--wherever it has been--since the 28th of May.

MR. WHITE: What, this here?

H.M.JR: This message is dated the 28th of May.
(Indicated Attachment A.)

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MR. WHITE: I don't know. We didn't get that. It wasn't our task to answer that.

H.M.JR: I don't know where it was referred to.

MR. WHITE: I don't either, but this was settled. This general problem was discussed at a meeting in Vinson's office a couple of weeks ago. It hasn't been here for that long.

H.M.JR: How long has it been here?

MR. WHITE: It just came to my attention. Today is Thursday--about three days ago. I don't know how long they have been working on it.

H.M.JR: Why do I have to do it in a split second?

MR. WHITE: I don't know, only it involves initials. It can wait until tomorrow.

H.M.JR: It will have to.

MR. WHITE: Kung would like a meeting with you this afternoon.

H.M.JR: That's out.

MR. WHITE: Do you want to make it tomorrow or any other day? The issue is he is going to ask for forty-five million.

H.M.JR: Do I have to go through with that?

MR. WHITE: If you don't want to see him--

H.M.JR: Make it for three o'clock.

MR. WHITE: Tomorrow?

H.M.JR: Yes.

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MRS. KLOTZ: You will arrange it, Harry?

MR. WHITE: I'll see that it is arranged. All right. I'll see you tomorrow about a couple of other things that can wait until tomorrow.

H.M.JR: When you come in--this thing you have been talking about--pick up this letter from General Clay. It gets bounced back and forth with Coe's being sick back there. Ask him if there's anything else. There's a letter from General Clay that he has.

MR. WHITE: All right.

H.M.JR: I'll give you half an hour tomorrow morning.

COPY

ATTACHMENT A

TOP SECRETPERSONAL

PARAPHRASE OF A MESSAGE SENT BY THE PRIME MINISTER
TO THE PRESIDENT ON MAY 28, No. 57

I am distressed to have to bother you with this telegram when so many other graver matters are pending. But machine has come to a standstill on the subject and it is felt on all sides here that the matter should be referred by me to you.

When I met President Roosevelt at Quebec in September 1944 we both initialled an agreement about Lend-Lease after defeat of Germany. In accordance with that agreement a detailed plan was worked out with your Administration by the Keynes Sinclair Mission. It is on this basis that our production plans have been made.

I now hear that your War Department has told our people in Washington that they are expecting so large a cut in their forthcoming appropriations for United States Air Corps that supplies to us must be drastically curtailed below schedule of our requirements as agreed last Autumn. These requirements were of course subject to subsequent modification in the light of changes in strategic situation. I am hopeful that our requirements as agreed last Autumn can now be reduced but details of reduction depend upon discussions between our respective Chiefs of Staff which will not have been completed before May 31st. Meanwhile I hope your people can be told that principles your predecessor and I agreed at Quebec still stand and in particular that appropriations given your War Department will be enough to provide for our needs as finally worked out between us.

June 21, 1945
2:40 p.m.

PHASE II, LEND-LEASE

Present: Mr. White
Mr. Aarons
Mr. Glasser

H.M.JR: Well, the first thing is this: I thought this would save a little time. Harold, I want to compliment you on that letter the other day. I take it you have been having trouble with your superiors about the Surplus Property Board.

MR. GLASSER: There was a bit of stepping back and forth.

H.M.JR: That was good. Now, the thing that bothers me about this thing is this: I don't know who worked on it, but you better not tell me, other than Mathias. But, here comes a perfectly straight-forward letter from a Prime Minister to the President on the 28th of May in which he asks him a very direct question and refers to the agreement at Quebec which was a direct--I mean, we know what it said, we know what he did afterwards. Then in answer here--now, where you start, "In the light of the anticipated war strategy lend-lease will be furnished on the basis that will permit a partial and equitable reconversion in the United Kingdom--" (Quoting from "Telegram to Prime Minister Churchill from President Truman" attachment A)

Now, introducing the language, "partial and equitable," in the first place all through the two months--it's entirely new language--there was nothing in Quebec, nothing during the two months. You can't give him both a partial and equitable distribution.

MR. WHITE: Partial--well, partial not in the sense of a--probably that isn't a good word. By partial there was meant they can't have a complete reconversion--partly not partial in the sense of being biased.

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H.M.JR: I am reading this, you see. I haven't taken part in these negotiations, and I am reading this cold, but I mean the way Mr. Churchill will read it.

MR. WHITE: They don't expect complete reconversion. The understanding was they would reconvert part and we would, and what we would permit them to reconvert would be equitable in the light of what we are doing. The word "partial" may be misunderstood.

MR. GLASSER: It's really percentage.

MR. WHITE: Yes, but the Secretary may take the position that "partial" is biased in that sense.

MR. GLASSER: No, no.

H.M.JR: It's a misleading word to me.

(Reading) "...and plans have been worked out here for your representatives on the CPER to make available full information on the British reconversion program to American officials responsible for the administration of lend-lease."

Well, if I was going to do this, in the first paragraph I would paraphrase part of the language that Mr. Churchill and Mr. Roosevelt used. The other thing which bothers me is these words seem to indicate--right at the beginning there, "we intend to furnish lend-lease during the Japanese War in accordance with the general policy discussed--"

MR. WHITE: That is, I gather, the sentiment.

H.M.JR: What I am going to suggest is I think the opening thing--knowing how Mr. Truman has publicly said he feels--I think Truman should start out and say, "Of course, Mr. Churchill, anything you and Mr. Roosevelt agreed to at Quebec I expect to carry out, just the way I expect you to carry out other agreements which were made at Quebec."

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MR. WHITE: Well--

H.M.JR: You raised that with me.

MR. WHITE: I forgot. True--

H.M.JR: I don't know whether you want to say that, but certainly I think the opening sentence should be, "Of course, Mr. Churchill, anything that you agreed to with Mr. Roosevelt I expect to carry out the same, and not partial, or maybe, or so forth. All right? That's the way I would do it."

MR. WHITE: I think that's right.

H.M.JR: This fellow is a forthright fellow, and says he is going to carry out Mr. Roosevelt's agreements. In the opening sentence I would say, "what you and Mr. Roosevelt agreed on, bingo, I carry out. I expect to carry out all of Mr. Roosevelt's pledges." And if you want to put in there--they could put in, "As I expect you to carry out--"

MR. WHITE: Why couldn't the thing just stop there?

MR. GLASSER: This was drafted on the basis of the discussion that took place in Judge Vinson's office.

H.M.JR: Well, I heard about it, and also heard nobody really knew what they were talking about then.

MR. GLASSER: This is the result of that.

MR. AARONS: Another thing is we didn't really try to undo their drafting of the first two paragraphs. This was a State Department draft.

H.M.JR: Look, I don't give a cooper's damn. I mean, Mr. White came in this morning and said that all the initials were on it and that I should okay it, but he knows I don't work that way.

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MR. WHITE: Well, you shouldn't. I mean, they wanted--we were confronted with problems. They said there was great urgency and should they get the other initial before yours? Well, I kind of disliked that because I said, "if you want to change it, it is hard to do after it has been initialled." They said it was urgent and I said to get their initials and then we'd take it up with you.

H.M.JR: Do you want to hear the other thing I don't like?

MR. WHITE: Sure. The first one was good. What is the other?

H.M.JR: Thank you, sir. Anyway--I think White has an idea. "Of course, I will carry out--"

MR. WHITE: The trouble is the fellows would like to try to get something else which is in the last paragraph.

H.M.JR: Well, this thing--(reading) "You, of course, realize that the policy I have indicated does not necessarily mean that either the military or the non-military--" they are going to give less. Why?

MR. WHITE: Less lend-lease?

H.M.JR: Yes. Why are they going to give less? What has changed to make us give them less than we indicated we would give them in October or November?

MR. GLASSER: The strategical situation.

H.M.JR: What's different? It's exactly the same, as far as I know. I would want something from General Marshall or Mr. Stinson to tell me what is different today, and both Bob Patterson and Forrestal about what is different. The only thing that is different is it is worse. We didn't undertake two months--

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MR. WHITE: That's why we have less to give them.

H.M.JR: I certainly am not going to go along with that. And look, while there is no contract certainly we indicated--the committees met, they did a lot of negotiating. Navy had one, Army had one, and what has happened other than Leo Crowley's welching?

MR. WHITE: Suppose something had happened and the strategic situation had changed? That's no cause for that kind of letter, because the original agreement was subject to changing strategic needs. They have discussions between their Army and ours as to strategic needs.

H.M.JR: You shouldn't put Truman in that position. This paragraph--I'm welching--I'm sorry, but he gives no reason why he's welching.

MR. WHITE: It's a mess because it would make Churchill hit the roof.

H.M.JR: I'll not have any part of paragraph two.

(Reading) "In connection with the foregoing, it has come to my attention that the British gold and foreign exchange holdings are now considerably higher than was anticipated at the time of the Phase II discussions."

Is that true?

MR. WHITE: About three hundred million dollars.

H.M.JR: Higher?

MR. WHITE: They have increased liabilities, they will say.

H.M.JR: Have we really thought they were going to have our own?

MR. WHITE: That's not what we thought.

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H.M.JR: What did we think?

MR. WHITE: We told them it was going to be higher, but we accepted their word.

H.M.JR: Harry, Harry, Harry!

MR. WHITE: We went on the basis of their data.

H.M.JR: I know but--

MR. WHITE: We told them we thought they were mistaken.

H.M.JR: "It came to my attention British gold is higher than anticipated." You don't say who anticipated. If you said, "Morgenthau, did you anticipate it was going to be higher," I would say "Yes." He would say, "That's no excuse." You don't say who anticipated.

MR. WHITE: Your anticipations were not the basis of your discussions, because we said, "Well, let's take their word for it."

H.M.JR: You don't say considerably higher than your estimates. "I do not wish to propose reopening the Phase II--" but for a difference of three hundred million dollars. That's a silly sentence. It's for three hundred million dollars. I mean, the thing should--

MR. WHITE: You don't think three hundred million dollars is enough to take into consideration?

H.M.JR: No. He says here, "I do not wish to propose reopening Phase II discussions on this account." Well, then, why mention it?

MR. WHITE: Well, we could. We have a good basis for it, but we won't.

H.M.JR: Pardon me?

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MR. WHITE: It's an opening wedge for asking for what you have later.

H.M.JR: (Reading) "However, I would like to request that your Government relax its position with respect to permitting dollar payments on certain items, particularly those where the unwillingness of your Government to make payments leads to political criticism in the United States."

What does that mean?

MR. WHITE: Egyptian payments.

MR. GLASSER: The problems that are arising in the Middle East.

H.M.JR: (Reading) "For example, it would be of considerable assistance if your Government relaxed its restrictions on dollar payments for the proceeds of U.S. Government property sales in the Middle East and elsewhere; if the U.K. continued to take its share of the burden of the military relief and UNRRA programs in Europe; and if dollar payments were allowed on other items which arise from time to time in our relationships. I urge that you provide this flexibility in the long-term interest of both your country and mine."

Well, Harry, I am really surprised you wanted me to sign this thing.

MR. WHITE: Well, is the last--

H.M.JR: In defense of our own position I really don't understand.

MR. WHITE: There is nothing inconsistent with our position in that. What you are telling them--

H.M.JR: Look old man, Mr. Roosevelt and Mr. Churchill had an agreement. You and I and the rest of the Treasury staff and the rest of the Government-- State here--and for two months we sweated and came to an agreement.

- 8 -

MR. WHITE: There isn't the slightest word that is inconsistent with that.

H.M.JR: Look, I rent you a house, and then I say, "Well, by the way, you've got to fix the roof. You've got to put in new plumbing. You've got to put in a washing machine, and you've got to keep up the grounds," and you say, "Mr. Morgenthau, why, I signed the lease and you didn't say anything," and I say, "I know, but now--"

MR. GLASSER: There was a provision in there, wasn't there, Harry?

H.M.JR: About the Middle East and UNRRA?

MR. GLASSER: That they would give special consideration for payment of dollars in those cases which were politically important to us, for instance.

MR. WHITE: I don't remember. I remember discussions about it, but I don't know whether it was agreed upon.

H.M.JR: Not in my presence. I bet three packages of Camels to one that I can't find it in my report.

MR. WHITE: There was a lot of discussion about it between Currie and the British representative on the Middle East, but I don't remember whether anything definitely emerged. But the justification of the last few requests arise from the fact that they are pulling out of Italy. You describe that.

MR. GLASSER: They are trying to pull out of any--

H.M.JR: Who?

MR. GLASSER: The British are trying to pull out of any further sharing of the burden of military relief.

- 9 -

MR. WHITE: On the grounds it is expensive. We say, "Your balances are higher than you said they were."

H.M.JR: Listen, gentlemen, there is one--

MR. WHITE: If that isn't the approach, Mr. Secretary, there is only one other approach, as I see it. Either you try to get something from the letter, or you don't. Now, if you don't want to get anything from the letter, if it's decided that is not the appropriate place, it would seem the thing to do would be to say, "What's the fighting about? You are expected to do what the arrangement was, and the arrangement provides already for the fact that strategic needs would determine the flow of armaments." He doesn't have to raise that problem if he has the argument with the Army as to whether or not the strategic situation gives them less capacity. What has that to do with us? I mean, that would be the other approach. The reason I thought, why I was willing to initial that, I assume they were eager to get the stuff in the last paragraph. The rest is all made to scare them.

H.M.JR: If you don't mind, whoever did that, I think it's very bad judgment. That's between governments.

MR. WHITE: Were you in on the discussions as to why?

MR. GLASSER: The first two paragraphs are a result of the Vinson meeting, and I assume Coe went along with that because he was at Vinson's meeting. The last paragraph I take the responsibility for.

H.M.JR: Well, it doesn't interest me. I have always said I will not bargain with Governments. America has got to be a one-price house.

MR. WHITE: If you took that last paragraph out, then, why do you have to say anything more than "We stand by our agreement," period? There is nothing in Churchill's cable that he asked that can't be answered by that. (Indicates attachment B.)

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- 10 -

H.M.JR: If Mr. Truman had given me that, I would have given him an answer the same day instead of waiting this long.

MR. WHITE: Well, now let us draft the kind of answer that you think should go, and then go around and get some more initials.

H.M.JR: That's right.

MR. WHITE: You initial the new one, not the old one.

MR. AARONS: I just wanted to say that in the last paragraph it seems that part of the bargain we made with them was on the understanding their dollar balances were going down.

H.M.JR: Oh, no.

MR. AARONS: Partly.

MR. WHITE: They have just come forward. I just got a message this morning from Brand. They're asking the Federal Reserve Bank of New York to agree to a proposal which they have--I was going to raise it with you tomorrow morning--which would in effect reduce their balances by one hundred twenty million dollars.

H.M.JR: Your point--let it wait until tomorrow morning. We started this thing. Was this the thing which we've been sweating under for a year and a half to keep their balances to a billion dollars? That thing was never formally withdrawn by Mr. Roosevelt. We really discarded it and started this new discussion. We were the whipping boy on that, see? But when it got tough going, we were very much by ourselves. Well, anyway, I think, White, on second thought, I think he's in agreement with me, aren't you?

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- 11 -

MR. WHITE: I agree with you, if you don't want to get anything out of them.

H.M.JR: I didn't say that, Harry.

MR. WHITE: I mean on the basis of this.

H.M.JR: I didn't say that. Look, boys, think the thing over.

MR. WHITE: Then there's another aspect to this thing. As you read Churchill's cable over, he's complaining of the fact the Army doesn't want to give him as much as he wants. That's Army's answer. Well, the Army went to Vinson because they looked to Vinson as Director of Mobilization, as their superior officer. They went to Vinson and asked what to do about it, which was all right, but in this thing of Churchill's he raises a point which was also something quite new, and I'll tell you what I mean. "I now hear that your War Department has told our people in Washington that they are expecting so large a cut in their forthcoming appropriations for United States Air Corps that supplies to us must be drastically curtailed below schedule of our requirements as agreed last Autumn." He pins it down to the Air Corps, an appropriation, but the Army had said that all the arrangements were subject to obtaining an appropriation from Congress.

H.M.JR: He said, "These requirements were of course subject to subsequent modification in the light of changes in strategic situation. I am hopeful that our requirements as agreed last Autumn can now be reduced but details of reduction depend upon discussions between our respective Chiefs of Staff which will not have been completed before May 31st. Meanwhile I hope your people can be told that principles your predecessor and I agreed at Quebec still stand and in particular that appropriations given your War Department will be enough to provide for our needs as finally worked out between us."

-12-

MR. WHITE: There are two ways to answer this. One is we will answer and say, of course we'll stick by the principles, period, in diplomatic language. The other is to meet Churchill's criticism and complain that the Army has been informed the appropriation has been cut.

H.M.JR: In the Air Corps only.

MR. WHITE: In the Air Corps. Now, in the agreement it was understood that this would be subject to the appropriation, so the Army can say, "We never told you we could guarantee this because we didn't know we would get the appropriation, so we're doing this in accordance with the understanding we had."

H.M.JR: Harry, old man, this thing to me should be handled--I don't think it belongs to Vinson--I think it should be handled by the combined Chiefs of Staff, just the way he says, and if they promised them a million dollars worth of Air Corps stuff, and let's say that the stuff was cut thirty percent, they get thirty percent less, relatively.

MR. WHITE: If the appropriation was cut, the Army has to reexamine. They are not going to cut theirs; they're going to cut the British.

H.M.JR: They'll get theirs.

MR. WHITE: We'll try our hands at this thing.

H.M.JR: This thing--I don't think you really studied this, have you?

MR. WHITE: I read it over. I thought it was a good thing to try to jog their elbow. If they got three hundred billion dollars more, maybe they would do something for us.

H.M.JR: May I just say something? I'm always ready to get the last dollar for the Americans, but I don't want to tag it on to this. I mean--

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-13-

MR. WHITE: Except that this was part of our help to them. It was based upon their showing what their dollars balances were.

H.M.JR: If we want them to do something in the Middle East, I think we should be forthright about it and not mix these two things.

MR. WHITE: Except you'll never get it.

H.M.JR: I'll be willing to try it.

MR. WHITE: We'll try again.

COPY

TOP SECRET

TELEGRAM TO PRIME MINISTER CHURCHILL FROM PRESIDENT THOMAN

I have gone into the question that you raise in your message (No. 57) of May 28 in regard to lend-lease during the Japanese War. We intend to furnish lend-lease during the Japanese war in accordance with the general policy discussed between you and President Roosevelt at Quebec on September 14, 1944, and that was the basis for the discussion between American and British representatives in Washington in October and November 1944 in regard to Lend-Lease requirements for the first year following the defeat of Germany. In the light of the anticipated war strategy lend-lease will be furnished on the basis that will permit a partial and equitable reconversion in the United Kingdom, and plans have been worked out here for your representatives on the CPMB to make available full information on the British reconversion program to American officials responsible for the administration of lend-lease.

You, of course, realize that the policy I have indicated does not necessarily mean that either the military or the non-military program for the coming year will be equal to the lend-lease requirements as estimated in the meetings of last October and November. Those estimates were subject to changing strategic demands as well as to supply considerations and considerations of procurement and allocation, and to the provision of the necessary funds by Congress. I have requested Congress to appropriate funds that will make possible lend-lease deliveries to the British Commonwealth in accord with the spirit of these earlier understandings, and I am confident that lend-lease will continue to be a powerful weapon in bringing the war to a speedy and victorious conclusion.

In connection with the foregoing, it has come to my attention that the British gold and foreign exchange holdings are now considerably higher than was anticipated at the time of the Phase II discussions. I do not wish to propose reopening the Phase II discussions on this account. However, I would like to request that your Government relax its position with respect to permitting dollar payments on certain items, particularly those where the unwillingness of your Government to make payments leads to political criticism in the United States. For example, it would be of considerable assistance if your Government relaxed its restrictions on dollar payments for the proceeds of U.S.

Government property sales in the Middle East and elsewhere; if the U.K. continued to take its share of the burden of the military relief and UNRRA programs in Europe; and if dollar payments were allowed on other items which arise from time to time in our relationships. I urge that you provide this flexibility in the long-term interest of both your country and mine.

OFD State War Treasury Budget FEA OGBM
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LP:FaFetter:EC
6-20-45

Copied 6-21-45.

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TOP SECRETPERSONAL

PARAPHRASE OF A MESSAGE SENT BY THE PRIME MINISTER
TO THE PRESIDENT ON MAY 28th, No. 57

I am distressed to have to bother you with this telegram when so many other graver matters are pending. But machine has come to a standstill on the subject and it is felt on all sides here that the matter should be referred by me to you.

When I met President Roosevelt at Quebec in September 1944 we both initialled an agreement about Lend-Lease after defeat of Germany. In accordance with that agreement a detailed plan was worked out with your Administration by the Keynes Sinclair Mission. It is on this basis that our production plans have been made.

I now hear that your War Department has told our people in Washington that they are expecting so large a cut in their forthcoming appropriations for United States Air Corps that supplies to us must be drastically curtailed below schedule of our requirements as agreed last Autumn. These requirements were of course subject to subsequent modification in the light of changes in strategic situation. I am hopeful that our requirements as agreed last Autumn can now be reduced but details of reduction depend upon discussions between our respective Chiefs of Staff which will not have been completed before May 31st. Meanwhile I hope your people can be told that principles your predecessor and I agreed at Quebec still stand and in particular that appropriations given your War Department will be enough to provide for our needs as finally worked out between us.

June 21, 1945 217
3:12 P.M.

HMJr: Hello.

Operator: James Rogers, O.P.A.

HMJr: Right.

Operator: Go ahead.

HMJr: Hello.

Mr. James Rogers: Hello, Mr. Secretary.

HMJr: Hello, Mr. Rogers.

R: Chet Bowles wanted to call you back but he couldn't get the information on Ditkner, and I have that information so I took the liberty of calling you.

HMJr: Good, good.

R: He was, as you probably know, District Director for O.P.A. in Milwaukee.

HMJr: Yeah.

R: I made a check out there with our Regional Administrator. I know Ditkner slightly myself.

HMJr: Yeah.

R: I would say that as much - his strongest point is his public relations ability. He did an exceedingly good job in that area with business men and others - with the Press, and got very strong support for our O.P.A. program by his work with the people of the community.

HMJr: Yeah.

R: I don't know how good a manager he is. He couldn't have done a poor job because that office - we have considered a good office and he was there for quite some time. Now whether he was responsible for that or two or three fellows around him, I don't know.

HMJr: Yeah.

R: But all in all he did a good job there.

- 2 -

HMJr: Good.

R: Particularly strong though on the public relations, and a good promotion man.

HMJr: Well, that's important.

R: He got up a campaign, which I knew about, called "Don't buy another depression".

HMJr: Yeah.

R: And he got the whole community steamed up over this "Don't buy another depression" campaign, and he had dinners and he got the city government people out and had parades around town, and made speeches and so on. He got wonderful support from the community.

HMJr: Well, that sounds good.

R: He is a very good promotion man, I would say.

HMJr: Well, these jobs are 50% promotion.

R: Yeah, sure.

HMJr: Well, I'm very much obliged.

R: Yes, sir.

HMJr: Hello?

R: Yes.

HMJr: I understood Bowles to say you are thinking of using him yourself.

R: Well, we, of course, would like to consider him, but if you've got a spot for him, we'd bow out quickly.

HMJr: Well, we have an important spot for him.

R: Well, we would bow out quickly then.

HMJr: I see. Well, thank you.

R: All right, sir. Bye.

June 21, 1945 219
4:23 P.M.

Gen. Elliott Roosevelt: Just getting through here. Do you want to see me?

HMJr: Yes. How far are you from us?

R: Well, I'm over on I Street.

HMJr: Well, you got a way of moving over here?

R: Well, I'll get a cab. I can go over to the Carlton and probably get one. I'll come by your office just as quickly as I can.

HMJr: Yeah, you ought to get here very quickly.

R: Yes, sir. Now is that that side entrance?

HMJr: You know the one opposite the White House?

R: Yes, sir.

HMJr: You know the one opposite the White House?

R: Yes, sir, where you keep your car.

HMJr: Yeah. I'll tell them you are coming.

R: O. K., sir, well, I'll come to that entrance.

HMJr: Righto.

R: All right, sir.

12"

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D. C.

21 June 1945

Honorable Henry Morgenthau, Jr.

The Secretary of the Treasury

Dear Mr. Secretary:

I have your note of the 20th. Of course I know nothing about the matter discussed in Daniell's article. However, I am sending the clipping to General Clay by courier, and am asking him to look into it. As soon as I get word, I will let you know.

Certainly if there is any effort to maintain in office a Nazi, it is contrary to the orders under which the military government people are acting. There may be individual cases that get off the track, but I am convinced that a thorough purge of all Nazis from public office is going on at the present time.

Daniell is the man who recently made a violent attack on the Army for its censorship policy. You will recall that he had wanted to interview and publish remarks of certain of the higher German war criminals, and was most irritated when he was refused this privilege. He wrote a long article about it. It turned out that the action taken by the theater was in accordance with a request made by Mr. Justice Jackson.

If the facts stated in this article are true, and they constitute all the facts, it is most deplorable, but I am inclined to withhold judgment until I get a comprehensive report from the theater.

Sincerely,

J. H. Daniels
J. H. Daniels

12"

221

June 20, 1945

Dear Jack:

I was shocked at the enclosed story by Raymond Daniell in today's New York Times. Would you be kind enough to let me know whether this is correct, and what, if anything you are doing about it?

Sincerely yours,

(Signed) Henry Morgenthau, Jr.

Mr. John J. McCloy

Assistant Secretary of War

Enclosure.

HMJ:pbm

The New York Times.

JUN 20 1945

U. S. CAPTAIN BALKS
PRO-NAZI'S OUSTERBavarian City Council Asks for
Removal of Mayor Named
by Military GovernmentBy RAYMOND DANIELL
As Written to The New York Times

ROSENHEIM, Germany, June 18.—By unanimous vote of its twenty members the Council of this city of 30,000 in Upper Bavaria has petitioned the occupation authorities for permission to remove the American-appointed pro-Nazi Mayor, asserting that until that is done the citizens will "feel themselves robbed of the fruits of political liberation."

The situation here is typical of this whole area, of which Rosenheim is the seat of government, but this is the first community to bring its growing skepticism of American good faith out into the open. The action is taken on the plea of the city fathers is certain to be taken as an indication of our real intentions.

The Bürgermeister for whom the city fathers are gunning is Max Dreal, 55-year-old attorney for big business and industry in the area, who according to residents has been a dues-paying member of Adolf Hitler's Elite Guard since 1933. He was appointed Bürgermeister by an American military government detachment during the combat phase. Business men of the community at first managed to convince the occupation authorities that Dreal had no direct party connection, but the City Council, composed of Social Democrats, Catholics and other anti-Nazi elements, was never convinced.

As long ago as the middle of May the council held an indignation meeting, summoned Dreal and warned him that if he did not mend his dictatorial ways and carry out orders to oust Nazi party members and officials from office and put them to work clearing the debris and filling bomb craters they would appeal to the Americans to sack him out of office. Nothing happened, the City Fathers say.

Therefore, on June 11 a delegation of six councilmen called on Captain Theo, the American military governor, and presented their complaint against the Bürgermeister orally. Captain Theo told his aides that he was busy and asked for a complaint in writing. The next day it was presented

to him. It charged that because of his "relations" with the Nazis, Dreal was protecting them, "favoring them and 'sabotaging' the declared aims of the military government."

Still nothing happened, so on June 14 the council adopted a resolution for the removal of Dreal from office, "subject to the assent of the military governor," and nominated as his successor Joseph Reibald, a Social Democrat and former union official who had been twice sent to Dachau for resistance to the Nazis. In the course of the discussions Captain Theo was informed that Dreal's connection with the Elite Guard could be proved by recently discovered membership lists, but he still failed to act.

Yesterday another delegation of councilmen called at the military government office, but Captain Theo sent out word that he was too busy to consider the merits of the case and that Dreal would have to remain as Bürgermeister until he had had more time to look into the matter.

12"

223

25

June 21, 1945

Dear Mr. Lelache:

I have received your telegram of June 20, which informs me that you have made arrangements for Senator Wagner to appear on a program early next week. I appreciate your taking care of this matter and want to thank you for doing so so promptly.

With cordial regards,

Sincerely,

(Signed) H. Mergenthal, Jr.

Mr. Chester J. Lelache,
c/o American Broadcasting Company,
30 Rockefeller Plaza,
New York, New York.

EP/dts

12"

WJ44 DL PD

WUX NEWYORK NY JUNE 20 1945 519P

HON HENRY MORGENTHAU SECRETARY OF THE TREASURY

MAIN TREASURY BLDG

WE HAVE CONTACTED SENATOR WAGNER HAVE ARRANGED FOR HIS
APPEARANCE ON HEADLINE EDITION ACCORDING TO HIS SCHEDULE EARLY
NEXT WEEK

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225
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June 21, 1945

My dear Mr. Silvermaster:

Thank you very much for your memorandum of June 19th. I would like to see you and discuss it with you. I would suggest that you drop in at ten o'clock Saturday morning, June 23rd.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. H. Gregory Silvermaster,
Procurement Division,
Room 7102,
7th & D Streets, S.W.,
Washington, D.C.

226
June 21, 1945

Dr. White, Mr. O'Connell, Mr. Luxford
Secretary Morgenthau

I have just talked on the telephone to Joe O'Connell, who tells me that Randolph Burgess wants to testify in executive session. O'Connell is doing everything possible to make sure that Burgess will talk in open session, and I want to be sure that you people leave no stone unturned to see that when Burgess testifies he does so publicly.

HMJr:pba

12"

227

21 JUN 1945

Dear Mr. Patterson:

This letter will introduce to you Mr. Earl Harrison, the United States Representative on the Inter-Government Committee on Refugees, who is on a special mission to Europe to ascertain the facts in regard to displaced persons, particularly Jews.

Mr. Harrison is charged with ascertaining the needs of these persons, and the extent to which their needs are being provided for by national, international and private organizations.

It will be appreciated if you will extend to Mr. Harrison your fullest cooperation in his difficult task.

Sincerely yours,

[Signed] H. Morgenthau, Jr.

Mr. Gardner Patterson
U. S. Treasury Representative
c/o American Legation
Athens, Greece

JWF:aa 19 June 1945

228

21 JUN 1945

Dear Mr. Taylor:

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Sincerely yours,

[Signed] H. Morgenthau, Jr.

Mr. William H. Taylor
U. S. Treasury Representative
c/o American Embassy
London, England

JVP: aa 19 June 1945

12

229

21 JUN 1945

Dear Mr. Ball:

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Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Theodore Ball
U. S. Treasury Representative
c/o American Embassy
Paris, France

JWP:aa 19 June 1945

230

21 JUN 1945

Dear Mr. Marks:

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Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Matthew Marks
U. S. Treasury Representative
c/o American Embassy
Brussels, Belgium

JWP:aa 19 June 1945

231
21 JUN 1945

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Sincerely,

(Signed) H. Morgenthau, Jr.

Colonel Bernard Bernstein
U. S. Group Control Counsel

JWP:aa 19 June 1945

232
21 JUN 1945

Dear Mr. Tasca:

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Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Henry J. Tasca
U. S. Treasury Representative
c/o American Embassy
Rome, Italy

JWP:aa 19 June 1945

12"

Assistant Secretary of the Treasury 233

Date June 21, 1945

To: Secretary Morgenthau

State, War, Budget, FEA and Judge Vinson's organization have initialed the appended telegram to Prime Minister Churchill from President Truman in response to Prime Minister Churchill's message to the President on May 28, a copy of which is appended. The telegram awaits your approval, and we would like to obtain it today since we are being pressed for it. Your Treasury people have approved the telegram and think that it carries out your ideas.

If you want a conference on this, Mr. Coe is not in today; Mr. Glasser, Mr. Aarons and myself will be available.

H. D. White

Mr. White
Room 3434

TOP SECRET

234

TELEGRAM TO PRIME MINISTER CHURCHILL FROM PRESIDENT
TRUMAN

I have gone into the question that you raise in your message (No. 57) of May 28 in regard to lend-lease during the Japanese War. We intend to furnish lend-lease during the Japanese War in accordance with the general policy discussed between you and President Roosevelt at Quebec on September 14, 1944, and that was the basis for the discussions between American and British representatives in Washington in October and November 1944 in regard to Lend-Lease requirements for the first year following the defeat of Germany. In the light of the anticipated war strategy lend-lease will be furnished on the basis that will permit a partial and equitable reconversion in the United Kingdom, and plans have been worked out here for your representatives on the CPMS to make available full information on the British reconversion program to American officials responsible for the administration of lend-lease.

You, of course, realize that the policy I have indicated does not necessarily mean that either the military or the non-military program for the coming year will be equal to the lend-lease requirements as estimated in the meetings of last October and November. Those estimates were subject to changing strategic demands as well as to supply considerations and considerations of procurement and allocation, and to the provision of the necessary funds by Congress. I have requested Congress to appropriate funds that will make possible lend-lease deliveries to the British Commonwealth in accord with the spirit of these earlier understandings, and I am confident that lend-lease will continue to be a powerful weapon in bringing the war to a speedy and victorious conclusion.

In connection with the foregoing, it has come to my attention that the British gold and foreign exchange holdings are now considerably higher than was anticipated at the time of the Phase II discussions. I do not wish to propose reopening the Phase II discussions on this

235

account. However, I would like to request that your Government relax its position with respect to permitting dollar payments on certain items, particularly those where the unwillingness of your Government to make payments leads to political criticism in the United States. For example, it would be of considerable assistance if your Government relaxed its restrictions on dollar payments for the proceeds of U.S. Government property sales in the Middle East and elsewhere; if the U.K. continued to take its share of the burden of the military relief and UNRRA programs in Europe; and if dollar payments were allowed on other items which arise from time to time in our relationships. I urge that you provide this flexibility in the long-term interest of both your country and mine.

	<u>State</u>	<u>War</u>	<u>Treasury</u>	<u>Budget</u>	<u>FEA</u>	<u>CVMR</u>
OFD	A-U					

LF:FWetter:EC
6-20-45

Copied 6-21-45

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TOP SECRETPERSONAL

PARAPHRASE OF A MESSAGE SENT BY THE PRIME MINISTER
TO THE PRESIDENT ON MAY 28th, No. 57

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236

237

June 21, 1945

To: Dr. White, Mr. O'Connell, Mr. Luxford
From: Secretary Morgenthau

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HMAJr:pbm

12"



SECRET

AUTH: Fiscal Director, A. H. B.

INITIALS: *NTB* SAVEDATE: *21 JUN 1945*HEADQUARTERS ARMY SERVICE FORCES
OFFICE OF THE FISCAL DIRECTOR
WASHINGTON 25, D. C.

238

The Honorable,

21 JUN 1945

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.

The following arrangements have been made through this office with Air Transport Command for the amount shown in your schedule for May air shipment for which General Wedemeyer established an air priority for June. Details of these arrangements have been furnished by telephone to Mr. Lipman's office.

It is understood that the total shipment which is held at the Federal Reserve Bank, New York, on call will consist of 10 lots as follows:

1. Lot No. 1 consisting of 8 kegs numbered CRC 756 through CRC 763, with a total weight of 1,879 pounds, displacing 8 cubic feet, with a total value of \$902,324.95.

Lot No. 2 consisting of 9 kegs numbered CRC 932 through CRC 940, with a total weight of 1,966 pounds, displacing 9 cubic feet, with a total value of \$945,637.45.

Lot No. 3 consisting of 9 kegs numbered CRC 941 through CRC 949, with a total weight of 1,962 pounds, displacing 9 cubic feet, with a total value of \$944,330.76.

Lot No. 4 consisting of 9 kegs numbered CRC 950 through CRC 958, with a total weight of 1,953 pounds, displacing 9 cubic feet, with a total value of \$939,207.71.

Lot No. 5 consisting of 9 kegs numbered CRC 959 through CRC 967, with a total weight of 1,976 pounds, displacing 9 cubic feet, with a total value of \$949,656.47.

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Continued.

Lot No. 6 consisting of 9 kegs numbered CRC 968 through CRC 976, with a total weight of 1,971 pounds, displacing 9 cubic feet, with a total value of \$847,187.39.

Lot No. 7 consisting of 9 kegs numbered CRC 977 through CRC 985, with a total weight of 1,967 pounds, displacing 9 cubic feet, with a total value of \$955,338.17.

Lot No. 8 consisting of 8 kegs numbered CRC 986 through CRC 993, with a total weight of 1,927 pounds, displacing 8 cubic feet, with a total value of \$931,054.53.

Lot No. 9 consisting of 8 kegs numbered CRC 994 through CRC 1001, with a total weight of 1,971 pounds, displacing 8 cubic feet, with a total value of \$953,063.79.

Lot No. 10 consisting of 13 kegs numbered CRC 1002 through CRC 1014, with a total weight of 2,894 pounds, displacing 13 cubic feet, with a total value of \$1,384,114.14.

2. Air priority number assigned to the shipments is US-CI-3-2635-GMA-June.

3. The Air Transport Command will accept delivery of the gold at La Guardia Field, New York, and has been requested to contact Mr. Peter Lang at the Federal Reserve Bank to supply instructions as to the exact time and place of delivery.

4. Each keg should be marked as follows:

Finance Officer
Headquarters
Base Section 2, SCS
Calcutta, India

For delivery to Mr. F. P. Ling, Manager
Bank of China
Calcutta, India

The Air Transport Command has been requested in the shipment of the above kegs to keep each lot intact on one plane for insurance purposes.

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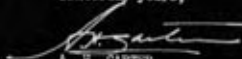
240

Continued.

The Commanding General, India-Burma Theater will be advised by War Department radio of the departure of each shipment 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.

It is understood that arrangements have been made between the Federal Reserve Bank, New York, and the Revenue Traffic Division, ATC, New York, for the payment of the transportation costs included in the above shipments.

Sincerely yours,



A. R. CARTER
Major General, GSC
Fiscal Director

SECRET

12



SECRET

AUTH: Fiscal Director, A. H. C.

INITIALS: *WJA* **SAVE**

DATE:

HEADQUARTERS ARMY SERVICE FORCES
OFFICE OF THE FISCAL DIRECTOR
WASHINGTON 25, D. C.

21 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 one additional lot, details of which have been furnished Mr. Lipsman's office. This together with previous shipments which have been confirmed by letter will complete shipments of all amounts shown in your schedule up to and including the amount allocated for air shipment during July.

Shipment will consist of 21 kegs serially numbered CRC 1015 through CRC 1035, with a total weight of 4,974 pounds, displacing 21 cubic feet, with a total value of \$2,399,849.79. Each keg should be marked HENT-LL-OPD-OPD 172 and delivered to the Port Transportation Officer, New York Port of Embarkation on 20 June.

It is understood that the Treasury Department will make necessary arrangements to transport the gold to the port of embarkation to arrive on the date indicated above 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,

A. H. CARTER
Major General, GSC
Fiscal Director

SECRET

BT-673
RESTRICTED

242
Chungking
Dated June 21, 1945
Rec'd 9:08 a.m.

Secretary of State
Washington.

Unnumbered, June 21, 10 a.m.

TO WITT AND GERRARDI FEA FROM STANTON AND JOYNER.

Your letter June 16.

Procedure mentioned Denby cable June 11 refers only to reconditioning
not (repeat not) to further inventory identification.

We believe approach to Indian Government undesirable because (one)
services in question are Lend Lease USA to China (two) firstly responsible
party this work is US Army which has own channels of liaison with Indian
Government. Repeated to Washington to Crowley for Denby and Ray FEA.

HURLEY

Jmb

eficopy
6-23-45

DEPARTMENT
OF
STATEINCOMING
TELEGRAMDIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

EVB-1036

PLAIN

Lisbon

Dated June 21, 1945

Rec'd 3:55 a.m., 22nd

Secretary of State,
Washington.

1335, Twenty first.

WRB 422 FROM DAVID SCHWEITZER NICHEN FOR HLIS,
425 LAFAYETTE STREET, NEW YORK.Advise Davis Niederhofer, 2063 Creston Avenue,
Bronx, Mendel Niederhofer, Bucarest Forcul Jsanu Strada
U 25 family health asks urgent financial help.

BARUCH

JM

Secretary Morgenthau

Mr. O'Connell

21 JUN 1945

You asked for a survey of the response of the banks to your letter of 9 June concerning the Treasury currency reports.

Of some fifty replies received, mostly from medium to small banks in half of the states, only five are unfavorable. The distribution of those unfavorable is one in Georgia, one in Michigan, two in Ohio, and one in Texas. We have, however, favorable replies from other banks in each of these states. The theme of the criticism is objection to being policemen.

The favorable replies are overwhelming, and the majority assure you of approval and cooperation. The replies prove the worth of your letter, referring to it as allaying the fears of the banks and giving them a common sense guide in applying the order.

Some suggestions have been received, the only recurring one being that we call in big bills.

The tenor of approval may be best exemplified by a small banker in Baltimore who, incensed at the prevalence of evasion, told one of our agents that all of the bank's books would be open for confidential examination. This is briefly referred to on page 3 of the report of 16 June 1945 from Special Agent in Charge John E. Cox, attached to the Commissioner's memorandum of 18 June 1945 to you. In this connection, I expect to submit a form of letter from you to the banker expressing your appreciation.

(Signed Joseph J. O'Connell, Jr.)

Coliphant:mm
6/21/45

245
✓

SCRIPT FOR SECRETARY MORGENTHAU
FOR BROADCAST OF THURSDAY, JUNE 21
8:30 to 9:30 PM, EWT
OVER THE AMERICAN BROADCASTING COMPANY

Harold C. Draughon

MORGENTHAU:

246

There is a young man sitting here
beside me who can tell you something
about what the fighting in the Pacific
is like, and why your Treasury Department
is asking every man, woman, and child
to support the Seventh War Loan. He
is nineteen years old, Marine Private
First Class, Harold Clifford ^{*Draughon*} Draughon.
Just about a week ago he was on Okinawa.
Americans have taken that island after
fighting almost 90 days. Harold,
how does it feel to be back in the
United States?

249
31
588

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DRAUGHON: Well, Mr. Morgenthau, about 5:30 on my 47th morning on Okinawa, my platoon leader came up to me.

"Draughon," he said, "get your gear together -- you're going stateside." I had to get him to repeat it three times before I really knew what he was saying.

MORGENTHAU: I bet your parents are glad that you're back home, Harold.

DRAUGHON: They're back on our farm in Scurry, Texas. But I sure hope to see them, and I want to say, "Hi, Mother; hello, Dad -- I'm okay."

(over)

538
11
459

- 3 -

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MORGENTHAU: Harold, you were telling me you were at Okinawa on the very first day.

What was it like?

DRAUGHON: We hit Okinawa on April 1 -- Easter Sunday -- and it really felt like Easter Sunday when we went in -- quiet and peaceful. But three days later the Japs really started to fight.

Some people back here in the States have the idea that the Japs are getting pretty short of war materials. Well, the Japs at Okinawa had just about everything.

154
72
572

- 4 -

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DRAUGHON:
(cont'd)

On one small stretch of line they kept throwing more than 10,000 rounds of artillery shells in a single night. And that's pouring it on in any man's army.

MORGENTHAU:

How about yourself, Harold? What sort of share did you have in all this fighting?

DRAUGHON:

Well, sir, it was like this. Our hardest job has been to flush the Japs out of their caves. We found the best way to exterminate them was to send out tank and infantry patrols. My squad went out on a lot of these patrols.

 335
 70
 265

- 5 -

250

DRAUGHON:
(cont'd)

On one of them we were trying to get in behind the enemy lines. We found out too late that the Japs had them planted with batteries of their anti-tank 47's. Our tanks were just sitting ducks. We lost fourteen out of twenty. Only five of the thirteen men in my squad got back that day.

MORGENTHAU:

That was a close call.

DRAUGHON:

Yes sir, but my narrowest escape was on still another patrol. I was marching behind a tank. Suddenly I heard a machine gun chattering, and felt a tug at my back.

 355
 72
 193

- 6 -

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DRAUGHON:
(cont'd)

Later I discovered that eight .31
caliber Jap slugs had gone right
through my pack.

MORGENTHAU:

Harold, now that you're back, what
message have you got for the people
listening in?

DRAUGHON:

This - we've got a big war in the
Pacific. Not a page two war. Already
we've had over 35,000 casualties on
Okinawa. 35,000 is a lot of people.
That's practically as many people as
live in West Orange, New Jersey or
Santa Barbara, California.

(over)

172
16
112

- 7 -

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MORGENTHAU:

Then you'd say all this adds up to
one thing: that from here on it's
going to get tougher and tougher
every step of the way to Tokyo.
That the Japs are going to throw
more stuff at us -- they're going to
fight more fanatically -- and we're
going to run up against more of them.

DRAUGHON:

Yes, sir! There isn't a single Marine
at Okinawa who thinks the rest of the
war is going to be a cinch. Those boys
out there aren't asking much. All they
want you to do is stick with them. That
means stay on the job, buy more War Bonds,
and never forget that American boys have
a lot more fighting to do.

112
16
112

12

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27 JUN 1945

Dear Mr. Howe:

Officers of the Treasury Department have from time to time been requested by representatives of agencies engaged in the disposal of surplus property to advise them concerning the acquisition and disposition of foreign currencies and other financial matters arising from the disposal of surplus property abroad.

The Treasury Department, due to its general responsibility for U. S. foreign financial policy, has a continuing interest in the financial aspects of surplus disposals in foreign countries. The Treasury would, therefore, be glad to furnish the requested advice. However, since the authority for the disposal of surplus property rests ultimately with the Surplus Property Board, the Treasury, before participating further in this capacity, would prefer to receive a specific request from the Surplus Property Board indicating the extent of the responsibility which the Board would like the Treasury to assume.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. A. E. Howe, Administrator,
Surplus Property Board,
Washington, D. C.

RG:RDS:PHS:gp 6/19/45

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 19 June 1945

TO Secretary Morgenthau (For Action)
FROM Mr. Coe

1. The Office of the Navy-Army Liquidation Commission, which has been given the responsibility for the disposal of surplus property overseas by the Surplus Property Board, requested the Treasury several months ago for an adviser on the financial aspects of the disposal of surplus property abroad. Mr. Glasser was designated.

2. Since then we have been in constant communication with the Office of the Army-Navy Liquidation Commission (OANLC) giving advice concerning the way in which such financial transactions should be handled.

3. Our advice has been based on the following principles:

- (a) Surplus property should be disposed of in foreign countries on the basis of government to government arrangement.
- (b) Wherever possible the United States should receive cash payment in dollars.
- (c) Where a country is unable to pay immediately in dollars, a negotiated arrangement should be made whereby we receive local currency guaranteed against exchange depreciation and with specific commitments for conversion into dollars on a mutually agreeable basis. Pending conversion, the foreign government would permit the use of local currency balances for U. S. Government expenditures in that country.
- (d) The price policy should be a reasonable one in terms of landed cost less depreciation less a negotiated factor for restricted civilian use. This policy is deemed a proper one to assure a fair return to the Government, as required by the Surplus Property Act of 1944.

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- 2 -

4. The CANLC has interpreted our advice in a manner not always satisfactory to us. Therefore, we are reluctant to have them say that their financial policies have been determined by the Treasury when in fact they have not.

5. Under the Surplus Property Act of 1948, the Surplus Property Board has final responsibility concerning the disposal of surplus property. The CANLC is required to submit its policies to the Board for approval. In the event the Surplus Property Board is not in agreement with policies recommended to the CANLC by the Treasury, such policies may be changed by the Board without consultation with the Treasury.

6. Recommendation

I recommend that the attached letter be sent to the Surplus Property Board indicating to them that we would be glad to act in an advisory capacity on policies relating to the acquisition and disposition of foreign currencies and other financial aspects of the disposal of surplus property overseas, but we would do so only upon their request and on specific matters which they may refer to us. A copy of this letter would be sent to the CANLC indicating that the relationship between the Treasury and the CANLC would be governed by the reply which the Surplus Property Board may make.



CITY'S THANKS—Bruno V. Birker (left), who recently retired as OPA director in the Milwaukee district, is shown receiving an engraved tribute from Milton J. Melisior, president of the common council. The tribute, in the form of a resolution passed by the council, commends Birker for the "excellent service" he gave the city during his directorship.

Mr. Bitker's Retirement

MILWAUKEE and the 21 other counties comprising the Milwaukee district of the OPA have genuine reason to regret the retirement of Bruno Bitker from the post of director, which he has filled with remarkable success for the last eight months.

Mr. Bitker has had a difficult and far from pleasant task in the administration and enforcement of the manifold OPA regulations made necessary by the conditions of war.

Not only has he enforced these regulations fairly, honorably and impartially, resisting the many pressures naturally exerted to gain concessions or favors for individuals, but he has by patient, time consuming work, convinced the people of his district that the OPA regulations, burdensome as they may be are necessary for the welfare of all the people. It has been a hard job and it has been well done.

Scandals and examples of inefficient management which have been apparent in some other large communities have had no place in the Milwaukee district. The public has been convinced of the complete fairness of the OPA administration and is appreciative of it.

The selection of a successor to Mr. Bitker is of the utmost importance. The people will not be satisfied with an OPA administration that will not measure up to that of Mr. Bitker and his predecessor, Don T. Allen, who established the basic principles on which the Milwaukee district has been conducted. They will demand the same efficiency and patriotic honesty which have made the Milwaukee district OPA notable throughout the country.

Mr. Bitker has earned a rest and as he leaves his post the good wishes of his fellow citizens whom he has served so well will go with him.

Bruno Bitker's Fine OPA Record

(FROM THE MILWAUKEE JOURNAL)

BRUNO V. BITKER, with OPA since its inception and district director here since last October, has rendered his resignation, effective June 1. The director's job, in which he has given practically every minute of his time during the last eight months, has worn him out. He feels, for the good of the service and for his own good, that he must retire.

GOOD citizens of Milwaukee and the other 21 counties which comprised the district fully conscious of the remarkable and unusual accomplishments of the local OPA, will regret exceedingly that Mr. Bitker feels he must leave the OPA directorship. They will wish him a speedy recovery from his under-standable exhaustion and will hope that one of these days he may again be available for public service.

In the meantime, the big question is who will be chosen to succeed Mr. Bitker. The Milwaukee area has been fortunate in both the men who have successively led OPA in this district. Don T. Allen did a fine job as the first director. Bruno V. Bitker was a worthy successor. The third man to hold the position should be equally good.

Mr. Bitker points to the "pressure" which

an OPA director must, if he is to do his job, withstand. Nearly everybody who violates an OPA regulation has a "friend" ready to go in hot for him in an effort to gain clemency. Both Mr. Allen and Mr. Bitker were able to stand up against these pressures and to enforce the law without fear or favor.

It is important for the Milwaukee area that the new man be just as uncompromising, for it is vital that rationing and price controls be enforced to the limit. There is no place for politics or weakness in the OPA office, and this district will be grievously disappointed if the present high standards are not upheld.

The fact is that Mr. Allen and Mr. Bitker have not only enforced the laws but have thoroughly convinced the citizens in this area that strict enforcement is wholly in their interest.

MR. BITKER'S time consuming appearances before committee groups, businessmen and others were not wasted. This district will not now be satisfied with anything less effective than has so far been built up.

It may be hoped that the regional office in Chicago and the central office in Washington understood this.

12"

May 18, 1944

THE CAPITAL TIMES

Mr. Bitker's Fine Record

PUBLIC SERVICE has suffered a distinct loss in the resignation of Bruno V. Bitker as district director of the Office of Price Administration as of June 1.

Mr. Bitker has been associated with OPA for two and a half years and has been district director since last October, succeeding Don Allen. He undertook his duties with the OPA knowing the difficulties they involved, but he felt he could serve his country at a time of crisis.

Bruno Bitker is a conscientious, quiet, retiring man, and attempts to make him seem dictatorial in his actions are ridiculous. The Capital Times has known him for many years, and he has always been actuated by the highest conceptions of public service.

Naturally a man in such a position as director of rationing will incur the enmity of a lot of petty critics who are never able to place the public interest above their own little inconveniences and irritations. Rationing is one of the necessities of war, but it is sure to stir up a crop of criticism by those who can see no farther than their own personal desires.

In spite of his pip-squeak detractors who tried to discredit him with smart sarcasm and nervous name-calling, Mr. Bitker did his job efficiently and fairly, according to the rules.

In adjoining columns on this page is printed an editorial from the Milwaukee Journal on the work of Mr. Bitker with the OPA. We believe it is a fair estimate of his record, and surely the Milwaukee Journal is in a position to observe at close range the work of the rationing office there and to spot any weaknesses or abuses in the OPA administration.

The Capital Times seconds this tribute paid to Mr. Bitker. We, too, hope that the OPA district office can find a successor worthy of carrying on his record.

Shannon
4/24/45
259 ✓

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

21 JUN 1945

TO Secretary Morgenthau
FROM Mr. O'Connell

You asked for a survey of the response of the banks to your letter of 9 June concerning the Treasury currency reports.

Of some fifty replies received, mostly from medium to small banks in half of the states, only five are unfavorable. The distribution of those unfavorable is one in Georgia, one in Michigan, two in Ohio, and one in Texas. We have, however, favorable replies from other banks in each of these states. The theme of the criticism is objection to being policemen.

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Joseph J. O'Connell

subB

268
21 JUN 1945

Dear Mr. McCabe

Transmitted herewith is a copy of a letter which the Treasury Department has sent to Mr. A. E. Howe, Administrator, Surplus Property Board.

In the future, the Treasury Department's relations with the Office of the Army-Navy Liquidation Commissioner will be governed by the reply which the Board makes to the attached letter.

Sincerely yours.

(Signed) H. Mergenthau, Jr.

Mr. Thomas B. McCabe,
Commissioner, Office of the
Army-Navy Liquidation Commissioner,
Washington, D.C.

HG:RDS:PHD:gsp 6-19-45

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SP. RELEASE "00000"

RELEASED AT ST. CAROLINE'S STAFF CONFERENCE, TO AF, CP AND INS, JUNE 21

FOR AIR JUNE 22

Secretary Morgenthau today made the following statement: "Seventh War Loan corporation sales through June 21 total \$9,787,000,000.00 exceeding the corporate War loan quota by \$2,722,000,000.00. Individual sales reached \$4,200,000,000.00 against an individual quota of \$7,000,000,000.00. E-Save sales totaled \$2,779,000,000.00 against a quota of \$4,000,000,000.00.

"This progress is most gratifying to the Treasury. It means that corporations, by their purchases, have passed their quota. I would like to caution the people of the country against overconfidence, however, for the Seventh War Loan quotas were divided into categories and the loan cannot be considered a complete success until the full quota of the seven billions of dollars in bond sales to individuals is met and passed.

"I want to express my appreciation of the great job that is being done by our bond volunteers throughout the country who are receiving their efforts to sell individuals their full quota and come before the end of the Drive. This patriotic service is applying the brakes to inflationary pressures and is a campaign to build up a backlog of savings among the small and intermediate income earners for post-war stability.

"The period of final accounting for the Drive ends July 7, and reports reaching us give us every confidence that our objectives will be met by that date."