

Diary

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April 6-7, 1944

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April 6, 1944
11:00 a.m.

GROUP

Present: Mr. D.W. Bell
Mr. C.S. Bell
Mr. O'Connell
Mr. White
Mr. Gaston
Mr. Sullivan
Mr. Smith
Mrs. Klotz

H.M.JR: What are you going to do to strengthen the Administrative Section?

MR. C.S. BELL: I would like to bring over, with your permission, Paul King from the Procurement Division, temporarily, on detail. He is a personnel man and an administrative man.

H.M.JR: Is he good?

MR. C.S. BELL: Very good. Our relations with him have been perfect until things settled down so.

H.M.JR: Where is Sullivan?

MR. SULLIVAN: Here, sir.

H.M.JR: Any objections?

MR. SULLIVAN: No. I think with the situation - anybody in the Treasury you will have to get. It is going to hurt over there, but I think this is more important.

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H.M.JR: Nobody any other place in Procurement, is there?

MR. GASTON: There is a man named Ward Stewart that has been in Foreign Funds, that is about to get into military service, that Pehle thinks very highly of. Do you know him, Charlie?

MR. C.S. BELL: He is in 1-A.

MR. GASTON: It might be possible to make another effort?

MR. C.S. BELL: He is working on your relief program now.

H.M.JR: I know, but that is going well and Procurement "ain't." What is his name?

MR. GASTON: Ward Stewart. Of course, he is slated to go in the Army, now. We would have to make another fight to get him. I don't know him.

MR. O'CONNELL: He is practically in the Army, anyway.

H.M.JR: Isn't there anybody else? You have got eighteen or twenty of these administrative fellows around. Who has Hall got?

MR. C.S. BELL: Long, principally.

MR. SULLIVAN: How about John Lynch?

MR. C.S. BELL: He has been a very good man, but Revenue, of course, has a pretty stiff problem.

MR. D.W. BELL: He would be excellent on the personnel end.

H.M.JR: I hate to take from Procurement at this time. What about Lynch?

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MR. SULLIVAN: He is over in the Bureau of Internal Revenue.

H.M.JR: Is he a good man?

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

H.M.JR: I would much rather take someone from there than Procurement.

MR. C.S. BELL: Procurement has been pretty well fortified in the administrative work down there.

H.M.JR: Yes, well, by the time I get through they are going to need smelling salts! Did you get a copy of my telegram last night?

MR. SULLIVAN: Sure. I am not disturbed at all.

H.M.JR: I don't want to disturb you. I just want results.

MR. SULLIVAN: O.K. I will tell you about--

MR. D.W. BELL: May I say that there is a meeting of the Economic Stabilization Board at eleven? Is there somebody to attend it?

H.M.JR: You better stick here and stabilize me!

MR. D.W. BELL: It is a couple of hours wasted.

H.M.JR: Oh, well, half of the people never show up, do they? I mean, look what I have got here--

MR. D.W. BELL: A very small group generally shows up.

H.M.JR: You better stay here.

MR. D.W. BELL: Some of them haven't been there for months. I understood from John last time that

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several of them who hadn't been there for months, showed up. Eric Johnston showed up last time, who hadn't been there for months.

H.M.JR: You had better stay.

MR. D.W. BELL: All right.

H.M.JR: Do you want to think this thing over and get at me again?

MR. C.S. BELL: John Lynch has been in before. We have tried to get him on one other occasion. He is very good. If you don't want to upset the Procurement, we can go along with John Lynch.

H.M.JR: If anybody over there in Procurement is good, I don't want to take him away.

MR. C.S. BELL: This man is very good - Paul King.

H.M.JR: O.K. We will take Lynch. He (Sullivan) has got two hands. We will take his right or left, whichever it is.

MR. C.S. BELL: A good name, too.

H.M.JR: All right. Are you people satisfied? Let me take a look at him when he comes in.

MR. SULLIVAN: Who has John got helping him at the Bureau?

MR. C.S. BELL: Mrs. Tyree is his prime aid. There is nothing that John Lynch does that Bain couldn't do.

MR. D.W. BELL: Well, you have Billard.

MR. C.S. BELL: He is General Personnel Director.

H.M.JR: Are you satisfied?

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MR. SULLIVAN: Yes, I think John is an excellent man, Mr. Secretary.

H.M.JR: Of the two places, where would you rather see him taken from?

MR. SULLIVAN: I think John Lynch is an abler fellow than King.

H.M.JR: I mean, who could stand it?

MR. C.S. BELL: King.

MR. SULLIVAN: King could.

MR. C.S. BELL: King is younger.

MR. GASTON: Which Bureau would suffer the most, he means.

MR. D.W. BELL: I should think Internal Revenue would stand it better.

MR. SULLIVAN: I think so.

MR. D.W. BELL: If it is the idea of getting somebody permanently, I don't think Lynch would be interested. He would be interested in helping out, but I don't think he would be interested in it permanently.

H.M.JR: Why not?

MR. D.W. BELL: He is satisfied where he is.

H.M.JR: Well, hell! We are at war.

MR. D.W. BELL: He would be tickled to death to help out, but - we tried him once before.

MR. O'CONNELL: What about McNamara?

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H.M.JR: I don't want him. Everybody wants to shove him at me. That is the fellow who was over at War Bonds?

MR. GASTON: Yes, came from New York, Internal Revenue. There is Adams, over there. They probably need him pretty badly.

MR. D.W. BELL: I suggest Charlie look around and make recommendations.

H.M.JR: Do you want McNamara?

MR. C.S. BELL: I think you are pretty smart, Mr. Secretary. (Laughter)

H.M.JR: Well, sometimes! (Laughter)

Well, you bring Lynch over, and get me about three more men over - or women. I would like to go in and see somebody twiddling their thumbs, about three more. I am serious.

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

H.M.JR: I would like about three more people in there. I will ask you each morning, just the way I did Dan, until I finally got him to take someone back there in that other office - some woman who couldn't figure interest rates.

MR. D.W. BELL: Who couldn't?

H.M.JR: This one is out of the bank. She is good, isn't she? Who was the woman you got from the bank?

MR. D.W. BELL: The one we have down there is from a college. She was secretary and financial clerk in Simmons College. Her name is Hodel.

H.M.JR: She is doing all right?

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MR. D.W. BELL: She is all right, yes. Her sister is on the legal staff. She is very good.

MR. O'CONNELL: She was. Unfortunately, we lost her to John Pehle. She went over to take Olsen's job when Olsen went to Stockholm. She is awfully good.

MR. D.W. BELL: And this girl is very good. The other girl we had joined the Air Corps. She got her wings.

H.M.JR: Hope they don't get in her way!

Anything else? You get two or three more people.

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

I wondered if you wanted to clear the Pehle and Blough letters that Norman fixed up before he left.
(Hands two letters to the Secretary for approval)

MR. D.W. BELL: You recall, one day in here we talked about administration of the things, and you asked Norman to fix you up some letters, and Norman never had a chance to talk to you about them.

H.M.JR: (Reading) "Effective after this date, the Director of Tax Research and Tax Legislative Counsel will report to the Secretary through the Under Secretary."

Are they the same people?

MR. C.S. BELL: No, sir.

H.M.JR: "Will report to the Secretary through the Under Secretary;" anybody have any objections?

MR. SULLIVAN: Sorry, I didn't hear it.

H.M.JR: "Effective after this date, the Director of Tax Research and Tax Legislative Counsel will report to the Secretary through the Under Secretary." Tax Research is Blough, and Tax Legislative Counsel is Surrey.

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MR. SULLIVAN: That is quite right.

MR. D.W. BELL: There was a question there as to whether you wanted Blough probably to report directly, because he is in the staff meeting; he is in your nine-thirty staff meeting. It is a question of whether you wanted him to report directly to you.

H.M.JR: Me? No, I would much rather have you the bottleneck than me.

MR. D.W. BELL: The only thing this involves, really, is signing a few pieces of mail.

H.M.JR: (Reading) "Effective as of this date, the Foreign Funds will continue to operate under the supervision of--" Now what is this?

MR. WHITE: Blough isn't here. I imagine he has been consulted.

H.M.JR: Has Blough been consulted?

MR. D.W. BELL: Yes, as a matter of fact, he made the suggestion to Thompson.

H.M.JR: "Effective as of this date, the Foreign Funds Control will continue to operate under the supervision of John W. Pehle, as Assistant to the Secretary. Mr. Pehle will report directly to the Secretary."

MR. C.S. BELL: Is that the way you want it?

MR. WHITE: No.

MR. D.W. BELL: That was suggested, I think, by John to Norman. Of course, Norman was to have discussed it with you.

H.M.JR: In the first place, why is Pehle still the head of Foreign Funds?

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MR. D.W. BELL: He isn't. This makes him the head of Foreign Funds, see? You have no head, now, of Foreign Funds. The General Counsel is head of Foreign Funds, and the General Counsel is Acting Secretary in that capacity.

Now, I don't know, but I don't think there has been any decision about an Acting General Counsel being--

MR. O'CONNELL: It is obvious an Acting General Counsel could not be an Acting Secretary.

MR. D.W. BELL: That is what everybody has assumed. There is no head, now, of Foreign Funds.

H.M.JR: Why not?

MR. O'CONNELL: There isn't, directly.

MR. D.W. BELL: I mean between him and the Secretary.

MR. O'CONNELL: It is an orphan.

MR. GASTON: All it really amounts to at this moment is that Foreign Funds is under the general supervision of Joe, but ~~when~~ something is to be signed for them, as Acting Secretary, they bring it in to somebody else. I have signed a number of things as Acting Secretary for them.

MR. O'CONNELL: John Pehle couldn't sign as Acting Secretary any more than the General Counsel could.

MR. D.W. BELL: I think Norman understood that Pehle was still handling the Secretary's end of it, and was still bringing the things to you to be signed.

H.M.JR: Speak up, Mr. White.

MR. WHITE: The only discussion we had had on that point was that Pehle was going to divorce himself completely from Foreign Funds because any responsibility

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with respect to Foreign Funds would diminish from the attention he could pay on this other job. When he was through with this other job, presumably he was going back. In the meantime there would be an Acting head and they wouldn't have to clear through John Pehle. The minute they do, he would have to share some of the responsibility and there are a lot of details. So I shouldn't think there is anything to be gained by having him still responsible for Foreign Funds while he is at this other job.

H.M.JR: I think you will find, as I remember, he wanted to have some connection with Foreign Funds on account of his draft status. I think that was it, wasn't it?

MR. C.S. BELL: I don't recall, Mr. Secretary.

MR. D.W. BELL: That was discussed between John and Norman.

H.M.JR: Supposing I have John in and talk to him?

MR. D.W. BELL: He said it was not a heavy job, that he could handle it whenever it required the signature of the Secretary.

H.M.JR: I agree with White. I don't think the two things should be mixed.

Look, the first criticism of the President's War Refugee Board, last week, in some paper - Star Journal - I don't know what paper it is--

MR. SMITH: Minneapolis.

H.M.JR: Oh, yes, Andresen, so I guess it would be the Star Journal - said this Board was circumventing the immigration laws, you see? Well, now, Foreign Funds - well, it just doesn't mix, because it sort of gives Pehle as Director of the War Refugee Board the purse-strings to Foreign Funds.

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MR. WHITE: Well, it kind of puts the other thing under the Treasury.

H.M.JR: No, excuse me. He could issue any Directives he wanted to for licenses and all that, and there would be no check on him, which is important.

MR. WHITE: I am sure he wouldn't.

H.M.JR: But I mean, I am always going up before Mr. Andresen: "Do you mean to say, Mr. Secretary, that Mr. Pehle, in his capacity as Director of the War Refugee Board can issue himself an order issuing a million dollars to be sent into Poland, and there is no check on him? Do you do it yourself?"

"Mr. Andresen, I don't have time." It doesn't sound right.

MR. WHITE: I don't know as any change is necessary, Mr. Secretary, because John can sign anything for the Acting Secretary. And the General Counsel's Office anyway, keeps very close operating contact. And Orvis Schmidt is the acting head.

MR. O'CONNELL: The problem is raised by Mr. Paul's leaving, but this doesn't solve the problem, because the problem is who is Acting Secretary in connection with Foreign Funds. John Pehle can't be.

MR. GASTON: That, Joe, is unimportant. That is just a question of an occasional signature. Really the question is shall there be somebody who is between the Secretary and the head of Foreign Funds to supervise. Now it is you. Should there be any change?

H.M.JR: I want somebody between me - I don't want to supervise.

MR. WHITE: The General Counsel's Office has a staff, Luxford and others, who keep very close contact with it. They, presumably, are responsible to the Acting General Counsel.

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H.M.JR: May I make a suggestion that you draw it over again this way, giving Pehle a leave of absence and leaving Schmidt as Acting Director.

But we might as well clean up that business which was once or twice brought up of the General Counsel being Acting Secretary. I don't want that any more, see?

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

H.M.JR: I think we will clean that part up, that he cannot sign (O'Connell) as Acting Secretary in relation to Foreign Funds. It takes myself or one of the Under Secretaries or Assistant Secretaries as Acting Secretary. That is the way I would like to have it. You talk with Pehle, then I will talk with him. Is that right, Herbert?

MR. GASTON: Yes.

H.M.JR: Then he will be on leave of absence and Schmidt will be Acting Director, responsible to the Assistant General Counsel, Luxford.

MR. O'CONNELL: No--

MR. GASTON: No, responsible to the General Counsel.

H.M.JR: But isn't it Luxford's work?

MR. O'CONNELL: Yes, but Luxford is responsible to me.

H.M.JR: I want everything the way it is, except I don't want you to sign Foreign Funds as Acting Secretary.

MR. O'CONNELL: I can't do that, anyway.

H.M.JR: You could if you were General Counsel.

MR. O'CONNELL: If.

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H.M.JR: If you should be General Counsel, I don't want you to do that.

MR. O'CONNELL: That suits me. But you expect as an operating matter for the Office of the General Counsel to have the same responsibility with respect to Foreign Funds as it has always had?

H.M.JR: That is right. After you talk to Pehle, I will talk to you (C.S.Bell) personally.

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

H.M.JR: All right?

Incidentally, I sat around in New York for a couple of days, but no Henry. Henry didn't show up.

Why didn't you (Sullivan) say your wife was in the St. Regis, and your mother-in-law? You can't keep anything from me.

MR. SULLIVAN: She found Mrs. Morgenthau.

H.M.JR: Sure. If she had told her she wanted seats for Oklahoma, we would have gotten them for her.

MR. SULLIVAN: She has seen it twice.

H.M.JR: Maybe it was your mother-in-law. It was the one thing she wanted to see. It doesn't pay to be secretive.

MR. SULLIVAN: I wasn't.

MR. D.W. BELL: We have had two or three letters asking us about our fall campaign in connection with the War Fund Drive.

H.M.JR: Willkie says he isn't going to run.

MR. D.W. BELL: I see that. I wonder if we could indicate to them--

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H.M.JR: What campaign are you talking about, Mr. Bell?

MR. D.W. BELL: I am only interested in the War Finance campaign. I told John Aldrich some time ago that we might like to have November 15, on. He said, "Well, if that is the date, and can be made a little more definite, it would suit me fine."

I think maybe that we ought to tell them all that November 15 we would like to have reserved. They have to make their plans in advance.

H.M.JR: It is all right with me. You better check with Gamble.

How is Winthrop coming along with his case? Is he in or out of jail?

MR. BELL: You will have to ask Joe. I haven't heard lately.

MR. O'CONNELL: The trial hasn't started yet. We have still got a good case, but I don't know how it is going to come out.

H.M.JR: I suppose he is waiting for the ~~tail~~ campaign.

MR. O'CONNELL: He probably always had a pretty definite interest. It may be more acute, now.

MR. BELL: When General Carter was here lasttime, you asked to send someone over and look at the Lend-Lease setup in the War Department.

Bartelt and another one of his boys went over to see General Carter about their records, and here is quite a memorandum.

Would you like to read it?

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H.M.JR: Should I?

MR. D. W. BELL: Well, if you are interested in that kind of record, yes.

There are three points, you remember. One was the record on the re-transfers of property to other countries or dominions, which had originally been transferred to the United Kingdom under Lend-Lease agreements. In other words, what kind of record do we have showing what United Kingdom has done with Lend-Lease goods to other countries or the dominions? The records do not show those transfers. But they do, of course, show all of the goods transferred to United Kingdom.

H.M.JR: I would like to read it.

MR. D. W. BELL: Where they go from there, we don't know.

And then there are two other matters.

H.M.JR: This is Bartelt?

MR. D. W. BELL: Yes, Bartelt's memorandum.

MR. WHITE: That is why they were unable to tell us about the Canadian transfers, apparently.

H.M.JR: Is this embarrassing to the War Department?

MR. D. W. BELL: Oh, no. (Hands the Secretary memorandum of March 24, 1944 from Mr. Bartelt to Mr. D. W. Bell.)

MR. D. W. BELL: General Carter was in my office last week, and I asked him to read over that memorandum. He said it was perfect, that it stated the case perfectly.

H.M.JR: Can I show it to Drew Pearson?

MR. D. W. BELL: No, I didn't think he wanted that done, but he said it was a good memorandum.

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H.M.JR: What else?

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

H.M.JR: Mr. White, I had a very good meeting yesterday morning with Bernstein. He is a very able fellow, and a good instructor.

MR. WHITE: Yes, I wish there were several more like him.

H.M.JR: I hear you have fifty of them.

MR. WHITE: Fifty? I wish I had.

H.M.JR: You told us the other day when something came up--you said, "Why, I have fifty."

MR. WHITE: Oh, stenographers, clerks, messengers, and people abroad. It amounts to fifty. Actually we only have very few left.

I have a number of items here. I can go over them or leave this with you, whichever you prefer.

H.M.JR: I think you had better leave it with me. Is there anything you want done today?

MR. WHITE: No.

You might be interested in knowing that the cable which you wanted sent over was sent over. Dean Acheson called up to say that they wanted one phrase changed, where it was an invitation for Finance Ministers. They wanted that changed to representatives of the Government. They wanted that very definitely. They were telling us, not asking us.

H.M.JR: Why?

MR. WHITE: Well, they feel that the choice as to who is going to be sent over should be the responsibility of particular governments.

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I said that we wanted the cable to go that day and that didn't settle that problem, so it was all right to send it, but I said if there was any question as to whether that did settle the problem, I wanted to take it up with you first. It is something they have been uneasy about for a long time. They have tried to change it every time, but this is the first time that they have actually succeeded.

We also received a letter from the Budget, copy of which I have here, telling of the final action of their recommendation to the President on the Interdepartmental Economic Committee, and they have substituted the Executive Order for a letter. The letter which they have substituted is, from my point of view, worse than the original, so the net result of our activity is we were thrown for a ten-yard loss. Here is the letter. I will leave it here if you like. (Hands the Secretary memorandum of April 5 from Mr. Paul Appleby to Mr. White.)

H.M.JR: It sets it up under the State Department?

MR. WHITE: Yes, but it is mainly a letter.

H.M.JR: Has it gone out?

MR. WHITE: They have sent the letter, recommending signature.

H.M.JR: Well, your pal, Appleby--

MR. WHITE: Delivered the Lorraine Cross!

H.M.JR: He is nobody's fool. I never would pick him as Assistant Director of the Budget, but he is no fool.

MR. WHITE: No, but there are other things besides being a fool.

H.M.JR: Oh, yes.

Anything else?

MR. WHITE: That is all. The others are all listed.

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H.M.JR: Joe, here is a telegram from Wright Patman which I wish you would take care of. It is a contact with the Hill. Let him know that I imagine White will do it for him. I would like to forget about it. (Hands Mr. O'Connell message of April 5 from Congressman Patman.)

MR. O'CONNELL: It is monetary?

H.M.JR: It is a speech he is going to make.

MR. BELL: But it is on price stabilization.

MR. SMITH: Inflation and credit controls.

H.M.JR: Is that Haas?

MR. BELL: I think so. Let him work it out.

MR. WHITE: Credit and inflation--that is Haas.

MR. O'CONNELL: I thought it related to the speech he made before, but this is something else.

MR. BELL: I have seen this.

MR. WHITE: He wants to show the Republicans that they are the inflationary party.

MR. O'CONNELL: Yes, and he has a pretty good case.

MR. BELL: I really think it is Haas' baby to coordinate with Harry and Blough.

MR. O'CONNELL: I thought at first it had to do with the International Stabilization.

MR. BELL: I think not.

MR. WHITE: They only raised it at the time we discussed it with them, but it was really domestic.

H.M.JR: What else, Joe?

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MR. O'CONNELL: On the legislative front things have been fairly quiet, but they have been having hearings before Murray's Sub-Committee of the Military Affairs Committee the last few days on contract termination legislation, and including to some extent the disposition of surplus property. Senator George testified before the Committee a couple of days ago and suggested that they eliminate from the bill practically all reference to the disposition of surplus property, in hopes that by eliminating that part they could get legislation quickly covering contract termination, purely questioning as to whether the Murray Committee would go along with George's Committee.

There was a great deal of undercover competition between George's group and the Murray group. Murray's Committee has spent a great deal of time thinking about surplus property, as well as other things. They may not go along with George's idea. I think his idea is good, because if we could get quickly legislation covering contract termination, it would be all to the good, but there is no way of knowing.

It is also mixed up with the question of the Comptroller General in the position he will have in connection with contract termination, and the Lord only knows how that will come out. There was an indication the other day that Murray was beginning to be more impressed with the desirability of having the Comptroller General in the picture, and the chances are that there won't be any legislation very quickly. I am afraid it is going to get bogged down. There are so many different points of view and so many committees that have a stake in it that George has hoped that he could get a bill agreed upon with the agency introduced and passed quickly. While it was a good idea, I am afraid the chances of it are getting less and less every day. That is really all I have.

H.M.JR: Does anybody know how Blough has made out on the Hill? What is happening to the bill?

MR. SULLIVAN: I think they are getting along pretty well. There is a bad story in the Post this morning that is carried over from the Herald Tribune, which says that

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the Treasury Staff and the experts on the Joint Taxation Committee Staff aren't able to get anywhere because the Committee failed to decide certain policy issues, and Doughton left in a huff. Surrey called me this morning to say that there wasn't a word of truth in that, that that is descriptive of the situation as it existed about ten days ago, that the Committee did decide those issues, and that they are going ahead. They hope that by the time the Committee gets back they will have the bill completed.

I suggested to Fred outside, just before this meeting, that if you are having a press conference you might want to refer to it or issue a statement.

H.M.JR: Well, I think Fred will give it to Charley, and Charley can go down to the press room and tell the boys.

MR. WHITE: Speaking of Surrey, I presume you know that he hopes to or is planning to go in the Navy.

H.M.JR: Yes, that is his wish.

MR. WHITE: Yes. The reason I mention it is because Joe spoke to me about writing a letter to Captain Pence.

~~MR.~~ MR. O'CONNELL: Stan has been trying to get into the Navy for something over a year.

H.M.JR: He is thirty-three or four.

MR. O'CONNELL: He is thirty-three, I think. He is presently deferred. We got a deferment for him which will be up in May. He doesn't wish to ask for another.

H.M.JR: I am familiar with that; I know about that.

MR. O'CONNELL: It is an outrage in a way that he hasn't been able to get a commission.

H.M.JR: He takes his dog for a walk in the wrong place.

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MR. O'CONNELL: He parked his car in front of--

MR. WHITE: Or he has the wrong kind of a dog. Which is it?

H.M.JR: It is where he walks his dog that got him in trouble.

MR. O'CONNELL: Yes. I think he used to park his car outside of Mike Straus' in Rock Creek. He walked his dog in the park, and that constituted subversive activities as far as Mike Straus was concerned.

H.M.JR: Why park in front of his place?

MR. O'CONNELL: He has a place that is out in Rock Creek Park.

H.M.JR: Where? Mike Straus?

MR. O'CONNELL: I think he is subversive, too, according to the Bureau of Personnel in the Navy.

H.M.JR: I think it is somebody else.

MR. D. W. BELL: I understood it was in front of a house that had meetings that were subversive, definitely subversive. They took the numbers of all the cars in front of this house, assuming everybody who parked there was--

H.M.JR: That is what I understood. Dan has it right.

MR. O'CONNELL: I understand they have finally cleared him of the charges.

MR. WHITE: Cleared his car, you mean.

H.M.JR: No, the dog!

I saw yesterday or the day before in P.M. reference to some personnel--two cases in Crowley's office. Would you (Smith) look that up?

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MR. WHITE: It was yesterday and the day before.

H.M.JR: Would you (Smith) look those up?

That is all, Joe?

MR. O'CONNELL: That is all, sir.

H.M.JR: Are you looking for some new people, Joe?

MR. O'CONNELL: Yes, we are not having much success. They are pretty hard to tempt away. I was rather hoping that we could get two new men. We have been hoping to get one man from the War Production Board, but it is pretty difficult to get them away. He would be good on contract termination and surplus property.

We are apt to lose some of our best men remaining, mostly in Foreign Funds, like Joe DuBois and--

H.M.JR: To show you how they do, here are these men under this unit plan of agriculture. You have to have sixteen units, which entitles you to a man for important work. This was supposed to have been worked out by the Farm Bureau. We were entitled to sixteen men; we had four. This was all worked out. You had to produce so many units-- I mean, so many cows or acres of corn. Now, suddenly an order comes through and all of this is disregarded and all dumped on the local Board, as near as I can make it out, irrespective of anything. The local Board is supposed to work this thing out. And everybody--our men went up to the Farm Bureau, and they figured it out for them, and these men--two or three men who run tractors and that sort of thing were exempted. They are really doing important work on the farm.

Now it is all dumped back on the local Board all over again. I mean, the discontent in the country, the dissatisfaction on the draft thing is just unbelievable. OPA is nothing compared to the discontent and criticism of "Why doesn't Washington know what it wants?" and the cussing and the swearing. You don't hear the people who have soldiers in this thing complaining.

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MR. SULLIVAN: The other people aren't complaining about going, but knowing whether they have to go or not.

H.M.JR: That is the point. I have never seen so much discontent. That is all they talk about up there. And when they ask me, there is just no--Washington threw it back on the local Board. That is what they say. As near as I can make out, it is true. They hear these statements all the time, Hershey saying one thing, and McNutt saying another. I mean, the damage that those fellows are doing to the Administration, to Mr. Roosevelt, is something terrible.

MR. O'CONNELL: My brother is chairman of the local Board up home, and he has been down here for the last few days and is complaining very bitterly about this thing you are talking about.

H.M.JR: And it all ends up by blaming the President, "Why doesn't he know what he wants?"

MR. O'CONNELL: But fortunately, my brother is a good Democrat.

H.M.JR: No, but you can't answer the thing. Somebody has made a major blunder, and instead--I think whoever it is ought to be fired. I don't know who has made the major blunder, but they haven't the people; the Army hasn't gotten the people. The worst thing is, when you talk to General Hershey, he gets the people he doesn't want. He doesn't want the people over thirty. Those are the people he is getting.

MR. GASTON: Those are the people we are fighting with Puryear about now.

H.M.JR: And he doesn't want them. I got it direct from General Marshall and direct from General Hershey. They don't want those people, and those are the people they are taking.

Not knowing all about it, I think that it is McNutt for some reason or other, and I just don't see it. Believe

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me, three months from now they won't think of McNutt. They don't know McNutt in New York State. I don't know about New Hampshire.

MR. SULLIVAN: No, this is on the President's doorstep. Yes, they are sore as can be. It is the confusion and the uncertainty that is bothering them.

H.M.JR: Frederick?

MR. SMITH: Lucy Greenbaum is doing a big story for the Times on the third anniversary of war bonds. Do you want to talk to her?

H.M.JR: Yes.

MR. SMITH: She will be here today.

H.M.JR: Yes, she is a swell girl. She is Ed Disney's--

MRS. KLOTZ: She is a swell kid.

H.M.JR: What else?

MR. SMITH: That is all.

MR. SULLIVAN: Olrich is coming back; he is going to be here Tuesday and Wednesday. We had quite a talk.

H.M.JR: Let me say--Olrich is President of Munsingwear of Indiana.

MR. GASTON: No, Munsingwear, Minneapolis.

H.M.JR: They told me Indiana, that fellow.

MR. SULLIVAN: I made the mistake in your presence, if you remember.

H.M.JR: O.K. I also asked you, "Do I have to wear long underwear?" and you said they had streamlined it.

MR. SMITH: With drop seats.

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H.M.JR: We will go no further. You give this fellow Smith a knee and he takes the rest of the suit.

MR. SMITH: Drop-seat underwear has a great history. That is just a personal perusal. I just wondered about it one day and I traced it back.

H.M.JR: There are ladies here.

MR. SULLIVAN: There are two catches to it. (Laughter) I am trying to button this up if you will give me a chance.

H.M.JR: There are only two alternatives.

MR. SULLIVAN: He will have to stay as President of the company and receive a salary from them. He is willing to come here at a dollar a year or on any other basis.

H.M.JR: Now, where were we?

I will have Lucy Greenbaum at three-thirty.

MR. SMITH: All right.

MR. SULLIVAN: The other catch is, he said that OPA was contemplating a substantial suit ~~against~~ his company. I thought we had better look into it. I then got hold of Cliff Mack and asked him to inquire of OPA about the reputation of that company with the implication that he was considering placing the Procurement. OPA came back with a clean bill of health. I think I should get hold of their General Counsel and get the real story.

H.M.JR: What is the man's name?

MR. SULLIVAN: Ernest L. Olrich, of Minneapolis. He is one of Stassen's Inner Council!

H.M.JR: Is he active?

MR. SULLIVAN: Yes.

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H.M.JR: That is not so good, is it?

MR. SULLIVAN: No.

MR. D. W. BELL: He is a great admirer of the man.

MR. SULLIVAN: That is right. Dan, Cliff Mack and Al Frey and I had lunch with them, and he talked half the lunch-time about Stassen.

H.M.JR: Do we want a man like that?

MR. D. W. BELL: I would question it. He is a very likely fellow; he looks good.

MR. SULLIVAN: He has to be here Tuesday and Wednesday for OPA and WPB.

MR. D. W. BELL: I don't think he makes any bones about being an admirer of Stassen's.

H.M.JR: He can admire him, but is he going to work for him actively?

MR. D. W. BELL: I don't know. He worked actively for Stassen in the Governorship and worked afterwards for him on committees.

MR. SULLIVAN: He is the kind of fellow you can have an understanding with, and he will keep it absolutely.

H.M.JR: I think you had better begin to look for somebody else.

MR. SULLIVAN: I still think you should see him Tuesday and Wednesday.

H.M.JR: That is all right.

MR. SULLIVAN: Clayton had me over for lunch. He hasn't heard anything since that meeting when he and Hancock were here, and he naturally wants an answer as to your plans, whether you intend to continue surplus property.

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H.M.JR: Well, that is not so easy.

MR. SULLIVAN: I think that he is entitled to know pretty soon, that is all.

You talked with Cliff Mack about some shearlings. On the 17th of January we got a million square feet. Those were disposed of to UNRRA on the 25th of January, along with two million additional square feet we had not yet received.

H.M.JR: New York records don't show that. They show they still have them in the warehouses.

MR. SULLIVAN: They are up at Elmira, where they are stored for UNRRA.

H.M.JR: That isn't what Young up there tells me.

MR. SULLIVAN: Well, that is what Cliff told me.

H.M.JR: How long will Lucy take, fifteen minutes?

MR. SMITH: No longer.

H.M.JR: You bring Cliff Mack over here at three forty-five.

MR. SULLIVAN: I have to be at the Board meeting at three-thirty. I will have him come over alone.

Now, on the motorcycles, there were two thousand one hundred and forty-six declared to us on the 21st of December, which was a small part of a larger group, it was understood. On the 12th of January, we got the balance, which brought the total to forty-six hundred. On the 17th of January, at my suggestion, they got hold of manufacturers, and the negotiations there resulted in the top price of one hundred and forty dollars. Then we started doing business with OPA to have retail and wholesale ceilings set, and it took them from the 7th of March to the 22nd of March to clear things with OPA and with the Office of Civilian Requirements.

(The Secretary held a telephone conversation with Mr. Robert Hannegan.)

April 6, 1944
11:50 a.m.

HMJr: Look, Bob, I'm going to say something that you most likely know all about but I want to bring it to you as forcibly as I know how.

Robert
Hannegan: Yes.

HMJr: I've just been up in the country and any damage that O.P.A. in the past did to the President just doesn't begin to compare with the damage that all this mix-up on the draft is doing.

H: Yes.

HMJr: And they blame it all on Roosevelt.

H: Yes.

HMJr: Now, somebody has made a terrible mess down here in Washington. I don't know who it is but I -- I think whoever is responsible for the mess that we're in now -- the Army is not getting the people -- they're getting people over thirty years old. General Marshall told me he didn't want people over thirty years old. The local boards -- it's all been thrown back on them and I -- I don't know who it is, but I think that whoever it is ought to be fired.

H: Yes.

HMJr: And there's nothing that's happened that has caused so much animosity against the President and against all of us as this present mess.

H: Uh huh.

HMJr: And you can quote me as saying so and I don't know who's responsible but whoever he is ought to be canned.

H: Uh huh. Well, I don't know enough about it, except I do know you are correct about an awful lot of complaints.

HMJr: Well, what part of the country are you?

H: I'm in Hot Springs, Virginia.

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HMJr: Oh. Are you resting?

H: Yeah. Just until Sunday.

HMJr: Well, when you get back, go anywhere -- ask -- call up anybody in the United States and just ask them that question.

H: Uh huh.

HMJr: See?

H: All right.

HMJr: You don't -- don't take my -- call up anybody or anybody that calls you, you ask them, "How do they feel in your community about what they're doing about drafting men?"

H: All right.

HMJr: Now they don't mind their sons going to war, but they do mind the bad administration. See?

H: I -- that's either Hershey or McNutt, isn't it?

HMJr: It's one or the other.

H: Maybe it's both of them.

HMJr: I don't know. When I talk to Hershey, he -- he has always impressed me that he knows what he's about.

H: Uh huh.

HMJr: Of course, Hershey is under the present set-up that Congress made, responsible to the President, and McNutt is trying to run it. Now, that's the situation.

H: Yeah.

HMJr: Hershey's responsibility flows directly to the President. I know that is a fact.

H: Uh huh. Well, I'll -- I'll come over and see you as soon as I come back.

HMJr: Will you do that?

H: Yes, sir.

HMJr: Because this situation is doing us an awful lot of harm.

H: Yes, sir. Okay, I'll call you as soon as I come back -- I'll come over.

HMJr: Do that.

H: Okay. Thanks a lot.

HMJr: Good bye.

H: Thank you, sir.

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H.M.JR: He is down there at Hot Springs, resting. He didn't seem particularly to know about it. But if anybody calls him, all he has to say is, "How do you feel about the thing?" It is time. Good God, why does everybody have to be protected when they make mistakes? They move a man from here and another job and then set up another Bureau, and all the rest of it.

MR. WHITE: I think you are right. The only question is, who is responsible?

H.M.JR: I don't know. Somebody ought to find out. It doesn't make any difference to me. I would just like to see somebody fired once because he fell down on his job in this Administration.

MR. SULLIVAN: This will be a good one to pick. The other time it was bad was when there was so much uncertainty about the youngsters. You remember, Congress was this and that way, and everybody was issuing statements. That was over a year ago.

MR. WHITE: The sad part of all this is that there was precedent in the way England handled their draft. They had an excellent system worked out. Three years ago there was very little complaint about it. It is the same problem, except it is a little larger.

H.M.JR: I came back and said, "Look, Mr. President, I don't know how you could spend two days to better advantage at Hyde Park than if you had invited the head of the labor--what's his name?"

MR. WHITE: I have forgotten his name.

H.M.JR: The Labor man, Bevins.

MR. WHITE: It was the man under him.

H.M.JR: Do you remember? You spent a couple of hours--

MR. WHITE: ... with him, yes, and the man who was under him who headed the draft--

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H.M.JR: I asked him if he would have Mr. Bevins come to Hyde Park secretly if he wanted to spend two days with him and get the story. You remember the setup that we had on this whole thing that we sent a couple of years ago to the White House? Canada has a good setup.

MR. SULLIVAN: Well, anyway, we expect that we will get for these forty-six hundred motorcycles, for which we were offered one hundred and forty dollars--

H.M.JR: Three hundred dollars?

MR. SULLIVAN: No, we will be getting--the invitation to bid is already out. We expect we will make the sale somewhere around two hundred and seventy-five to three hundred dollars. Three hundred is the top.

H.M.JR: But some of them are going for four hundred?

MR. SULLIVAN: No, that is the retail. Here is a memorandum I had better give you on that, in case you want to discuss it with Cliff. I will have him here at three forty-five.

That is all, sir.

H.M.JR: Herbert?

MR. GASTON: I have my memorandum on the White House guard situation.

H.M.JR: No, I will get my memoranda at two; I mean, none of them have come to me.

MR. GASTON: Yes. Well, I wrote you a memo.

MRS. KLOTZ: I haven't seen it, either. Did it come in today?

MR. GASTON: I thought I sent it in. I signed it yesterday afternoon.

MRS. KLOTZ: It might have come in this morning.

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H.M.JR: I try to do things once a day at two o'clock. You might ask when you go back. There is still time to get it to me at two.

MR. GASTON: I think it is in, but I will check on it.

H.M.JR: Anything else?

MR. GASTON: You might be interested to know that a twenty-dollar gold piece of the 1933 issue was offered for sale up in New York. There weren't any of that issue issued. There shouldn't be any in circulation, but quite a large number were coined. Secret Service has been spending some time trying to run it down. There probably was some crookedness at the Philadelphia Mint. They first got the story that it was an official of the Federal Reserve Bank of Philadelphia who got them as a favor and sold them, but that seems not to have been true.

H.M.JR: What did they bring, a couple of thousand dollars?

MR. GASTON: Well, they are worth a good premium, of course, if they can sell them, but I think--

MR. WHITE: Gold dollars?

MR. GASTON: They are twenty dollar gold pieces, the issue of 1933, and none were issued legally.

MR.D.W. BELL: They were minted.

MR. GASTON: There appear to be three or four that got into circulation.

H.M.JR: There are two big sets of gold coins at the Federal Reserve. I have been kidding around with them for a long time. I want one.

MR. D. W. BELL: I have that file on my desk.

H.M.JR: I want one, and I want the letter to go out in the next twenty-four hours. I am making a demand on them for one; the one I want is for the Library of Congress.

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MR. D. W. BELL: Do you want to pay for that, Mr. Secretary, out of your own pocket?

H.M.JR: I want it from the Treasury as a matter of historical record. We have no complete set of gold coins here.

MR. D. W. BELL: What you asked us for was to get a set for the Library of Congress.

H.M.JR: Whatever it was--

MR. D. W. BELL: Or the Smithsonian--now you are taking it out of the Treasury and it will probably take legislation to take it out of the Treasury.

H.M.JR: Let's get it out of the Federal Reserve and get it in to the Treasury first.

MR. D. W. BELL: They have two complete sets; they wanted to keep one for themselves as an exhibit, and they were perfectly willing to turn the other over.

H.M.JR: That is what I want.

MR. SULLIVAN: Would the Treasury lend it to the Library of Congress?

MR. D. W. BELL: The Treasury is responsible for that under bond, and it is a question of whether you would put money out in displays in the Library of Congress. At the time we thought we would want legislation, and the question was raised as to whether you wanted to pay for it yourself out of your own pocket.

H.M.JR: I can tell you that I would much rather give some money either to the Army, Navy, or Coast Guard service. It is more useful--funds for looking after the families and children--no, I don't. I want to get it. They are not entitled to it. Let's get it. In the first instance, we can stick it in my outer office as an exhibit and then decide.

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MR. D. W. BELL: They have been waiting on us. I have had the file on my desk.

H.M.JR: Let's put in my outer office. Right? It is almost impossible to get a complete set now.

MR. WHITE: Does the Library of Congress have any coin collections on display? I didn't think so.

H.M.JR: We can put it right in my outer office. It would be very interesting.

MR. SULLIVAN: What is the value of that collection, Dan?

MR. D.W. BELL: I don't know. I think it is about five hundred dollars.

MR. SULLIVAN: That would be the limit of the Treasury's liability, wouldn't it?

MR.DW.BELL: Yes.

MR. SULLIVAN: It wouldn't have the value as a collector's item.

MR. D. W. BELL: No.

MR. WHITE: They used to have a display -- I don't know what was done with it -- of all currency in large frames. Maybe it is still there.

MR. GASTON: It was stolen about eight years ago. There were some genuine coins. You mean down in the lobby of the Treasurer's office? They were stolen out of the exhibit one day, all the genuine gold.

MR. WHITE: Is that when you decreased the guards?

MR. GASTON: That was before my connection with the guards, in 1934.

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MR. D.W. BELL: We had some gold brick down there in a case. We had all these workmen in the Treasury. One night they broke open the case and stole the things.

MR. GASTON: They stole the gold coins that were there. Of course, they stole the phoney bricks, too.

H.M.JR: O.K. I want to talk to Smith a minute.



THE SECRETARY OF THE TREASURY
WASHINGTON

April 6, 1944

TREASURY DEPARTMENT ORDER NO. 51.

Effective from and after this date, the
Director of Tax Research and the Tax Legislative
Counsel will report to the Secretary through the
Under Secretary.

H. M. Putham
Secretary of the Treasury.



April 6, 1944
12:38 p.m.

HMJr: Morgenthau speaking.

Robert
McConnell: Good morning, Mr. Secretary.

HMJr: How are you?

M: Well, I've got a little touch of sciatica.

HMJr: Oh - Oh.

M: (Laughs)

HMJr: How are the Black Angus?

M: Well, they're all right. They're not too fat though.

HMJr: They're not?

M: No.

HMJr: I hear you're not coming in until Tuesday.

M: Well, I can any time. I'm just sitting on a -- on a hot water bottle really.

HMJr: Oh.

M: It isn't -- it isn't as bad that I can't come in.

HMJr: Well, there are several things here. I mean, one thing Sullivan put up to me, I don't know how to answer until I've talked to you.

M: Well, see you a minute this afternoon if you like, sir.

HMJr: Well, I'm booked -- I could see you tomorrow -- it'd be....

M: Well, that's all right.

HMJr: The point is that he said that Will Clayton wants an answer, "Are we going to keep Procurement or not?"

M: Yes.

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HMJr: And I'd like very much to talk to you about it.

M: Well, if -- what time in the morning should I see you?

HMJr: Would eleven o'clock let you stay....

M: Oh, fine.

HMJr: Would that be....

M: Any time you like.

HMJr: But I mean, so that you could come in, say....

M: Oh, yes.

HMJr: Would that be all right?

M: Well, I'm not laid up. I'm just....

HMJr: No, but you could stay home, couldn't you? And then just come in and get in here at eleven.

M: Oh, sure.

HMJr: How's that?

M: Any time you like, Mr. Secretary.

HMJr: Well, let's say eleven tomorrow.

M: Eleven tomorrow.

HMJr: Right.

M: Righto, sir.

HMJr: Thank you.

April 6, 1944
2:40 p.m.

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HMJr: Dan.

Dan
Bell: Yes.

HMJr: White sent me in a memorandum about I should write the President about this business of Hull and the Budget setting up an Executive Committee or something on Foreign or Economic Policy.

B: Uh huh.

HMJr: Now, I told White before I want to do it, I want you to take a good look at it because before I go to the President and say that Harold Smith didn't show it to me and all the rest of it, and get Harold down on it, I want to be sure it's worthwhile. See?

B: Uh huh.

HMJr: So it will come -- I just sent it back to White and told him to take it up with you.

B: All right.

HMJr: Now....

B: Are you on the Committee?

HMJr: I don't know.

B: Uh huh.

HMJr: I don't know, but before I write the President a memorandum like that, I don't know, I want to be -- in other words, before I take on this fight -- is it worthwhile?

B: Yeah. I think that's right.

HMJr: See?

B: Uh huh. I'd be inclined not to unless it's worth an awful lot.

HMJr: Well, you talk with Harry about it before it comes to me.

- 2 -

B: All right.

HMJr: This idea that the President is going to act on it today is -- he's not going to act on it right away.

B: Yeah. Well, hasn't he gone?

HMJr: No.

B: I saw cars over there yesterday. I thought he was....

HMJr: No.

B:pulling out.

HMJr: No, he's still there and it's indefinite when he's going to -- I'm willing to take on fights if they're worthwhile. Is this one worthwhile?

B: Yeah, well, I'd be inclined to think it isn't but I don't know enough about it. But tomorrow will be my last day I guess and -- for awhile -- I think before I go you ought to take a look at this Bank of America thing.

HMJr: All right. I thought you said you weren't going until Monday.

B: Well, I thought I'd be off Saturday.

HMJr: That's just as good.

B: Only one day.

HMJr: I'm going to....

B: Yeah, I was going to not be here after tomorrow. I could if you wanted me.

HMJr: No, no, no, no.

B: Because I'm going to be home.

HMJr: No, no.

B: And I think a good deal depends, too, on what happens to Thompson. If anything should happen to him, why then I don't think I'd go Monday.

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HMJr: Well, let's....

B: But I thought you ought to take a look at this Bank of America thing with Delano and me probably tomorrow.

HMJr: All right, I can do it at ten o'clock.

B: Ten o'clock?

HMJr: Yeah.

B: Swell. All right.

April 6, 1944
2:44 p.m.

HMJr: Hello.

Operator: Colonel McCarthy.

HMJr: Okay.

Operator: Go ahead.

HMJr: Hello.

Colonel McCarthy: Hello, Mr. Secretary.

HMJr: Good morning. Good afternoon.

M: How are you, sir?

HMJr: I understand that you called up about General Strong.

M: Yes, sir.

HMJr: And wanted to know what I wanted -- that General Marshall wanted to know.

M: No, General Marshall didn't. He mentioned to General White, who is our G-1 here, that you had mentioned to him the possibility that you might like to have him over with you.

HMJr: Yes.

M: General White asked me if I knew what for and I told him I didn't and I hadn't had a chance to get to General Marshall with it.

HMJr: Yes.

M: And I wondered whether we could get, if possible, a sort of job sheet so I could turn it over to G-1 and then they could go back and say....

HMJr: No.

M:to General Marshall, "We think you ought to have him," or whatever they....

HMJr: No. Well, look, it was -- I'll tell you exactly what I had in mind but I haven't even got yet to the President on it. You see?

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M: I see.

HMJr: As you know what -- about the President these days -- I mean, I don't want to -- unless it's an emergency, I don't want to bother him, and this is no emergency.

M: Certainly.

HMJr: But I had in mind -- if you've got a pencil, it's very simple.

M: I have it, sir.

HMJr: Of setting -- suggesting to the President to set up a Committee composed of Hull, Leo Crowley of the F.E.A.

M: Yes, sir.

HMJr: and myself

M: Yes, sir.

HMJr: with General Strong as Director, to see what we could do in connection with neutral countries to stop them from shipping strategic supplies to the enemy.

M: Right, sir.

HMJr: Now, that, very briefly, was the idea.

M: I see.

HMJr: Because the thing is being done in a very half-hearted manner.

M: Yes, sir.

HMJr: But the President would have to make up his mind that this is going to be done in a very forceful manner.

M: I see.

HMJr: Now, I haven't got to him. I don't know when I will get to him.

M: Yes, sir.

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HMJr: And if you people have something in mind for General Strong, it may be a month before I can get to the President on this.

M: We don't immediately but apparently General White didn't understand from General Marshall that it was a thing for the future. He thought that -- General White had the idea that there was something more urgent about it.

HMJr: No.

M: I'll tell you, Mr. Secretary, I looked up General Strong, and I find -- he's on his terminal leave, you know, and I find that his leave -- that's all of his accrued leave -- his leave is good until some time in June.

HMJr: Yes.

M: So you have lots of time on it.

HMJr: Well, now that's the point. I was pattern -- making a -- following the pattern of the President's Committee on War Refugees....

M: I see.

HMJr:which is Hull and Stimson and myself....

M: Yes.

HMJr:with Mr. Pehle as Director.

M: Yes.

HMJr: And I was going to put this up to the President. Now, I don't want it -- it's all right for General Marshall to know. It's all right for General White to know, but I don't want it to get out because I haven't had a chance to talk to the President.

M: It won't go beyond us, sir, and we'll forget it until I hear from you again.

HMJr: You see? Because it's one of these things I want the President feeling well because he's got to say, "Well, all right, I don't want any more ball bearings to go from Sweden."

M: Right, sir.

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HMJr: "I don't want any more of this or that to -- any diamonds to go from the Argentine

M: Certainly.

HMJr: ".... into -- I don't want ten thousand -- ten million tons it is -- of steel to go from Sweden to Germany." See?

M: I understand, sir.

HMJr: And if he wants a Committee that will -- I had visioned -- forceful to -- I'd call it a Committee to Shorten the War.

M: Yes, sir.

HMJr: Now, it's a wonderful opportunity for somebody in a group to do this thing.

M: Certainly.

HMJr: It's just crying to be done.

M: Right, sir.

HMJr: That we get tough and stop all this damn nonsense with these neutrals.

M: I understand, sir.

HMJr: And that's what I had in mind. I think a group like that hitting hard might shorten the war several months. Well, if you could shorten it one day, that's worthwhile.

M: Yes, sir. Certainly.

HMJr: And the material that's going from the neutrals to Germany is just outrageous.

M: Well, we're worried about that, too, as you know.

HMJr: Well, I was willing, quite frankly, somebody's got to father the thing.

M: Yes, sir.

HMJr: And I was willing to be the tough guy if the President would give me his backing.

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M: Yes, sir.

HMJr: And the stuff that's, as I say, if it's -- nobody in the town is being tough enough.

M: I see.

HMJr: And that's what I had in mind.

M: Fine, Mr. Secretary. I will tell General Marshall that and General White -- now, General Marshall probably already knows it.

HMJr: Well, don't you -- I mean, before I'd have gone any further, as you know, I never move without telling General Marshall what I do as far as the Army is concerned.

M: I understand, sir.

HMJr: And, but this hadn't got far enough.

M: Well, Mr. Secretary, I will put that in my pipe but not smoke it until I hear from you again.

HMJr: Now, let me tell you something else if I may.

M: Yes, sir.

HMJr: And this also will be for General Marshall.

M: ~~That~~ Certainly.

HMJr: I don't know what's going on over with General Eisenhower -- in connection with the various financial arrangements he's making with all these Governments in exile, and so forth. You see?

M: Yes, sir.

HMJr: I know a little.

M: Yes, sir.

HMJr: When I was over there -- October, a year ago -- before the African invasion....

M: Yes, sir.

HMJr: Walter Smith said they were in an awful fix. It was annoying and everybody was fussing with them and so forth and so on.

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M: Yes.

HMJr: I came along and I was able to straighten the thing out for them in forty-eight hours and take it off their shoulders.

M: Yes, sir.

HMJr: I've just got a hunch and I may be all wrong and I'm not looking for any trips now either, but I -- my first interest is the war

M: Yes, sir.

HMJr: and I know that General Hildring is supposed to be doing this, and McCloy also, so you've got to sort of suddenly have an idea, "Is everything all right?"

M: Yes, sir.

HMJr: You know?

M: I know.

HMJr: And make an inquiry of either General Eisenhower or Beetle Smith.

M: I see.

HMJr: But I've just got a hunch that it's a mess.

M: Yes, sir.

HMJr: And if it's something that's annoying General Eisenhower and taking a lot of his time and you people think that I could be helpful, I want you to let me know. Now, can you handle it in that way?

M: I can, indeed, Mr. Secretary. I'll go into it and I'll talk to General Marshall about it this afternoon.

HMJr: But if it goes back to McCloy and all on that front, they'll say, "Well, it's all under control." Now, I'm just putting a flea in your ear that you suddenly are going to be worried about this.

M: Right, sir.

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HMJr: See?

M: Right, sir, and I'll transfer the flea this afternoon.

HMJr: Okay.

M: Thank you, sir.

HMJr: All right.

M: Good bye.

April 6, 1944
3:00 p.m.

INTERNAL REVENUE

Present: Mr. Gaston
Mr. Sullivan
Mr. O'Connell
Mr. Nunan

H.M.JR: All right, gentlemen.

MR. NUNAN: Mr. Secretary, there are four things that I wanted to speak about.

The first was that last week there came to my desk a memorandum in which it was stated that I was sending to you a proposed Executive Order which would allow the Dies Congressional Committee to examine any income tax return that they saw fit to examine. I have since found out that that has been done before and it is a continuation of it. But Mr. Surrey happened to be over at the office at the time, and I spoke to him and to Commissioner Graves, and they both thought I should bring it to your attention, and I am sending it over again.

Personally, I question whether it is a good thing to do, but in view of the fact it has been done before, there is nothing we can do about it.

H.M.JR: I think there is a very simple answer. Let me call up Speaker Rayburn and ask his advice.

MR. SULLIVAN: When he gets back, yes. He is in Texas, I think.

MR. GASTON: What is the rule?

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MR. O'CONNELL: The practice has always been, with one glaring exception, to give to a Congressional Committee access to tax returns if they ask for it.

MR. GASTON: When the Committee, itself, asks. Now, there is some doubt, and the Attorney General has expressed some slight doubt about whether it is proper to do that, but he ended up his letter with the statement that since it had been done so long, he was not going to advise the President that he should not sign Executive Orders granting legislative authorities to look at tax returns.

The reason there is doubt is that the legislation on the books sets forth pretty specifically two or three alternative ways in which a Congressional Committee can get it; by a joint resolution authorizing the Committee to inspect tax returns, by a simple resolution of either House--

H.M.JR: I have another way. Supposing I call up Justice Byrnes and ask him?

MR. NUNAN: As Joe says, exhaustive search has been made on it. There have been times when even the President has refused to give a Congressional Committee--

MR. SULLIVAN: Once. That was the Cox case.

MR. NUNAN: Goes back to President Tyler, who refused to do it. I am going back over the years. There is a great deal of precedent for it. But it still occurred to me that some day you might possibly be criticized by somebody for allowing the Dies Committee to come in with carte blanche and go over their returns.

MR. GASTON: My own feeling is that no Committee ought to have them. Of course, the President has established a precedent, but my own feeling is that privilege ought not to be granted except on a resolution of one House or the other.

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MR. NUNAN: I think you are right, Mr. Gaston. That is the way they should do it.

H.M.JR: They have got a Joint Committee on Taxation. They are entitled to it.

MR. SULLIVAN: That is a statute.

MR. O'CONNELL: That statute specifically authorizes the Joint Committee.

H.M.JR: Why not put it up to Jimmy Byrnes? I don't want to dump it on the President's lap until he has a chance to look at it.

MR. O'CONNELL: I think you should bear in mind that the President has probably signed a dozen Executive Orders in the past few years giving to this Committee the privilege before. They were continued recently; they were given a new birth, so to speak.

MR. NUNAN: I found out afterwards, you see--

(The Secretary places a call to Justice Byrnes)

MR. GASTON: I think sometime we ought to seize an occasion to talk to the Ways and Means and Finance Committees, and ask them what their feeling is about this frequent access to returns by any old committee.

MR. NUNAN: I think the Secretary's suggestion about Mr. Rayburn is good. I would take it up and say, "In the future, to relieve us of any embarrassment, where you want a Committee to have this privilege, will you please include it in the resolution forming or organizing the Committee?"- that they be allowed to do it, and then you couldn't be criticized for it.

MR. O'CONNELL: That is the straightforward way. It has been done in some cases.

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H.M.JR: Doesn't this Committee have to come up for an appropriation shortly?

MR. NUNAN: I think they have been continued and this is the order that allows them to continue to look at these records in accordance with the continuation of the life of the Committee, or in conjunction--

MR. SULLIVAN: This might not be an appropriate time for the President to change his precedent.

H.M.JR: He has given the Committee this privilege?

MR. NUNAN: Yes, sir. But the last time, my information was that he did it with his tongue in his cheek. He didn't like to do it very much.

H.M.JR: I wonder how many requests we have had from this Committee.

MR. NUNAN: That I don't know, sir.

H.M.JR: Will you find out?

MR. SULLIVAN: I think every time it has been continued.

MR. GASTON: He means specific requests for individual returns.

MR. SULLIVAN: I asked Joe if they had been running amock, and he said they hadn't.

H.M.JR: Find out how nosey they have been.

(The Secretary holds a telephone conversation with Justice Byrnes, as follows:)

April 6, 1944
3:09 p.m.

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HMJr: Hello.

Operator: All right, Justice Byrnes is coming on.

Justice
Byrnes: Hello.

HMJr: Jimmy?

B: Yes, Henry.

HMJr: Good morning.

B: How are you?

HMJr: Good afternoon. I'm fine. Jimmy, here's one which would normally go to the President but before I dump it in his lap, I'd like to get your advice.

B: What's that?

HMJr: As you know, it's been sort of common practice for the various Committees to ask the President or ask us to get the President to get out an Executive Order permitting them to have access to all income tax returns, and the Dies Committee is now asking us for that privilege.

B: Well, I'll be damned.

HMJr: They've had it before. In one case Roosevelt refused to let Cox -- Congressman Cox have that privilege. Hello?

B: Yes.

HMJr: And, as I say, I wouldn't be bothering you but it's the President's business and I don't want to dump it in his lap until you had a chance to think about it.

B: Yes.

HMJr: See?

B: Well, what's your -- you say you did allow them to do it once?

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HMJr: They have had it several times before, but the Committee's been given additional life and now that -- they want to renew this privilege, you see?

B: Well, it's a hell of a thing, isn't it?

HMJr: Yes, it is.

B: To have to do it.

HMJr: Yes, it is.

B: And yet you're put in a position that having done it before....

HMJr: Yes.

B:I don't see how you can do it now.

HMJr: You mean....

B: My first reaction to it is that they'd say that just as soon as he got to attacking Winchell, whom the scoundrel had intimated in his radio talk....

HMJr: Yes.

B:as being encouraged by Roosevelt to take this attitude.

HMJr: Yes.

B: And he'd say that as soon as -- it's now thought that he was going to touch Walter Winchell....

HMJr: Yes.

B:that it's denied him.

HMJr: That's right.

B: That's what the damned scoundrel would say.

HMJr: So your hunch is that inasmuch as he's had it before....

B: Yes. If it hadn't been done, I'd swear, I'd been disposed to -- to look into it more closely, but I'm -- I -- my reaction to it is that -- that you

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B:
Cont'd: couldn't well do it, having granted it before,
and I wouldn't bother the President about it.
I'd go do it.

HMJr: Well, it will -- it will go to him. I don't
know what he will do with it. We draw up an
Executive Order and send it over, you see?

B: Well, he -- of course, he's not so well, and....

HMJr: No.

B:he may just feel like we do about it and
want to kick him in the slats, but my judgement
is that -- that you can't do that well. I don't
think he....

HMJr: Well....

B: In -- on the previous occasions -- I'm talking
about your doing it, he had -- the President had
to do it.

HMJr: Yeah.

B: Well, then, hell, he's done it himself heretofore,
how can he do it -- refuse now? I don't think
there's any doubt about it. That's one of those
things that you just hate to do but have got to
do.

HMJr: Like castor oil.

B: Yes. (Laughs)

HMJr: Now....

B: Make a pass though.

HMJr: Now, while I've got you, one other thing. This
is a little out of my line but I've been up country,
at home....

B: Yes.

HMJr: and no criticism of the President on O.P.A.
compares with the present one on the way the
draft thing is being run, Jimmy. It is something
terrible, and they all blame him.

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B: What's it directed against?

HMJr: Oh, you see -- as near as I can make out, everything is dumped now on local boards.

B: Oh, yes. Well....

HMJr: And everybody who -- you take the farmers up there they went up to the Farm Bureaus and they've figured out these work sheets that took them days -- how many points they have to have for each man. They've got to have sixteen units. They got that all straightened out about a month ago, see?

B: Yes.

HMJr: Now, that's all thrown in the waste paper basket.

B: Yes.

HMJr: And all of these fellows are being called all over again, although just a month ago they got themselves straightened out. And it's all on the local boards and the criticism against him is something terrible. Now, I don't know whether it's McNutt. I don't know whether it's Hershey, but by God, somebody ought to be fired. I swear! I mean, it isn't fair to make him take all this criticism.

B: That's a hell of a thing, isn't it?

HMJr: And I -- I don't know....

B: As a matter of fact from what I saw in the papers the other day, Dick Russell had been down and announced that they were making a change doing away with that unit rule that had applied, Henry.

HMJr: Well, as I understand it, and this is all from the farmers -- that unit stuff as I understand it, has all been thrown out.

B: That's right.

HMJr: And now, where everybody got straightened out for their spring work, you see?

B: Yes.

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HMJr: About a month ago.

B: Yes.

HMJr: This is the way I get it from the farmers.

B: Yes.

HMJr: I didn't check up on it. Now, everybody's been put back in 1-A and all of these fellows have been called and everybody's got to go back to the Board and do it all over again. That's only a month ago that they got themselves straightened out, so many units to the farmer.

B: Yes.

HMJr: And I don't -- as I say, I read the newspapers and I'm like Will Rogers, all I know is what I see in the papers, but the President and the Democratic Party, my God, we are getting it in the neck.

B: And the longer it goes -- the uncertainty goes on, the worse, too.

HMJr: That's right.

B: Yeah. If they settled it and let it stay settled awhile, people would stop complaining about it.

HMJr: ~~Yes~~ Yep. Well, I wanted to pass it on to you for what it's worth.

B: -- Well, it don't make a fellow feel good at all.

HMJr: Oh, well, I couldn't

B: I'm sure you're right.

HMJr: What?

B: I'm sure your're right.

HMJr: You say Dick Russell says the same thing?

B: No, I say I'm sure that you are right about it, but what Dick did, as I got it....

HMJr: Yes.

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B: Hershey was -- or McNutt -- between them, they were reducing the -- they were changing the number of units so as to tighten up on it.

HMJr: Yes.

B: And then Russell and some farm representatives went before them to get them to abandon that unit business which they said would take some more farmers.

HMJr: Yes.

B: And to leave it to the local boards. They really wanted it left to the local boards.

HMJr: Yes. Well, I think now it....

B: Now, as you say, those folks up there find that some local boards are less liberal and they are having more trouble when it's left to the local boards.

HMJr: Yeah. Well, it isn't that. I mean -- mind you this is all second hand, you know.

B: Yes.

HMJr: I didn't go to the boards.

B: Yes.

HMJr: And I'm not -- as far as I'm concerned, I'm not -- it isn't anything personal, but it's just -- in talking to some of my neighbors, the impression they give that, my God, why can't we make up our mind what we want down here and stick to it.

B: Well, I agree. I think that's really the bottom of this complaint -- that they started one way and then a fellow thought he was settled....

HMJr: Yeah.

B:then they turn up with another plan.

HMJr: That's it.

B: And from what I learned on this other side....

HMJr: Yes.

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B:the -- that's the explanation of the darn thing.

HMJr: Yeah.

B: Well, the whole thing's in a terrible mess, as you know, of course, and then on this deferment business....

HMJr: Yes.

B:the -- the Boss took it in charge himself.

HMJr: Yes.

B: You remember that Cabinet meeting....

HMJr: Yeah.

B:when those fellows discussed it.

HMJr: (Laughs)

B: And fought all over the place.

HMJr: McNutt bellowed at us all.

B: Yeah, he bellowed. (Laughs) He said he had the power to decide it, didn't he? But the law really was different.

HMJr: He's wrong.

B: I did not want to interfere and did not, but later I got back to my office and refreshed my recollection by looking at the law and getting the Conference Report which accompanied the Act, and they met -- they said that -- they use these words: "This means that no one will have anything to do with the deferment except the President or the Director of Selective Service if the President delegates it to him."

HMJr: That's right.

B: The language of the law is that the President can delegate the powers herein conferred only to the Director of Selective Service.

HMJr: It was a direct slap at McNutt. I studied it myself. And you are quite right and McNutt was putting up a bluff. In fact he wasn't telling the truth.

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B: He was just wrong on the thing. What the President unfortunately did was to take it on himself and to listen to first Donald and Wilson -- no, Donald and McNutt.

HMJr: Yes.

B: And then the next day to somebody else -- to Harold -- on his coal miners, and the next day to Patterson and -- and General Marshall, and finally he got to hearing them -- one fellow making statements in the absence of the other and they all got the -- the old boy all balled up in the thing and it's just been a pretty bad situation. Dewey telephoned me this morning and he had a letter that he wanted to go into the press....

HMJr: Who did?

B:criticising the whole thing.

HMJr: Who did?

B: Bradley Dewey.

HMJr: Who's he?

B: Rubber Director.

HMJr: Oh, yes.

B: And he -- he was criticizing the drafting of men from the food industry and from every -- everything.

HMJr: Yeah.

B: I had -- I like him, but I asked him what he would say if Hershey came out in the newspaper criticizing the exercise of discretion by the Rubber Director and criticizing his program -- that he'd be taking his pen in his hand immediately and we just can't do it. I finally persuaded him to write his letter to the President instead of to the Press.

HMJr: Yeah.

B: But I judge from his statement that there's a terrible lot of dissatisfaction and God knows how the President can now settle it because

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B:
Cont'd: they've all gotten mad, and when they get mad....

HMJr: Yeah. Without....

B:they're unreasonable.

HMJr: Without wishing anything on you, isn't that something that your Board could very well take up?

B: It should have in the first instance.

HMJr: Yeah.

B: It -- but after the President took the thing up....

HMJr: Yeah.

B:and went into seeing all of these -- all of these litigants or parties to the suit....

HMJr: Yes.

B: it was a matter he couldn't well do for this reason: at that Cabinet meeting....

HMJr: Yes.

B: he announced, as you recall, that he would decide it over the week-end.

HMJr: Yeah.

B: Then he got sick.

HMJr: Yeah.

B: And Steve began giving out statements just to help him and without knowing the discussion that he was considering the matter and his decision would be announced.

HMJr: I remember very well.

B: And having done all that, he couldn't very well say that he -- I couldn't see how he could give some critics a chance to say that he didn't -- didn't want to decide it because it was hot and to turn it over to me.

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HMJr: Huh.

B: And I was -- I talked to him about it once and told him what I have now told you, but told him if I could help him....

HMJr: Yes.

B:and let him do it, I'd gladly do it, but I didn't want him to be in the position of, after saying that "I'm going to do it", then not do it.

HMJr: Yeah.

B: And he -- it's come -- what's happening now, it's coming back on him today, I judge, from Army and Navy and particularly McNutt, who's been asking to go to see him to put it on his desk again, and he really can't do it.

HMJr: Well, of course, McNutt's all wrong. I mean, he hasn't got the authority. You're quite right and I checked it -- the law, too.

B: Yes. Well, he's just done it and he had the President -- the President can't keep those things in mind.

HMJr: No, no.

B: You and I know it is just utterly impossible and he should have turned it over to someone then and gotten the -- gotten the law and really Hershey -- if Hershey would really take that law, he could do it.

HMJr: Yeah.

B: When the law said he should.

HMJr: Yeah. I think well of Hershey. I don't know how you do.

B: Huh?

HMJr: I think Hershey has been -- done the best he could.

B: Oh, I think he's done the best he could, but I think in this thing that he ought to just say, "Mr. President, under the -- the law says you can delegate this only to me...."

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HMJr: Yeah.

B: "....and if you have delegated it to me,"
and he has already. He's delegated this thing
of deferments, you know.

HMJr: Yeah.

B: "....I'm going to go ahead and do it."

HMJr: Yeah.

B: And that would take it off the Boss.

HMJr: That's right.

B: It really seems to me would be about the best
solution of it.

HMJr: Yeah.

B: Well, I'm glad to talk with you, Henry.

HMJr: Thank you very much.

B: Bye.

HMJr: Thank you.

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MR. NUNAN: He said yes! (Laughter)

H.M.JR: The answer is that with the Walter Winchell business they would say here was Dies wanting to get it and the President was protecting Walter Winchell. The answer is yes.

MR. NUNAN: I appreciated that after I heard that this was only a continuation, but I thought it was well to call it to your attention.

The second thing was the liquor situation. Similar to what you were just discussing--

H.M.JR: Got any?

MR. NUNAN: No, sir; wish I had.

Of course, at your suggestion our Alcohol Tax Unit went in and did a great job, and I think they have broken up the black market.

H.M.JR: Did you see the pictures of the new labels which I insisted on, ninety-five percent spirits and five percent whisky? I insisted on that before you were here.

MR. NUNAN: I am glad you did. I wouldn't want to get a drink of it.

(The Secretary holds a telephone conversation with Judge Rosenman, as follows:)

April 6, 1944
3:24 p.m.

Operator: Here you are.

HMJr: Hello, Sammy.

Judge Samuel
Rosenman: Henry?

HMJr: How are you?

R: All right, Henry. How are you?

HMJr: I have no liquor today.

R: What do you mean "no liquor"?

HMJr: Well, I didn't know - I thought you were calling me up -- we were just talking about liquor here, so I had liquor in mind.

R: Have you got any meat? Never mind liquor.

HMJr: Meat?

R: Yeah.

HMJr: Well, do you want some last year's venison?

R: Yeah. (Laughs) I've heard of worse things.

HMJr: Yeah.

R: Well, what I called you about was, there was a Rabbi Korff in here to see me.

HMJr: Yeah.

R: Who says you are going to send me a memo, and I was wondering why you are getting so formal.

HMJr: I don't know. Congress -- Senator Mead and some -- and Congressman McCormack called me up to see three Rabbis at three o'clock.

R: That's why I saw them, because Congressman McCormack called me up.

HMJr: Well, I

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R: But I just saw one, because only one got past the gate.

HMJr: Maybe they're three-in-one.

R: There are three. No, there are three. He brought two others, but I was away and they hadn't cleared the other two and they wouldn't let them in.

HMJr: Three-in-one is an oil.

R: Yeah. (Laughs) Well, I

HMJr: I haven't seen them yet.

R: Well, then - then I'm crazy. He said he saw you

HMJr: No.

R: and you were very much interested, and you were going to send me a memorandum.

HMJr: Rabbi Corff - four o'clock.

R: I see. Well, what - what it's about is, there seem to be some refugees in Vitell.

HMJr: I don't know -- I don't know a thing about it, Sam.

R: All right. Well, I was wondering why you should

HMJr: Send you a memorandum.

R: send me a memorandum when the phone is working, and, after all, it's

HMJr: No, I can't send you a memorandum ole dear until I see them.

R: Well, he -- I was misinformed.

HMJr: I thought you were down at Hot Springs.

R: No. Well, I haven't gone -- I don't want to go away until he goes.

HMJr: I see. I'll send you a memo. Don't worry.

R: I don't want the memo. I want

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HMJr: (Laughs)

R: it's a matter for the War Refugee Board, as he explains it to me.

HMJr: Yeah.

R: All right. He must -- either he's crazy or I am.

HMJr: I'll take care of it.

R: your -- he said you were very interested when he saw you.

HMJr: Well, he must be -- the way I understand it is this: after we get - the War Refugee Board gets them to Palestine, you look after them.

R: I'm going to be the Prime Minister?

HMJr: (Laughs) Okay?

R: All right.

HMJr: All right. You don't sound very happy today.

R: I - I am. I - what I'd like to know, as long as you're pressing food on me, is what about some more of those pig's feet?

HMJr: Ah

R: The way

HMJr: would you like to come over tomorrow for lunch?

R: The way Elinor - no, I want you to send them over the way Elinor makes them.

HMJr: Do you want lunch tomorrow?

R: No, I - no, really I - I've got tomorrow and the next day taken.

HMJr: Oh, my.

R: But if I'm in town Monday, I'd like it. But I

HMJr: I'll put you down tentatively for Monday.

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R: If I'm in town.

HMJr: All right. My office will call your office.

R: Good.

HMJr: Okay.

R: All right. Good-bye.

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MR. SULLIVAN: I have a three-thirty meeting.

H.M.JR: At least we have settled one thing out of four.

MR. SULLIVAN: You four can clean up the other three without me.

H.M.JR: Let's adjourn and put them all on Sullivan's desk.

(Mr. Sullivan leaves the conference)

MR. NUNAN: I want to say, briefly, Mr. Secretary, they did a good job and I think it is pretty well broken. Now some of the agents are getting a little over-ambitious and going in and annoying legitimate business and trying to get information from them. My thought was to issue instructions, or for me to see the District Attorney got information, and certain people were indicted where indictments would lie, but that otherwise I don't think we should be annoying the people in legitimate business.

H.M.JR: If you don't mind, when you leave, talk it over with Joe O'Connell and Herbert Gaston. Whatever the three of you agree - I would have to go into this at great length. After you go, Herbert, as the senior member, if you will write a little memo and tell me what you decided.

MR. NUNAN: The other thing in mind was whether you had given any further consideration to George Schoeneman.

H.M.JR: Do we understand each other about it?

MR. NUNAN: Yes, sir.

H.M.JR: No, I don't know where that stands. I know where it stood. Somebody raised the question of whether he wanted it.

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MR. NUNAN: He does, sir. I have spoken to him and he is almost near the end - I guess he has two or three more years. He thinks it would be quite a nice thing if he finished up his service as Assistant Commissioner.

H.M.JR: All right with me if that is what you want.

MR. NUNAN: Yes, sir. It would be a good thing because Schoeneman is very well thought of in every Collector's Office in the country.

H.M.JR: Is he a Democrat?

MR. NUNAN: I can't say that, but I will say this, that I discussed it informally with Bob Hannegan and it would be agreeable to him.

H.M.JR: It would be?

MR. NUNAN: Yes, sir.

H.M.JR: All right with me.

MR. GASTON: He is getting corrupted, you see. He is non-partisan, non-political.

MR. NUNAN: I think George lives in the District and I don't think they vote in the District.

H.M.JR: It is funny what the Washington Civil Service will do to a fellow in a month.

MR. GASTON: He comes down here red hot.

MR. NUNAN: I still am. Probably more so than when I came down.

Mr. Kelly's name is the other matter I mentioned to Mr. Gaston. It has to do with the appointment of the Collector in Brooklyn.

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H.M.JR: I will tell you about that. Bob Hannegan came in on that thing and said, "Gentlemen, I want that thing." He leafed through and saw he had a clean investigation. He said, "Thank God for that. I was worried about that one."

MR. NUNAN: There is a little situation there I have talked to Mr. Gaston about.

MR. GASTON: There is one little circumstance. I think we have got that pretty well ironed out.

H.M.JR: What did he do - just steal from his mother-in-law?

MR. GASTON: No, a great deal of gossip about his cavorting with the blond lady he got appointed in the office there, in the Collector's Office in Brooklyn.

MR. NUNAN: He has been seen out to dinner and lunch with a blond in Brooklyn.

H.M.JR: Is she good-looking?

MR. NUNAN: Yes, sir. As a matter of fact, I used to be a little jealous about it when I was Collector. She was a former hostess in one of Schrafft's stores.

MR. GASTON: Also a former clothing model.

MR. NUNAN: His wife - Frank Kelly is anxious. There is a vacancy on the County Court. He would like Mr. Marcelle, an Italian, appointed Collector.

H.M.JR: Why doesn't he marry the girl?

MR. NUNAN: He already has a wife.

MR. GASTON: Perfectly good Italian wife, now.

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

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MR. NUNAN: He has been spoken to and I am sure no scandal will develop.

H.M.JR: Have you spoken to her?

MR. NUNAN: Yes, sir. She worked for me for three years in Brooklyn.

H.M.JR: And went out with you?

MR. NUNAN: Yes, sir.

H.M.JR: You must be slipping.

April 6, 1944
3:00 p.m.

HMAJr: Hello, Cliff.

Clifton E. Mack: Yes, sir.

HMAJr: In the first place, how is your mother?

M: She is about the same.

HMAJr: I see. Well, I was sorry to hear that she had this illness.

M: Yes, it was very sudden.

HMAJr: Is - she's conscious, is she?

M: Well, she - she gains consciousness, and then she loses it, and it has been going on that way now for about a week.

HMAJr: Oh, I'm sorry.

M: But - of course, she's pretty old.

HMAJr: Yeah.

M: She's over eighty.

HMAJr: Yeah. Cliff, when you come over this afternoon, on these shearings

M: Yes, sir.

HMAJr: my impression is, from your memorandum, that they're still in the hands -- our hands. We're still charged with them.

M: Yes, they're still in store.

HMAJr: Well, I mean, but the Army was asked could they count on the Treasury, so to speak.

M: That's right.

HMAJr: Now what I want to know is: how long has - time has passed since we've asked UNRRA to take them off our hands, and -- if you could bring over your correspondence between yourself or your office and UNRRA on this thing.

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M: Very good.

HMJr: I - I wanted to tell you that.

M: Very good.

HMJr: See?

M: I'll do that.

HMJr: Now, is there anybody that you wanted to bring with you, or have you got this stuff that - you know it your self?

M: Well, I think I have. Yes.

HMJr: Well, I'd just as leave see you alone.

M: Well, all right. All right, fine.

HMJr: Thank you.

M: Thank you.

April 6, 1944
4:00 p.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. Mack
Mr. Tickton

H.M.JR: Cliff, I went in there yesterday. I was very much pleased. Now, the point that I don't seem to be able to get over--I don't know what is the matter. I never had any trouble when I was trying to get you to buy stuff for the Russians; you would get it there on time.

Do you remember the study we made about how many days it takes to get this and that and the other thing? We were always better than everybody else. Now, you take shearlings. The fact that UNRRA says to us on January 25, see, that they want this stuff--if you have to go up before a committee in Congress and they learn that this stuff is still at Elmira at your warehouse, we are charged with it.

Now, let's just take this one thing here, see. I haven't as much time as I should have. What about the correspondence between you and UNRRA on this?

MR. MACK: Well, we have their requisition, and then, of course, our file that we keep of the various discussions with them, as well as requisitions. (Hands the Secretary requisition and file on disposal of shearlings.)

H.M.JR: Boil it down for me.

MR. MACK: There are two situations: First, when the UNRRA people heard that we had shearlings, their thought was that they could use them for the clothing program, and they asked that we set them aside for their needs, at thirty-five cents a square foot, and we did.

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We immediately moved the goods from the Army stores to our own space in the holding and reconsignment depot at Elmira, New York, and then, of course, received their requisition for the shearlings.

Following that they gave us their requisition for the making of garments, as you notice from the requisition I just handed to you. We are placing contracts to make these coats in which the shearlings are to be used, and, of course, we are getting the cloth on Army-cancelled contracts.

H.M.JR: You are making it into clothing?

MR. MACK: Yes, sir.

H.M.JR: It doesn't say that in this report.

MR. MACK: No, it doesn't.

H.M.JR: You must have found this out later on.

MR. MACK: I didn't have all of the information when I got that together last night, but those shearlings are to be used for the manufacture of coats for UNRRA. We are starting to issue invitations today for the contracting for cut, making, and trim.

H.M.JR: But that is since the 8th of March.

MR. MACK: That is right.

H.M.JR: Why does it take so long?

MR. MACK: That was known as an advance copy from Lend-Lease, and, as a matter of fact, we don't have from Lend-Lease yet the approved copy which is cleared through us. But nevertheless we have gone ahead on this basis.

H.M.JR: Now, look, Cliff, you know sooner or later I am going to get the facts.

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MR. MACK: Of course.

H.M.JR: Gosh ding it, I went through this whole business with you getting the stuff for the Russians. I went through the whole thing with the English before there was Lend-Lease. I had my schedules and all the rest of the thing. There is just too damned much time expiring.

MR. MACK: Yes, I know.

H.M.JR: Why should we manufacture this stuff for UNRRA? Why don't they do it themselves?

MR. MACK: They don't have the organization, and they look to us to do the job for them.

H.M.JR: I don't know where the trouble is or what is wrong, but it just takes too damned long.

MR. MACK: I agree with you that it takes a long time. You know, what we are doing, in effect, now is this: We have all of these controls and restrictions and price limitations for buying. Now, we find ourselves in the business of selling, and as you notice from the other memorandum, it took weeks to establish price ceilings before we could go ahead.

H.M.JR: All right, but that has nothing to do with this. You didn't have to bother with prices.

MR. MACK: No, other than just conferences, no.

H.M.JR: This is separate. The motorcycle thing is another deal, but this thing is something else.

(Mr. Tickton entered the conference.)

H.M.JR: Mr. Tickton, come in here and sit down.

I was up in New York yesterday, and here is a typical case of where we were given some shearlings by the Army. It says January 17.

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MR. MACK: That is right.

H.M.JR: UNRRA says they want this stuff on the 25th. Then on March 8 they say they want us to manufacture them into clothing, and their bids to manufacture clothing are just going out now. It is just too damned long. My God, the war will be over.

Now, I don't know where it is, but I want a schedule set up on this thing, see. And if Mr. Mack has some other things that have to do with UNRRA, let's do anything between Procurement, Treasury, and UNRRA, and see how long it takes to do business.

MR. MACK: All right.

H.M.JR: Now, remember the thing you did for me, the number of days. Wasn't that in connection with the Russians?

MR. TICKTON: Yes.

H.M.JR: All right. Now, here is one kind of business between the Army, the Treasury, and UNRRA. Let's see how many days it takes the Army, how many days it takes us, and how many days it takes UNRRA.

MR. TICKTON: O.K.

H.M.JR: Is that agreeable to you?

MR. MACK: Surely.

H.M.JR: What the hell is the matter? Between the 16th of January and the 6th of April--it takes practically three months for somebody in the Government to make up their mind what we are going to do with this stuff. I can't be connected with that kind of business. Treasury Procurement once did the thing. We did it, my God, in much bigger stuff. Maybe we are no good; maybe UNRRA is no good. Maybe we are all right, I don't know. Maybe UNRRA is all right. I want to know. I am entitled to know. But that is one kind of business, see?

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MR. TICKTON: Yes, sir.

H.M.JR: Let me give you another kind of business which is just as good. Here we have motorcycles. On December 21 we get two thousand one hundred and forty-six motorcycles. The request for bids went out on the 29th of March. Now, Walsh tells me the regular schedule is this--I learned more from Walsh in thirty minutes than I have learned in a long time--and Young--is that his name?

MR. MACK: Yes.

H.M.JR: Both of them were very frank. They didn't stall. I got more information from them in thirty minutes than I have gotten in this town in a long time. Here comes this stuff, and they tell me the normal procedure for Treasury Procurement is sixteen days to do the paper work.

MR. MACK: Within Federal agencies, that is right.

H.M.JR: Then it takes two weeks to allow the people to bid. But they said they could do a lot of things in two or three days. Granted they have to go to OPA and over to the WPB; but if OPA and WPB can't give me things in twenty-four to forty-eight hours, I am going to tell the world about it. I am not going to sit here and take it, see?

I want you to take this motorcycle deal, and find out how many days we fussed with it from the time the Army gave it to us, and how many days we fussed with OPA and with Nelson. When I did that and showed them that time--do you remember how Nelson tightened up on his stuff?

MR. MACK: That is right.

H.M.JR: Now, there are other things besides motorcycles. I understand the dealers came down and wanted to get them for one hundred and forty dollars. I got that from Walsh. This is only one deal.

Take the motor truck deal and the automobiles. This is the position, Cliff: I don't know what has happened

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over there; I am just talking here. But my God, there is no law that says we have to give all the trucks and all the automobiles to the Government itself, or divisions of the Government. And if somebody can't make up his mind--we have seven thousand cars. Let's put them on the market. I think it is bad business to feed off ourselves, anyway. I would like to see this stuff moved into consumption. There should be a directive going out over your signature, which I couldn't find up there. This stuff has to move into consumption; it can't lay around here. I asked them if they didn't have a directive. They couldn't find any.

MR. MACK: Well, this is the story: We started in on this program by trying to have the field officers locally--and we found we were running into troubles. So on February 22 we requested each of the field offices to let us know when they had any excess above Federal needs, and so forth, that would be available for public sale, and that means that everything before it is released for public sale has to be cleared by us over here so we will be sure to check on ceilings and methods of sale and distribution and all that sort of thing. They are doing it as quickly as they can. For example, we have one situation right now I would like to tell you about, batteries, the dry-cell batteries. The Army sold the first lot themselves, and they sold them in a hurry. Here is what happened: They sold batteries to a civilian employee at an Army post in Ogden, Utah.

H.M.JR: I know.

MR. MACK: Now they are declaring some of those to us. So what we are doing is checking to make sure that everything is considered before we release them, and we are doing it just as quickly as we can.

H.M.JR: Let me ask you this: I got the impression, going through this New York office--in the first place I will refresh my memory. It was only February a year ago that we decentralized this question of handling of surpluses. I got the impression that maybe because they were on separate floors that we could, if we wanted to, detach the surplus

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property thing from Procurement for Lend-Lease and other things. They are pretty much separate. We have separate accounting, and so forth, and so on.

MR. MACK: It is a branch of the work, of course, in each field office.

H.M.JR: But if I wanted to get rid of it, you could get rid of that business.

MR. MACK: Oh, yes.

H.M.JR: It is separate.

MR. MACK: Well, we could get rid of it. The tie is administratively, finance, personnel, accounting, and like that.

H.M.JR: I want you (Tickton) to study that, too, and you can get it much more clean-cut spending a day in New York if you can see it up there. It is on separate floors. Surplus property seems to be entirely separate, except for central accounting. But surplus property would be so much bigger than Procurement; they could afford to have their own central accounting.

MR. MACK: Now, on this matter of time, to be very frank with you, I started out with the thought in mind of pushing and crowding, and I started to get into trouble. We had to pull it into Washington for review of public sales before we authorized them to sell. Perhaps we have been a little bit overcautious. The trouble seemed to be that in our field offices from the beginning of the program primarily to other agencies of the Government--they would sell a machine shop to the construction battalion of the Navy. It was one machine shop, inventoried all in the family, and so forth.

But when you offer a machine shop for public sale, people want to be considered; they don't want to be left out. You have to be sure that you inventory, and the conditions and all that has to be gone into very carefully.

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Perhaps we have been reviewing it too closely. But Clayton said a little while ago--or he emphasized that in making sales to the public that we should test the market, that we should know what stuff is worth rather than just moving it so fast that we didn't have a chance to.

H.M.JR: But I went through the cards of NYA. You still have NYA stuff that hasn't been sold.

MR. MACK: Most of that is earmarked. There may be some that isn't sold, but most of it is earmarked. We have fellows out in the field now going to the offices. At least one was just sent out recently to check with these offices, and tell them to get that paper work through, because we want to get the stuff off our books, because after all, that has been out too long.

H.M.JR: I don't know the dates, but it seemed awfully long to me.

We will let Tickton make a little study. In the meantime, I just don't know. Frankly, the more I see of it, the more it worries me. I just don't feel that as Secretary of the Treasury I want to get mixed up in this thing, because the more I see of it, it is a job. If anything goes wrong, if you sell a battery for a dollar when it ought to bring two, I am going to get the blame.

MR. MACK: We had some chicken wire the other day. Now, we have every possible hurdle prior to making a sale if you do the thing right. If you do some of the things that are being done, that is different. Like, as you probably read about, we have to offer that only to prospective buyers that have an allotment number from the War Production Board. You have to comply with price ceilings; you have to do this and that.

H.M.JR: Well, like every other business, it drives you crazy. It does. It is terrible. What was the thing they told me up there in New York? Oh, yes, if they have any brass pipe, or brass connections, they can't sell to a plumber because he is not allowed to handle those. They have to give this perfectly good pipe to a junk dealer.

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You can't sell it to a plumber who would pay you a decent price. He is not allowed to use it. So you sell perfectly good brass pipes and connections and valves to a junk dealer.

MR. TICKTON: You would never be able to explain it away if you decided to make a case of it.

MR. MACK: For example, on electrical equipment--

H.M.JR: Cliff, I don't know what the hell you want this thing for.

MR. MACK: Well, I want it for this reason: Maybe it doesn't make sense to you; it does to me. I was in Boston the other day, and the Army is selling a million irons, the most desirable merchandise there is, and an individual is telling me that he could go over there and buy any or all of that. Of course, I didn't check it; I don't know. I know about some of the things that have been sold, Army and Navy, beautiful merchandise. I know that we are trying harder than anybody else to do a good job, and there is going to be criticism. I don't say you can get away from it. If we offer, for example, merchandise only to dealers--I had the Army and Navy stores over there to see me fifteen minutes ago. The retail associations don't believe that they are a legitimate retailer, not legitimate, but outside of retail dealers. They have been going for twenty-five years. Who is right, and who is wrong? You just have to do the best that you can, and I know that our fellows are just trying so much harder than any other agency that is handling surplus that they are way out in front of them. Even at that, we have done things that--

H.M.JR: Well, you did a swell job on procurement for Lend-Lease, and I am very proud of you. I don't want the Treasury Procurement ruined with this stuff. I am not sold on it; that is all. The more I see of it, the less I like it. That is the way I feel. It is just a blankety-blank headache.

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MR. MACK: Well, so far as I am concerned--of course, as you know, we don't want to be a headache to you, because you have troubles enough. Lord, you have a financing program, war bond program; and if anything we do upsets any of those things, then it is no good.

H.M.JR: That is my worry.

MR. MACK: I can understand that.

H.M.JR: My worry is that you fellows can't help but make mistakes. You are human just like I am, and you are going to be handling millions of articles and millions of dollars, and you are going to make mistakes. I have fifty million people as stockholders, and because I am in the secondhand junk business and making a mistake, my war bond program is going to suffer. There is nothing personal in this, but what am I hired for? To finance the war, not be in the secondhand business.

MR. MACK: The other day they said we were selling and buying horseshoes. They were different sizes. We are selling motorcycles.

I was in Boston the other day, and in the newspapers there is a big article about Ordnance ~~buying~~ motorcycles. They have a different kind. But to the fellow in the street--he will still think that we aren't doing the--

H.M.JR: And there were some telephone sets from World War I.

MR. MACK: Yes, and a harness from World War I.

H.M.JR: I have to think it over, but frankly, I don't expect it to go any further. Well, you can make up your own mind, but I think from the Treasury's view I just can't see it. I will think about it some more.

MR. MACK: Well, of course, so far as I am concerned, whatever you want to do is what I am for. I don't want to upset anything.

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H.M.JR: I will talk to you about it some more. The way my mind is running now, I think we can go on in a nice quiet way with Procurement in the Treasury and let them take the surplus property and give it to somebody else. I haven't decided, but that is the way I feel.

I will talk to you some more.

April 6, 1944
4:30 p.m.

JEWISH EVACUATION

Present: Mr. Pehle
Mr. DuBois
Mrs. Klotz
Rabbi Corff
Rabbi Frankel
Rabbi Kalmanowitz

MR. DuBOIS: You heard about Judge Rosenman at twelve-forty-five.

H.M.JR: Rosenman called me up and said, "These men had seen me and I am sending you a memorandum."

MR. PEHLE: The Judge refused to see the delegates. He doesn't receive delegates, so Rabbi Corff refused to go in unless the delegates went in. So Rosenman had to come out and see him personally and beg him to come in alone.

H.M.JR: Where is he?

MR. DuBOIS: He is there.

H.M.JR: Who are these Rabbis?

MR. PEHLE: Two of them are connected with the Union Orthodox Rabbis. Corff is more or less their representative and spokesman, as I get it, a very able person.

(Rabbi Corff, Rabbi Frankel, and Rabbi Kalmanowitz enter the conference)

- 2 -

H.M.JR: Which of you gentlemen will speak?

RABBI KALMANOWITZ: Coming to you, Mr. Secretary, about saving the lives of the Jewish. We have a question from two thousand two hundred and thirty-eight interned people in the camps in Vittel and Tittmoning.

We received yesterday a cable, a long cable, that every minute there is danger of life and death.

We come to the office of Mr. Pehle, and Mr. Pehle, I know very well, in the four or six weeks or less that he is working very hard to save the lives. Mr. Pehle has two or three people - I know Mr. Lesser, Miss Hodel, and Mr. DuBois, who are willing to work night and day for the saving - I know very well, and I recognize - the saving has not come. I don't know about the blame. I think the blame is in the State Department. There is every danger not only for the lives of the two thousand two hundred and thirty-eight people, but for three and a half million people. We have not very much help.

Please, Mr. Secretary, do the utmost that you can to save them, every one.

H.M.JR: Now, look, you get upset and you get me upset, and I can't do anything, either.

RABBI KALMANOWITZ: I know Mr. Lesser and Hodel and DuBois have at hand three cables that must go yesterday, and the cables are not going; one cable to Spain, one cable to the Swiss, one cable to the South American countries. You know very well, the less cables you have to send through the State Department--

H.M.JR: Let me ask you (Pehle) this. This may not be at all practicable, but there are five thousand passports which have been issued to bring the people into Switzerland, for children, aren't there?

MR. PEHLE: Yes, sir.

- 3 -

H.M.JR: Are those children coming in?

MR. PEHLE: Some are coming in, yes.

H.M.JR: What would be the most that will come in during the next three months under that arrangement?

MR. PEHLE: I doubt very much whether five thousand--

H.M.JR: What would be the maximum?

MR. PEHLE: There is no way of knowing, Mr. Secretary.

H.M.JR: Twenty-five hundred?

MR. PEHLE: You just don't know. There is no way of knowing. A few hundred got in.

H.M.JR: I was trying to think, if they would issue five thousand for these children, I wonder if you could get an additional blanket passport.

MR. PEHLE: What we were doing for the children was to issue them visas to come to the United States, admitting their foreign citizenship. The passports these people have on their face show that these people are citizens of various Latin-American countries. Nothing must be done to cast any cloud on that citizenship. If that citizenship is valid, they need nothing further. They need no visas.

H.M.JR: But in the room here, there is a question as to the validity of these.

MR. PEHLE: Oh, yes, a serious question as to the validity, but the strongest position that we can take is one of insisting on the recognition of these passports by the Germans, and ask the Swiss Government as the intervening power to insist with the Germans that these passports be recognized.

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MR. DuBOIS: We have had a cable pending in State for a month and a half which, if it had gone out, might have protected these people.

H.M.JR: What isn't clear to me is this. These two thousand three hundred people in France who ostensibly have passports to South America - one country, or more than one country?

MR. PEHLE: Various countries - not visas, passports.

H.M.JR: Now they are in France and they want to get from there into Switzerland.

MR. PEHLE: No, they want to stay where they are. Of course, they would like to get into Switzerland, but the main thing is to continue to protect them. They are at Camp Vittel in France.

H.M.JR: Is that near the border?

MR. PEHLE: Not to my knowledge. The main thing is to stop them from being deported to Poland.

H.M.JR: Following this thing - I am thinking up a blind alley - but following this thought, you are saying you want Mr. Hull to say to Mr. Harrison, what?

MR. PEHLE: "You go to the Swiss Government." They agree to that. "You tell the Swiss Government that it is the strong view of the United States that these passports must continue to be recognized as valid until after the war."

H.M.JR: Tell this to the Swiss?

MR. PEHLE: Who are the intervening power, and get all the questions which come up between Germany and any of these Latin American countries.

H.M.JR: Have you a draft of that?

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MR. PEHLE: It is in the State Department's hands.

H.M.JR: Haven't you a draft here?

MR. PEHLE: I have something here, yes. (Hands the Secretary "Proposed Cable to Minister Harrison at Bern") This is the crucial sentence, Mr. Secretary (indicating)

H.M.JR: "You should request appropriate officials of the Swiss government to approach the Germans in an effort to induce them to continue to recognize the validity of Latin-American passports held by persons in Vittel and elsewhere unless the Government in whose name the passport has been issued takes affirmative action to cancel or revoke it or deny its validity."

That they refused to do?

MR. PEHLE: Yes, they are willing to say this (reading from "Proposed Cable to Bern on Latin-American Passports"): "You should request appropriate officials of the Swiss Government, in dealing with specific cases," and so forth - that is, instead of a blanket one, in which the passport may be questioned by the German authorities.

But the difficulty is, the Germans aren't raising the question. They are just starting to ship these people out. We are quibbling on this sort of thing while this goes on.

H.M.JR: Let me put it another way. I am sure you people have thought of this thing. Supposing we would say to the State Department, "All right, you don't want to do it this way - supposing we issue them blanket American passports."

MR. PEHLE: They are in enemy territory. You would never get State to issue American passports.

H.M.JR: You did it to the children.

- 6 -

MR. PEHLE: No, those with children when they arrive in Switzerland. They are covering the border, sneaking through, Mr. Secretary. These people are in a concentration camp, Mr. Secretary. There is no chance for them to clandestinely get into Switzerland. This is a very simple thing we are asking State to do. All we are saying is this: Tell the Swiss Government, who should have some regard for what our wishes are, that they must insist with the Germans, as the intervening power between these Latin-American countries and the Germans, that until the Government which issued the passports says it is invalid, it must be regarded as valid. That is all.

H.M.JR: Is there any inclination on the part of these foreign countries to revoke them?

MR. PEHLE: There has been, but we have gone to all of them. I think they will go along until after the war. We can pretty well force a Latin-American country to refrain from revoking these things until after the war.

RABBI CORFF: If negotiations are started in the matter of exchanging these people. You see, Germany puts a price on these internees; if the merchandise is of any value, they will keep them there until eventually they will be exchanged. If they are not of any value to the United States or Latin-America, why should they keep them there and feed them?

One of the gentlemen of the State Department said yesterday or the day before - I think it was yesterday - to reliable sources, that he has reason to believe that these passports which the victims, all from Paraguay and Latin-American countries, were issued by Gestapo agents, and are not even Paraguayan passports, and on this assumption he refused to cooperate.

H.M.JR: Who is that?

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RABBI CORFF: One of the officials of the State Department.

MR. DuBOIS: Culbertson.

MR. PEHLE: We understand, at least these people have been told, that Mr. Stimson is out of town and McCloy is out of town, and that Patterson was trying, I understand from the Rabbi here, to get in touch with Mr. Stimson in order to get his approval.

RABBI CORFF: To get Mr. Stimson's cooperation to whatever the Secretary of the Treasury will indicate.

H.R.JR: Spell this camp.

MR. PEHLE: V - i - t - t - e - l.

RABBI CORFF: There is a Miss Thomas, Mr. Secretary, and Miss Thomas in the Office of Secretary Stimson, I believe - is it Miss Thomas who had quite a talk with Mr. Kinnally, John McCormack's secretary? John McCormack has telephoned Mr. Kinnally to please cooperate in this matter.

(The Secretary speaks to Mr. Patterson over White House phone, as follows:)

Hello, Bob. This is Henry talking. Good afternoon.

I am all right.

I have this delegation of three gentlemen from the Orthodox Synagogues in regard to these Jewish people in this Vittel Camp in France, who are there under South American passports. Have you heard about that at all?

Well, these people say there are over two thousand three hundred of them - yes. In France. With South American passports. They are beginning to deport them to Poland.

- 8 -

What we are trying to do is to get the State Department to send a cable to Switzerland to intervene with the Germans to recognize these South American passports.

Both Senator Mead and Congressman McCormack called me up about this, and we have had no luck over in the State Department, and I wanted to get Mr. Stimson interested in this.

Will he? How late?

Will he be at home? He will be home tonight?

O.K. Thank you, Bob.

(End of conversation)

H.M.JR: Stimson gets in late tonight. What do you think if I ask Hull to convene the President's War Refugee Board? That is all. Let's take it up with the Board immediately. What is the use of beating around the bush?

MR. DuBOIS: Can't you call Hull?

MRS.KLOTZ: He may not be fully informed.

MR. PEHLE: I think if you and I would talk to Mr. Hull he would do it.

H.M JR: We will find out.

RABBI CORFF: Judge Rosenman was kind enough to assure me this afternoon that they will call Mr. Hull and--

H.M.JR: No, Judge Rosenman told me this is a War Refugee matter and he has nothing to do with it.

RABBI CORFF: He called you, sir?

- 9 -

H.M.JR: I understood him to say that this is a War Refugee matter. I may have misunderstood him, but I don't think so.

RABBI CORFF: He was greatly distressed over there.

H.M.JR: Excuse me just a minute (speaks to Mrs.Klotz).

I think the easiest thing is to let me call Hull and ask him.

MR. PEHLE: I think so.

(The Secretary places a call to Secretary Hull)

H.M.JR: Are they beginning to move people out of this camp?

MR. PEHLE: That is what we are told.

MR. DuBOIS: The latest cable indicates they are about to ship out two hundred and fifty. We have had this pending for a month and a half in the State Department.

H.M.JR: For a month and a half?

RABBI CORFF: Six valuable weeks.

RABBI KALMANOWITZ: Only the first cable.

H.M.JR: How did you get to Senator Mead? Did you get to him direct?

RABBI CORFF: You see, Mr. Secretary, I was married a year and a half ago, and Senator Mead was my best man - a Catholic was a Rabbi's best man - and he is very close to me and I think a great deal of him. He is a liberal in the full sense of the word, and he is all-out for it.

As a matter of fact, he said if public opinion is necessary to stimulate the State Department, by all means, public opinion should be brought to the attention of the public.

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H.M.JR: Did you get to Congressman McCormack direct?

RABBI CORFF: Yes, John McCormack of the Twelfth Congressional District. He is a Bostonian. I got to him direct. John McCormack presented a Palestine resolution in Congress which is now a dead issue.

H.M.JR: What issue?

RABBI CORFF: A dead issue, sir.

H.M.JR: What did you put before them a month and a half ago?

MR. PEHLE: The proposal that is more or less pending now, and that is the one that we want them to tell the Swiss Government to intervene with the German Government. Part of the difficulty, I think, comes from their dislike of these passports, and the people over there that deal with such things dislike anything that questions the sanctity of a passport.

(The Secretary holds a telephone conversation with Mr. Brown in Secretary Hull's office, as follows:)

April 8, 1944
4:51 p.m.

Operator: K-e-e-f-e.

HMJr: Miss Keefe.

Operator: Right.

HMJr: Right.

Operator: Go ahead.

HMJr: Hello.

Miss Keefe,
Sen. Mead's
secretary: Hello.

HMJr: Miss Keefe.

K: Yes.

HMJr: This is Mr. Morgenthau.

K: Yes, sir.

HMJr: I think your office -- your office asked me to see these three Rabbis in regard to this refugee camp at Vitell.

K: Yes.

HMJr: Did you do that?

K: No, it was Mr. Mulcahey. He's not here now.

HMJr: Well, you

K: It was in connection with Rabbi Corff, for one, wasn't it?

HMJr: That's right.

K: Yes. I know about it.

HMJr: Well, now you tell Mr. Morkay -- is that the name?

K: Mulcahey.

HMJr: Well, you tell him now that as far as I'm concerned, we're doing everything we can, but Congressman McCormack will have to bring pressure directly on Mr. Hull.

- 2 -

K: All right.

HMJr: I mean, he'll have to bring pressure directly on Mr. Hull if anything is going to happen.

K: Uh - huh.

HMJr: Because I'm going - I've going - I am going as far as I can, but you people will have to bring pressure on Mr. Hull.

K: All right. I'll be very glad to pass that along.

HMJr: And the sooner the better.

K: Uh - huh.

HMJr: Okay?

K: Yes. Thank you very much.

HMJr: Good-bye.

April 6, 1944
4:46 p.m.

Operator: Secretary Hull is in conference, and I have Mr. Brown, his secretary.

HMJr: Hello.

Mr. J. E. Brown: Hello, Mr. Secretary.

HMJr: Brown

B: Yes, sir.

HMJr: at the instigation of Senator Mead and Congressman McCormack, I

B: Uh - huh.

HMJr: have here now in my office, three representatives of the Orthodox Jewry

B: Yes.

HMJr: and -- in regard to this Camp Vitell.

B: Uh - huh.

HMJr: I don't know whether -- are you familiar with it?

B: No, I'm -- no, I don't know about that.

HMJr: Well

B: Camp Vitell.

HMJr: Well, let me explain to you, there is

B: Yes.

HMJr: this camp in France where there are -- has been interned over two thousand Jews on South American passports.

B: Uh - huh.

HMJr: We have been -- well, I say "we" -- Mr. Pehle's been trying for a month and a half to get a telegram to go out

B: Uh - huh.

- 2 -

HMJr: unsuccessfully.

E: Yes.

HMJr: I believe Mr. Hull met on this thing this morning.

E: Yes.

HMJr: Now, the point is that these people are beginning to be moved out and, of course, to them it means death

E: Yes.

HMJr: And all we want to do is to try to get a cable to Mr. Harrison to make representations with the Swiss, in turn make representations with the Germans

E: Yes.

HMJr: and these people's lives are at stake - it's been delayed a month and a half, and I'd like to still try to get a decision tonight.

E: Yes.

HMJr: And, if necessary, to have Mr. Hull call a meeting of the War Refugee Board. Either tonight or the very first thing tomorrow morning, but tonight would be still better so that the cable could still go.

E: Yes.

HMJr: Now, I - I -- Mr. Pehle and I'll come over and see Mr. Hull still tonight if he'll see us.

E: Yes.

HMJr: But I - I - I hate to see the sun set on this thing without the thing being settled.

E: Uh - huh. I - now, may I inquire about that then, Mr. Secretary, and then get word back to you

HMJr: Has Mr. Hull got somebody in there?

E: Well, he has a group of people in there with him, but I'd try to go in, but it - it looks as if it wouldn't be a very satisfactory time for you to have a talk with him. I mean, just at this moment.

- 3 -

HMJr: Well, how long do you think it will be?

B: I - I think it will probably be another quarter of an hour -- another quarter of an hour to half an hour. We may be able to get a break in there

HMJr: Yes.

B: during that time.

HMJr: The thing really ought to be settled tonight.

B: Yes - yes.

HMJr: The question of sending a cable, and - and if you don't mind my saying, the record over there isn't very good -- it's been pending a month and a half

B: Uh - huh.

HMJr: and now these people are being moved out, and when they're moved out, of course it just means murder to them.

B: Yes, yes. Well, now, I'll get that message along, Mr. Secretary, just as promptly as I can, and

HMJr: Well

B: and I'll call you back.

HMJr: Well, either you or Mr. Hull call me back

B: Yes.

HMJr: and I'll just sit here and wait until I hear from you.

B: All right, sir. Fine.

HMJr: Thank you.

B: I'll let you know.

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RABBI CORFF: John McCormack is sick in bed. Kinally's secretary is at the Capitol now, and Mr. Kinnally is at the Senate Office Building now. They are both due in church in ten minutes. Yes, sir, today and tomorrow is more or less of a Catholic Good Friday. They may be on their way to church.

H.M.JR: Why don't we do this - I will wait now and see these gentlemen. Then if you people won't mind waiting outside until I can get Mr. Hull, do you see? They said he would be about fifteen minutes, but if you people don't mind--

(The Secretary holds a telephone conversation with Miss Keefe in Senator Mead's office, as follows:)

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H.M.JR: I expect another telephone call from John McCormack before six o'clock. I understand he is in Maine.

I am doing everything any human being can do. I will do everything I can do. I had a doctor's appointment; I have cancelled that. There is no use bringing any pressure on me. Bring pressure on Mr. Hull.

Don't let John McCormack call me. Let him call Mr. Hull.

RABBI CORFF: He did, sir. If you will talk to Mr. Kinnally--

H.M.JR: He called Mr. Hull himself?

RABBI CORFF: He called Mr. Hull himself.

H.M.JR: He had better call him again.

You gentlemen wait. I will see you before you go.

(Rabbi Corff, Rabbi Frankel, and Rabbi Kalmanowitz leave the conference)

(The Secretary holds a telephone conversation with Mr. Kinnally in Congressman McCormack's office, as follows:)

April 6, 1944
4:54 p.m.

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HMJr: Hello.

Mr.
Kinnaly: Hello, Mr. Secretary.

HMJr: How are you?

K: Nicely, thank you. Incidentally, may I thank you for seeing the Doctor -- Dr. Corff.

HMJr: Well, it was a privilege.

K: He's a good friend of my Chief.

HMJr: Well, it's a privilege, but here -- here's what I'm up against.

K: Yes, sir.

HMJr: I'm now -- Mr. Hull's in a conference and my -- we've had this matter before the State Department for a month and a half....

K: Yeah.

HMJr:trying to get them to send out a cable.

K: Uh huh.

HMJr: And we've been unsuccessful as late as today.

K: Yes, sir.

HMJr: The cable should go.

K: Yeah.

HMJr: And I'm asking Mr. Hull whether he will see me still tonight.

K: Yes, sir.

HMJr: I don't know whether he will or he won't. And if he doesn't I'm asking him to convene the War Refugee Board tomorrow just to consider this.

K: Uh huh.

HMJr: Now, I don't know whether Mr. McCormack has communicated directly with Mr. Hull. Has he?

- 2 -

K: Not -- no, sir, just through me, sir.

HMJr: Just through you?

K: To make these appointments.

HMJr: Well, I think it will take a call from John McCormack direct to Mr. Hull to get anything done.

K: Uh huh. We'll try to do that. John was to be out of town for a day or two, leaving today.

HMJr: Yes.

K: Over the week-end, you know.

HMJr: Yes.

K: I'll see if I can reach him. Is it out of order, Mr. Secretary, if I tell him I'm directed to do it?

HMJr: Directed?

K: Directed by my Chief to do that -- would you say it would be out of order if I called the Secretary and say that my Chief directed me to get in touch with him? It won't be nearly as effective.

HMJr: To be honest with you, I don't think it's as effective as though it were Mr. McCormack.

K: Oh, surely, I appreciate that. I mean in the event I can't reach my Chief. I'll get going on it right away to see if I can reach him.

HMJr: Well....

K: I mean....

HMJr:it's second -- I mean -- I realize it would be helpful, but the best thing would be if John McCormack would call himself.

K: Yes, sir.

HMJr: Lacking that, if you would do it, that would be helpful.

- 3 -

K: Well, it's nice of you and once again, Mr. Secretary, John does appreciate this. Rather he will appreciate it when I tell him.

HMJr: I don't want any thanks for this. I mean this is something that I want to do.

K: Yes, sir.

HMJr: But you give John my best regards.

K: I surely will and thank you, sir.

HMJr: All right.

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H.M.JR: McCormack never talked to him. I just was checking.

MR. PEHLE: Rosenman told these people that he would see Mr. Hull, but all he wanted was a memorandum from DuBois.

H.M.JR: He called me up and said, "What is the matter? Isn't your telephone working?"

(To Mrs. Klotz) Let them see the conversation afterwards.

"What is this stuff about a memorandum? Can't you call me to the telephone?" Then he goes on and says, "I don't want the memo. It is a matter for the War Refugee Board."

MR. PEHLE: You know, Mr. Secretary, it is a terrible enough thing that nothing is being done for these people, but to constantly tell them that things are being done when they are not--

MR. DuBOIS: The worst crime about this - you know what State is doing - when they offer to see State, State promises them the Sun and blames it on us that something isn't being done. I gave these people the whole fact.

As a result, they have given the facts out, and I hope they give them out further. State Department is blaming us for this. They saw Long and Taft and Warren over there, and in effect they said it was we who were delaying it.

H.M.JR: Suppose Hull says, "What do you want me to do, Henry?"

MR. DuBOIS: Send that cable out.

H.M.JR: Where is the part that I want? (Mr. Pehle indicates)

- 14 -

Of course, these people are so excited. You heard him say they saw John McCormack call. He didn't call.

This man says, "Is it all right for me to say I am calling for John McCormack? Is that all right?"

I said no.

MRS. KLOTZ: These fellows aren't misinformed. That is the information they get.

MR. PEHLE: That is right. They are misled all around.

MR. DuBOIS: The Judge misled them just the same as the State Department.

H.M.JR: I don't see how Taft and those people can tell them.

MR. PEHLE: They told them there were just a few words difference between what they were willing to send and what they wanted to send, and we were just quibbling.

MR. DuBOIS: A few words make all the difference in the world.

H.M.JR: I will let you know.

April 6, 1944
6:00 p.m.

Operator: He'll be right on.

HM Jr: Hello.

HM Jr: Hello.

HM Jr: Cordell?

H: Yes.

HM Jr: This is Henry talking.

H: Yes.

HM Jr: Cordell, Senator Mead and Congressman McCormack asked me to see these three Rabbis, which I did, and the poor fellows broke down and cried here in my office, and we had quite a time.

H: Oh, I'm sorry.

HM Jr: And it's about - there are some 2300 Jewish people in a Camp Vitel in France who have got various kinds of South American passports.

H: They're in France, are they?

HM Jr: They're in France.

H: Has Italy got - has Switzerland got control of it?

HM Jr: No, and about a month and a half ago the War Refugee Board suggested a cable to your people that Minister Harrison would approach the Swiss to speak in turn to the Germans.

H: Now by the way, Henry, I got hold of that proposed despatch, and I directed my man to strike out "At the request of this Commission," and say "At the request of the Government - of the State Department." Then go on with those things setting them out. You have seen it, haven't you?

HM Jr: I have seen it, but that isn't a part - could I read you a very short sentence?

H: Yes, sir.

- 2 -

HM Jr: Hello?

H: Yes, sir.

HM Jr: The part that our boys thought would be most helpful is this - "Accordingly, you are requested to approach the officials of the Swiss Government and advise them of this Government's views."

H: Well, that's what I have just given our man.

HM Jr: Yes. Then it goes on - well, we are together so far. Then it goes on - "You should request appropriate officials of the Swiss Government to approach the Germans in an effort to induce them to continue to recognize the validity of Latin American passports."

H: Well, that's just what I have done .

HM Jr: "...held by persons in Vittel and elsewhere unless the Government in whose name the passport has been issued takes affirmative action to cancel or revoke it or deny its validity."

Now that's the meat of it.

H: I told my man to take this amended thing and call up your man and read it to him.

HM Jr: Yes.

H: And I think it will cover this thing. At any rate, I have put the Government in there as saying to the Swiss Government that it is anxious that the Swiss Government handle this thing along those lines.

HM Jr: Well, I think that by mentioning the Government rather than the Committee that that strengthens it. But the other part - the draft that I saw which a man by the name of Culbertson did we didn't feel would do the trick.

H: Well, I struck out - they had "The Commission" - I struck that out.

HM Jr: Well, what I read to you - does that sound all right?

- 3 -

H: Well, they had "The Board" on that, and I struck that out and put in "The Government."

HM Jr: Well, what I read to you now - does that sound all right?

H: I think that's what they have got now with the changes that I made, and I've got this fellow - I've been so busy on a thousand things that I haven't been able to follow all the details. I told him to get with your man, and I thought that would take care of it, and he can - I think you will find that that is what happened.

HM Jr: Who is looking after it for you?

H: A man by the name of Warren.

HM Jr: Warren?

H: Yes.

HM Jr: Could Warren come over and see me now?

H: Yes, I'll be glad to send him over.

HM Jr: Could he come right over?

H: I'll tell him - I'll ask him to.

HM Jr: Well, that is all that would be necessary.

H: He's not in my office at this time.

HM Jr: Well, if he could come over now and if you would tell him that what I read you sounds all right to you?

H: I'll tell him to come over.

HM Jr: I'll wait until he comes.

H: Yes, all right.

HM Jr: Thank you.

April 6, 1944
6:47 p.m.

J. E.
Brown:

....Mr. Secretary.

HMJr:

Mr. Brown, we haven't got any further at all. I'm really quite upset about this thing. Mr. Warren is sitting here.

B:

Yes.

HMJr:

He's not questioning my word in my conversation with Mr. Hull, but he says he can't act until Mr. Hull gives him instructions.

B:

Yes.

HMJr:

Now, we're no further.

B:

Yes.

HMJr:

I -- I read the paragraph in point....

B:

Yes.

HMJr:

....to Mr. Hull. I don't know whether you heard the conversation or not.

B:

Well, he's -- the Secretary mentioned about it.

HMJr:

Yes. And I read it very carefully and I said a couple of times, "Have you any objection to this?"

B:

Uh huh.

HMJr:

And he raised no objections.

B:

Yes.

HMJr:

And he said, "I told them not to talk about the War Refugee Board -- to talk about the Government." I said, "Well, that's fine."

B:

Uh huh. Uh huh.

HMJr:

Now, here we are -- I've got these....

B:

Well, do you -- Mr. Secretary, could I venture this suggestion that if you have....

HMJr: If you please.

B:the draft as you and Mr. Warren have worked it out as far as is possible, would you want Mr. Warren to bring that back and then take it up with the -- get hold of the Secretary or someone else who can okay it and get it moving?

HMJr: Well, look....

B: Would that be satisfactory?

HMJr: We can write the draft the way we'd like -- we'd like to see it go.

B: Yes.

HMJr: I mean, I don't think that -- Mr. Warren's here -- I don't think he will approve or disapprove it unless he gets instructions. Just a moment.

B: Yes.

HMJr: Will you hold the wire a minute? (Aside: Is that right? I mean, you're not going to say "yes" or "no" to a draft that we make?) Well, he says he'll do whatever Mr. Hull suggests, so what it gets down to is this: I'd like to have our -- the War Refugee Board, Mr. Pehle, prepare a draft the way we think it should go.

B: ~~Yes~~.

HMJr: It won't take him fifteen minutes to type it.

B: Yes.

HMJr: Hello?

B: Yes.

HMJr: Then how can we get it so that Mr. Hull can say "yes" or "no" tonight?

B: Well, we could, if you felt it necessary, Mr. Secretary, we could, of course, telephone it out to the Secretary.

HMJr: Well, I....

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B: Would you think it will be satisfactory if we hand it to him to take care of the first thing in the morning?

HMJr: Well....

B: When -- he'd be a little clearer about it and have a chance to give it clearer thought then. Just whatever -- would that be agreeable to you, sir?

HMJr: Well, he seemed to understand it, but do you know what time he is usually through with his dinner?

B: Frankly, I don't, but I would guess it would be around eight -- eight to eight-thirty, something of that sort.

HMJr: Yeah. Well, the tragedy is, Mr. Brown, this thing has been delayed so long....

B: Yes.

HMJr:that I -- I'm afraid I'm going to have to ask that it be read to Mr. Hull tonight.

B: Yes.

HMJr: And after all, it can be read to him or it could be sent to him.

B: Yes.

HMJr: So that it could still, after all, if it goes out tonight, it will be in Switzerland tomorrow morning. If it goes out tomorrow, it can't get there until Saturday.

B: Yes.

HMJr: You see?

B: Yes.

HMJr: So, how can we get it in your hands?

B: Well, if Mr. Warren could bring it back here, we could take care of it from then and help him get in touch with the Secretary.

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HMJr: Well, Mr. Warren ought to be back over there in not more than fifteen or twenty minutes.

B: Yes.

HMJr: Hello?

B: All right, sir.

HMJr: Do you mind waiting?

B: Not at all, sir.

HMJr: Well, I appreciate your cooperation, but this is a tragic situation.

B: Now, if -- Mr. Hughes, who is the night officer who comes on in the Secretary's office....

HMJr: Yes.

B:from the close of the business day here, when the day people go off -- Mr. Hughes is on here tonight.

HMJr: Yes.

B: (Clears throat) Excuse me. And he is familiar with this situation this afternoon.

HMJr: Yes.

B: And he will be able to carry on and take care of it this evening.

HMJr: Right. Well, certainly when I read it very slowly to Mr. Hull, what we wanted, I kept saying, "Have you any objection?" And he said, "No." He said -- I got the distinct impression that this met with his approval.

B: Yes. Yes.

HMJr: But it would be much better for -- from Mr. Warren's standpoint, that we have a clean draft....

B: Yes.

HMJr: And that....

- 5 -

B: I think you understand, of course, that Mr. Warren would want to check it with people here, wouldn't he?

HMJr: Yes.

B: Before actually sending it out.

HMJr: Right. I -- I'm not blaming Mr. Warren, but all I'm trying to do is to get something done.

B: Yes. Absolutely.

HMJr: But if you're not there, Mr. Hughes will be on duty?

B: Mr. Hughes will be here. Yes.

HMJr: And when do you go off duty?

B: Well, I'm going off probably in -- I'll be going off just after Mr. Warren gets back here.

HMJr: Oh, you'll wait for him?

B: Yes.

HMJr: Well, now, wait a minute. I think we already have -- just a -- (Aside: Do we have a copy?)

B: All right, sir.

HMJr: They have a copy so he can leave -- I want to read it and make sure it's all right -- he'll leave here within five minutes.

B: All right, sir. Fine. I'll be here.

HMJr: You will wait?

B: Yes, indeed.

HMJr: I thank you.

B: Not at all, sir. Any time.

HMJr: Thank you.

B: Bye.



TREASURY DEPARTMENT

WASHINGTON

DEFENSE SAVINGS STAFF

April 6, 1944

REGIONAL CONFERENCES

WAR FINANCE DIVISION

April 22 - Saturday

Boston, Massachusetts

Hotel Statler

April 24 - Monday

Atlanta, Georgia

Capital City Club

April 25 - Tuesday

Cleveland, Ohio

Hotel Statler

April 27 - Thursday

Tulsa, Oklahoma

Mayo Hotel

April 29 - Saturday

Minneapolis, Minnesota

Hotel Nicollet

May 1 - Monday

Portland, Oregon

Multnomah Hotel

FOR DEFENSE



April 6, 1944

FROM: SECRETARY MORGENTHAU

TO: MR. GAMBLE

Please do not sign my name to a telegram of this kind, in the future, without first getting my personal O. K. Thanks.

TED R. GAMBLE

118

WAR FINANCE DIVISION

EXPENSES OF LOANS

APRIL 4, 1944

DR. FRANKLYN BLISS SNYDER
PRESIDENT, NORTHWESTERN UNIV.
EVANSTON, ILLINOIS

I WISH PERSONALLY TO URGE YOU TO CONSIDER SERIOUSLY THE
ACCEPTANCE OF THE CHAIRMANSHIP OF OUR ILLINOIS WAR FINANCE
COMMITTEE. THERE IS NO MORE IMPORTANT JOB TO BE DONE AT
HOME THAN THAT OF FINANCING THE WAR. IT IS UPON MEN SUCH
AS YOU THAT WE MUST RELY IN CARRYING ON THIS VITAL WORK.

HENRY MORGENTHAU, JR.
SECRETARY OF THE TREASURY.

TRG:ecb



April 6, 1944

MEMORANDUM

To: Secretary Morgenthau

From: Mr. Gaston

I talked to Commissioner Nunan in the presence of Joe O'Connell about his proposal to send out orders that the Alcohol Tax men clean up the cases they have on hand and cease "harassing" liquor dealers. I told him that I didn't think we had information sufficient to justify such an order at this moment. I suggested that he get further information from Berkshire and Avis as to just exactly what their men are doing and what further cases they hope to make, and bring that back for your decision. He said he would do that and would also look into the situation personally when he goes up to New York over the week-end.

WJG

APR 6 1944

Dear Mr. Becket:

I have read with a great deal of interest and satisfaction reports we have received from William E. Frank, District Coordinator of the Fifteenth District, Treasury Enforcement Agencies, at Seattle, of the formation of the Northwest Control Agency to suppress illicit traffic in liquor and to promote more effective enforcement of other laws in the States of Washington, Oregon, Idaho, Montana and Utah.

I was especially pleased by your courtesy in inviting representatives of Treasury Enforcement Agencies to participate with you in your organization meeting and I want to offer you the fullest cooperation by all Treasury agents.

It has long been my belief that the most effective route to better enforcement and better observance of both Federal and State statutes lies in good relations and good coordination between Federal, State and local law enforcement agencies.

I want to wish the utmost success to the Northwest Control Agency and also to express the hope that its operations may set a pattern for similar coordination in other states and regions leading to substantial improvement in the machinery of law enforcement.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Eyre M. Becket,
Chairman, Washington Liquor Board,
Olympia, Washington.

HEG/mah

/4/6/44

Carbon of memo returned to Gaston
with note that the Secretary asks
"Can you get other sections of the
country to do this."

107857-76
10757-16
April 1, 1944.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Gaston

At a meeting in Portland, Oregon, on February 8-9, 1944, State Police and liquor control officers of the five northwestern States of Oregon, Washington, Idaho, Montana and Utah, set up a permanent organization to be known as the Northwest Control Agency, which is frankly patterned after Treasury Law Enforcement Coordination. The principal Treasury enforcement officers from the 15th District were present.

The purpose of the new organization, as stated in the document entitled "Organization Structure", is "to consolidate and coordinate, voluntarily, all state enforcement agencies, over which the members of the agency have jurisdiction, in dealing with illicit traffic of alcoholic liquor in all forms and other enforcement problems."

The concluding paragraph of this document reads: "The chief coordinator is hereby empowered to establish and maintain contacts with the United States Treasury Enforcement Agencies of the Fifteenth District which have pledged their complete cooperation and assistance with the agency in carrying out the purposes hereinabove outlined."

The Northwest Control Agency elected the following officers:

Chief Coordinator - Evro M. Becket, Chairman, Washington Liquor Board.

Assistant Chief Coordinator for Administration - Ray Conway, Administrator of the Oregon Liquor Commission.

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Assistant Chief Coordinator for Enforcement -
James A. Pryde, Chief of the Washington State
Patrol.

Executive Secretary - D. B. Rigg, Sergeant, Washington
State Patrol.

State Coordinators were chosen as follows:

Montana - Charles L. Sheridan, Supervisor, Montana Highway
Patrol.

Idaho - J. C. Sorenson, Director, Liquor Law Enforcement,
Idaho.

Oregon - Ernest M. Jachetta, Attorney, Oregon Liquor
Control Commission.

Washington - Thomas G. Jordan, Member of the Washington
Liquor Board.

Utah - Lawrence A. Johnson, Commissioner.

Our coordinator in Denver is discussing with Colorado
State officials the possibility of the formation of a similar
organization in that district.

I am attaching a letter to Mr. Becket which you may
wish to sign.

TO:

124

Mr. Klotz

Attached is the "speech"
The Society requested me to prepare.

I have not cleared or distributed
it to White, Pable, or al since
I thought the Society might prefer
to decide who should see it.

I have written the way I
think Wilke would write it --
not the way the President might
want to hear it.

MR. LUXFORD

[Signature]
7/16/44

SECRETTYPE OF SPEECH WENDELL WILLKIE COULD MAKE
ON OUR ARGENTINE POLICY

In many of my recent speeches, I have taken the occasion to criticize the foreign policy of the Roosevelt Administration. This criticism was addressed to the deeds of this Administration - not its utterances. The old adage "Actions speak louder than words" finds no more fitting application than that evidenced by the Roosevelt foreign policy. In fact, careful analysis will disclose that just as this Administration always ends up with two agencies charged with doing one job; with two regulations controlling one act - so, too, we have the paradox of two foreign policies applied to one world.

Let me be explicit. I charge the Roosevelt Administration with mouthing one foreign policy and simultaneously by deeds pursuing another. On the one hand, the American people are told that the foreign policy of this country is embodied in such expressions as the Atlantic Charter, the Four Freedoms, the Good Neighbor Policy and the like, including Secretary Hull's sentimental 17-point statement. On the other hand, when the American people behold the deeds of this Administration in the field of foreign relations, they discover that in application our foreign policy is a sordid hodgepodge of

- 2 -

expediency, appeasement, vacillation and plain bungling. They see our foreign policy of deeds exemplified by our relations with the Vichy France of Petain and Laval. They remember our "deal" with Admiral Darlan and our petulant insistence upon forcing General Giraud down the throats of the French in North Africa in the face of a tidal wave of support for those Frenchmen who chose to fight for the freedom of France ever since its downfall in June 1940. They have ever before them the spectacle of our shabby and begrudging "partial recognition" of the French Comite, notwithstanding the universality of the acceptance of this provisional French Government by the French people.

The American people see our long record of pandering to Fascist Franco continue despite his consistent aid to Hitler and notwithstanding the insidious machinations of the Spanish Falange right in this hemisphere -- yes, right in this country. They are confronted with the well-nigh unbelievable repetition of the Darlan incident -- this time in terms of the little Italian King and Marshal Badoglio. They cannot comprehend our

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lack of forthrightness and decisiveness in dealing with Finland and getting her out of the war.

Thus we see the Dr. Jekyll-Mr. Hyde nature of the Roosevelt foreign policy. Our foreign policy of words rings with idealism and the traditions of our national heritage. Our foreign policy of deeds reeks with appeasement and short-sighted expediency. No wonder thinking people in this country are befuddled at our foreign policy! No wonder the whole world is cynically indifferent to our plethora of high-sounding words; words which other countries can hardly be expected to use as guides when we ourselves blandly ignore them! No wonder that this country, under the present Administration, is witnessing the withdrawal of the offer of world leadership which was made to it by a sick world exhausted by old-school diplomacy and anxiously groping for spiritual and moral leadership, symbolized by America!

But let me be specific in this analysis of the Roosevelt Foreign Policy. I propose tonight to put one of our current blunders in foreign policy under the microscope of public consideration so that one and all alike can determine the ultimate cost to this nation of an ineffective foreign policy.

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I refer to the Administration's policy toward Argentina.

The Argentine people are perhaps more nearly like us in customs and mode of living than any of the other people of this hemisphere. We have many things in common with each other and I know that the peoples of these two countries mutually hold each other in high esteem, but strange as it may seem, the relations between the Government of Argentina and the Government of the United States have not been good for many years and recently those relations have grown progressively worse.

Today Argentina is ruled by a small minority of militarists espousing Fascist principles and anti-United States views. This minority is not representative of the Argentine people but is a minority which seized power by force of arms and forced totalitarianism upon the Argentine people. Thus today when the American armed forces are fighting on foreign battlefields against Fascism, we have a Fascist Government in our own hemisphere. We have a Fascist Argentina working against us at every turn when our State Department has been proclaiming hemispheric solidarity from the roof tops and

- 5 -

preaching continental security on all sides. Unfriendly Fascistic Argentina stands today as a monument to the blunders of our foreign policy -- a monument which grows as our blunders increase. When we are confronted with such a situation, some explanation is required on the part of those responsible for the policy which led to this predicament.

Our policy toward Argentina, if we can be said to have one, can well be characterized as a series of blunders interrupted only by periods of inaction and indecision while waiting for a miracle or windfall to improve the steadily deteriorating situation. To our everlasting shame, we pampered and petted the Castillo regime which was in power from 1940 to the middle of 1943 by sending ~~great~~ quantities of American goods and materials to Argentina. Merchandise and materials which were in scarce supply in the United States -- rationed, if you please -- these were sent to appease Argentina at the expense of American civilians and at the expense of our loyal Allies in Latin America who had cast their lot with us from the moment of the treacherous attack on Pearl Harbor. This did not go unnoticed by our friends in the other American Republics who wondered why Argentina should receive goods which they

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needed so badly but could not get at a time when they were making sacrifices in the war and Argentina was making none. I might add that our policy has puzzled many pro-Allied Argentines.

On June 4, 1943, the Castillo Government was driven from power by force of arms. Unfriendly to us as Castillo was, and although his government started the suppression of the free institutions of the then Argentine Republic, it cannot be denied that he held office under color of constitutional authority, but the same is not true of the revolutionary regime which installed itself at the point of guns and finally proclaimed General Ramirez as President of Argentina. In view of the events leading up to the revolution, it is difficult for me to understand why our State Department was not alert and could not have foreseen the events which appeared likely to follow.

We literally fell over ourselves in recognizing the Ramirez regime notwithstanding the fact that many of the leaders of the Argentine coup were men who had close associations with the Germans and were men of known Fascist background.

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We recognized that regime within a week after Ramirez had proclaimed himself President of the Argentine. Have we ever acted so quickly in recognizing a people's Government? Then why such speedy recognition in this? Why was this done? Were the American Embassy in Buenos Aires and our State Department misinformed, or uninformed? Who was responsible for this blunder? Was there any reason to think that men with the background of the leaders of the revolution would set up a type of government other than that which they have established? Our blunder in our speedy uncalculated recognition of the present Argentine government has helped fasten the yoke of Fascist oppression upon the necks of the Argentine people at a time when this country has proclaimed to the world that it is fighting Fascism.

A policy of action on the part of this Government aimed at the Fascist clique in Argentina might possibly be questioned if the activities of the Argentine dictators were limited to the oppression of the Argentine people, but there is no question on this point when the activities of this Nazi-Fascist group have gone beyond Argentina's boundaries. In fact, this

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group has helped stage a successful revolution in Bolivia and has actively attempted to foment revolutions of a similar nature in four other South American countries in an effort to form a bloc of anti-democratic, anti-United States nations in the southern part of this hemisphere for the purpose of thwarting the efforts of this Government and those of our Allies in the successful prosecution of the war and in the preservation of democratic principles. So long as this group rules Argentina, there is a threat to the security of the whole continent and the hemisphere. For some time to everyone except our State Department, this has been evident.

What, I ask, did our State Department hope to gain by its speedy recognition and policy vacillation? Probably there is no one answer to this question. Rather the question is answerable only by understanding that the Administration in its foreign policy has pursued consistently, and almost without exception, a policy of expediency; expediency in the worst sense of the word. To our State Department expediency has meant seizing upon any short-range advantage, regardless of what the long-term consequences might be. Always our State Department has followed the same line. Be sweet and gentle to your enemies. You can afford to neglect or at least not favor your friends.

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The Ramirez Government in Argentina was able to establish Fascism in that country more quickly than Hitler had been able to establish it within Germany. Perhaps our State Department does not believe that Argentina is Fascist. If it is not, what would they choose to call it? The Argentine Fascist clique has muzzled the press, dissolved the legislature, intervened the schools, whose teachings are now patterned along Fascist lines, and dismissed from school faculties those teachers given to liberal and democratic ways of thinking. It abolished labor unions, jailed large numbers of political prisoners and enacted anti-semitic measures. Many pro-Allied organizations have been closed down by it. It abolished political parties and called off scheduled elections. Today the prospect for any free election in that country does not exist.

The State Department has proclaimed loudly and has pointed with pride to its Good Neighbor policy. Whenever its foreign policy is criticized it issues a 17-point program or it pulls the Good Neighbor policy out of a hat and explains how this Administration suddenly discovered Latin America and decided that we should be helpful to the twenty republics to the south of us. The Good Neighbor policy is not one of the issues which

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I desire to debate tonight, but it is my purpose to bring out into the open and make it clear that the Good Neighbor policy is not something behind which our foreign policy toward Argentina can be hidden or in the light of which it can be justified. I have never understood that the policy was devised to protect Fascism in this hemisphere. The essence of the Good Neighbor policy, as I understand it, is that the United States recognizes the complete sovereignty of the free and independent peoples of Latin America and undertakes to assist them wherever possible and to refrain from interfering in their internal affairs. Does any person in my audience believe that we are pursuing the Good Neighbor policy towards Brazil, Uruguay, Paraguay, Chile, Bolivia, Peru or any of the other countries of South America by fostering on the soil of that continent a Fascist state imbued with the Hitlerite idea of domination of what it believes to be its justified sphere of influence?

This sounds like strong language. Let us consider whether it is justified. I make these charges before the whole world tonight -- and I challenge the Administration to refute these charges --

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I charge that unless steps are taken quickly to insulate Argentina and to counter her activities in neighboring countries, Argentina will be able to create a bloc favorable to her, sympathetic to her Fascist ideology, and antagonistic to the United States, consisting of all or some of the following countries: Uruguay, Paraguay, Bolivia, Ecuador, Chile, and Peru.

I charge that the present Argentine Government is at least partially under the control of the Nazis and specifically, that by means of loans, bribes and financial transactions, the Nazis have a hold on certain members of the "Colonel's clique" now in power in Argentina.

I charge that Argentina allows pro-Axis propaganda to flow into this hemisphere and that Argentina is the headquarters for such activities while at the same time suppressing the expression of pro-Allied views.

Nor is this all! I categorically assert that Argentina is rendering positive economic aid to the German war effort.

Argentina is serving as a base of operations where smugglers engaged in clandestine purchases of diamonds, platinum and materials vitally needed by the Nazis may concentrate purchases made throughout Latin America and ship them to Spain

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and then to Germany. The two largest government-controlled Argentine banks are openly aiding the Axis.

German industry is moving to Argentina with the blessing of the German Government. Fritz Mandl, former Austrian munitions manufacturer, is now in Argentina actively engaged in founding an Argentine munitions industry. He was permitted to remove \$12,000,000 from Germany with the consent of the German Government and now with the blessing of the militarists he will use it to establish a "little Krupp" in Argentina.

Long as this list is, let me continue with it. The indictment is not yet complete. Here are further facts, Mr. President. Can you deny them? I charge that Argentine ports serve as depots from which Spanish and other neutral ships carry war materials and couriers engaged in espionage activities to Axis Europe.

I charge that the extent to which Brazil can provide expeditionary forces for overseas duty is limited by her need for having adequate defenses against Fascist-minded Argentina and the bloc that Argentina is building for itself.

I charge that Argentina is a tool being used by the Nazis to create a diversion in Latin America which will cause the United States to divert its concentration from the main war effort.

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I charge that Argentina is being used as a cache for the loot of leading Nazis and is intended by them to be their haven when they lose the war and have to leave Europe.

I charge that the Argentine Government is cooperating with Franco's Spanish Falange in Argentina and that the activities of the Argentine Government in the other American Republics duplicates and reinforces the Falangist movement in attempting to create anti-United States sentiment and an anti-United States bloc.

And finally I charge that Argentina is probably furnishing aid to the Axis in its submarine warfare.

I call these matters to the attention of the American people not only because they illustrate how our whole Good Neighbor policy and doctrine of hemispheric solidarity are crumbling but, of more immediate importance, because they offer tangible proof of how Argentina is prolonging the war. Step by step, there is building up in Argentina a force with which we will have to reckon. Our victory is hollow if we defeat the Fascists of Europe, only to find that we have allowed these same forces to establish and entrench themselves in our own hemisphere.

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Again, what has our State Department done about this situation? The answer to that question is a clear "nothing", except, of course, to permit and encourage the purchase of Argentine meats, grains, edible oils, leather, wool, minerals, and a host of other things. All, I might add at phenomenal prices. We, the American people, are giving Fascist Argentina a prosperity the like of which she has never before witnessed in her history. But that is not all!. American merchandise is still being sent to Fascist Argentina.

I maintain that this situation has lasted too long. We have seen too much of this sort of wishy-washy pusillanimous attitude. We have seen too much of coddling the Fascists on the part of American foreign policy makers. We have lost too much of the respect of the free peoples of the world. I say that we should stop immediately any merchandise going to Argentina and we should stop immediately purchases from that country so long as it is given to Fascist principles and is actively working against the best interests of the United States and the United Nations. We should do nothing that would in any way benefit those Fascists in our neighboring state. Mind you, I have nothing but love and respect for the Argentine people, but I have nothing but contempt for

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Fascism, regardless of where it may be or in what form it appears. It seems to me a simple proposition that with your right hand you cannot fight Fascism and all for which it stands on the battlefields of Europe and Asia and with your left hand encourage it in your own hemisphere. I repeat that until Argentina cleans her house and the Fascists are thrown out, we should cease all financial and commercial intercourse with her -- we should treat Argentina as if she didn't exist and by that I mean more than a mere failure to recognize Dictator Peron's present puppet, Farrell. I feel that we owe such a move to our troops on foreign battlefields, to the free people of the world as well as the people of Argentina, to all of whom we have proclaimed ourselves the champions of freedom and democracy and fighting a battle against oppression.

It is bad enough that our foreign policy has been one of a succession of mistakes each following close upon the heels of the preceding one. It is worse that thus far our leaders have failed to profit from the lesson to be learned from those mistakes. We must stop pursuing the policy of feeding the tiger. Hitler was made strong by the concessions which preceded his plunging the world into bloody warfare. Hirohito

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was nourished on our copper, oil and scrap iron. We must not build in South America another Fascist state with which ultimately we shall have to do battle.

It is true, and I do not attempt to deny it, that severing commercial and economic relations with Argentina would cause us discomfort and inconvenience and perhaps make it necessary for us to tighten our belts. Much raw material, and particularly food, comes to us and our Allies from Argentina. If, however, we are to achieve our end, the triumph of democracy over Fascism, we must be prepared to pay the price. Armies and munitions and preparedness all cost money, but the enslaved peoples of Europe now know that it would have been better to pay the price of protecting themselves than to have been ground under the wheels of Hitler's war machine. It is the same here and now. We have the alternative of refusing to suffer temporary hardship at the price of allowing the entrenchment of Fascism in our hemisphere. But in reality this would mean the paying of a far, far greater price, perhaps five, perhaps ten, perhaps twenty years hence. We Americans stand for democracy and freedom. We are opposed to Fascism. In every speech made by a member of this Administration on foreign policy, this noble sentiment is stressed with

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words, but one can examine our foreign policy in action very long and very earnestly without finding any evidence in deeds of the sentiment so nobly and so often expressed.

I say to you that when one reviews the action taken on specific cases, he cannot but conclude that the keystone of any foreign policy which we may have, appears to be that of talking democratic principles but of dealing with Fascists wherever possible on mistaken grounds of "expediency". The time has come for a change. We have already learned the price involved in having ultimately to resort to war for want of taking courageous action in time. I firmly believe that all parents, sisters, wives and families of American soldiers are determined that this shall not happen again, but so long as we continue to deal on all sides with Fascists and at the same time avow that we are fighting them on the field of battle, we can only lose the respect of the free people of the world and cause them to wonder about the principles for which we are fighting.

I repeat again, Mr. President, that the great tragedy of this hour is that our government, which alone has any control over our foreign policy, has lost its sense of

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direction and is failing to carry out the great purposes for which we are fighting. I repeat again, Mr. President, that the Administration's repeated excuses of "expediency" for failing to observe the objectives of the Atlantic Charter are no longer acceptable to either the American people or to the Allied and enslaved nations.

What the American people want to know, Mr. President, is this: When is the American foreign policy of deeds going to conform to the American foreign policy of words?

DEPARTMENT OF STATE
WASHINGTON

April 6, 1944

My dear Mr. Secretary:

This is in reply to your letter of March 21, replying to the Department's letter of February 24, regarding certain financial questions involved in our relations with the French Committee of National Liberation.

We have informed the French of the decision that civilian supplies for French use are to be paid for in dollars.

We are in complete agreement also with your view that no decisions should be taken now which will prejudice the disposition of French or other frozen funds in the United States. In our discussions with the French representatives here we have in no way discussed the disposition of Metropolitan France funds located in the United States and we have no intention of doing so unless the question is raised by the French themselves. We are not yet prepared to agree to the use of such funds in preference to other assets held in territories under the jurisdiction of the French Committee of National Liberation. We note, however, your view that such funds should be used if such use is proposed by the French themselves. As you point out, the question need not now arise, since the assets held by the French in Africa should be adequate to meet present needs.

I shall write you further if any additional problems arise in the course of our negotiations with the French.

Sincerely yours,



The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

TELEGRAM SENT

PLAIN

UNRRA

April 6, 1944

AMERICAN EMBASSY

LONDON

2679, SIXTH
TO OSBORNE FROM MENSHIOV AND SALTER #97

APPOINTMENTS OF CHIEFS AND DEPUTY CHIEFS OF FIELD MISSIONS WILL
BE MADE BY DIRECTOR GENERAL AND WILL PROBABLY AWAIT HIS RETURN
HERE. YOUR CABLE RE FARBER WILL BE BROUGHT TO THE GOVERNOR'S
ATTENTION UPON HIS RETURN.

HULL
(GHK)

Forwarded by
Dowsy Anderson
4 April 44

DCR:RLH:ATM

EWH-787

PLAIN

London

April 6, 1944
 Dated 11:47 p.m.
 Rec'd

Secretary of State
 Washington

2831, 6th.

FOR WAR REFUGEE BOARD.

Pursuant to Department's 1812, March 10 and 2273,
 twenty-fourth.

Embassy wrote Foreign Office on thirteenth and
 twentyseventh and now has reply dated April fourth.

"On the former I have to inform you we have sent
 a copy to all our diplomatic missions abroad most im-
 timately concerned with refugee problems for their in-
 formation.

As regards your letter of the 27th relating to the
 President's warning statement to enemy powers and in
 particular to Germany issued on the 24th March, you
 will by now have seen a declaration of warning similar
 in character which was made by our Secretary of State
 in the House of Commons on the 30th March. The original
 draft had been previously telegraphed to our Embassy in
 Washington for communication to the State Department, but
 as there were one or two minor changes in the text as it
 finally issued, I enclose a copy - i.e. of the text as read by
 Mr. Eden - for your information. We have also communicated
 a copy to the various Allied governments in London and Cairo.

We of course fully share the President's view
 of the importance of the psychological warfare value
 of his declaration, and on and since the date of
 issue of the British statement we have been taking
 parallel action in the case of our own statement which
 has been broadcast in all our foreign transmissions
 so that it should come to the notice of the satellite
 governments and their peoples."

Enclosure to letter comprises statement by Eden
 house Commons as reported in Embassy's 2647, thirtyfirst.

Miss Chauncey (for the Sec'y) Abbot, Alvin, Bernstein, Cohn,
 DuSols, Friedman, Gaston, Hodel, Laughlin, Lesser, Lurford, Mann,
 Mannon, Marks, McCormack, Paul, Pehle, Pollak, Rains, Sargoy, Smith,
 Standish, Stewart, Weinstein, H. D. White, Piles

146
(Received at WRB April 6, 1944)

262B (R-2445)

(Received at State Department
undated.)

AMERICAN CONSULATE GENERAL

STRICTLY CONFIDENTIAL

SUBJECT: Movement of Refugees from Greece Through Izmir.

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.

SIR:

I have the honor to submit a report on the present movement of Greeks escaping from Greece through Izmir together with a review of the movement since the occupation of Greece.

The refugee movement is traced from the early mass migrations from the islands to the present selective "escape" service under British-Greek auspices. A review is given of the changing policies of this service, of the interruption in the service as a result of EAM policy and of the Turkish attitude toward the refugees. Statistics of the movement and an analysis of the present situation are followed by an account of the experiences of two parties, which throws light on conditions in Greece and the extent of German control of land and sea.

Greeks began to reach Turkish shores in small numbers both from the islands and the mainland in April 1941 just before the completion of the German occupation. It was not until the late autumn of that year that large numbers of refugees began to arrive from the islands. They continued to come throughout the winter at the rate of about 300 a week. Most of them were from Chios and Samos, a smaller number from Icaria, and very few from Mytilene where the German control was very strict. They continued to come in small numbers during the summer and autumn of 1942, and although the number increased during the winter of 1942-43 it did not approach the migration of the first winter. By August 1942 when British arrangements for moving the refugees southward were completed there were over 7,000 in Chios, about 55 miles from Izmir and several miles from Chios. By February of 1942

only

- 2 -

only a few hundred were left there. The first step in the long journey southward, which for some thousands ended in the Congo, Abyssinia and Kenya, was Aleppo, where those eligible for military service were mobilised.

The movement of the refugees from the islands and of a much smaller number from the more distant mainland was the result of famine conditions. It was not until the winter of 1942 that with the establishment of a British-Greek service operating from Izmir, the escape movement was organized and to some extent controlled from outside Greece. Local organizations within Greece had facilitated departures but had lacked regular contact with the British. And Greeks in the Middle East. After a time the organized service developed the policy of discouraging large scale migrations of refugees with the idea of encouraging the departures of selected groups eligible for the free Greek forces in the Middle East. Still later, probably about the beginning of 1943, an effort was made to route island refugees to Cyprus.

The selective escape movement that began early in 1942 was actually directed by Greeks, who were, however, attached to the British service and subject to British orders. Major Tsiganes, who was later killed in Athens by the Italians, headed the work in Greece and Captain Zangas directed the activities from the Izmir end. Their political opponents make the charge that they brought out chiefly democratic officers who were responsible for the revolts in the army in the winter of 1943. Greek democrats were undoubtedly responsible for an organized effort to change the leadership of the army, which they believed to be Royalist-Hetaxas. The revolts in the army led to the reorganization of the Government and the inclusion of a majority of republicans but at the same time the Greek service in Izmir, always nominally under the English, lost all freedom of action. The independent policy of Captain Zangas, to which the events in the army were attributed, led to an open break and he was replaced. His successor, though sharing his views, lacked his power. For a time, at least, the policy was reversed and royalist officers and sympathizers were given preference. There were two branches of the British service and the smaller and less influential is said to have been at a disadvantage in pursuing a policy similar to that of Zangas. The present set-up of the organization and the relations of the Greeks to the British remain substantially what they were after the departure of Captain Zangas, although a reasonably smooth working arrangement seems to exist."

The recapture of Samos by the Germans in November 1943 brought a temporary renewal of the mass refugee movement. Over 5,000 took refuge in Turkey but these were quickly moved south to Syria. Shortly afterwards in December 1943

Note: It is understood that the American Office of Strategic Services operating from Izmir does not engage in "escape" activities, at least not on a large scale.

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there was an almost complete stoppage in the escape movement, when EAM in control of Euboea seized two of the boats operating in the British-Greek service and refused to allow departures, except for Jews. Although Greeks continued to escape in small numbers from the Attic coast and elsewhere, the British-Greek service had lost its Euboean port and until late in January what had come to be its more or less regular service of boats crossing and re-crossing the Aegean ceased. It is said that EAM relented only when threatened by the British with complete stoppage of supplies. Even then EAM reserved the right, however, to control all departures with the understanding that army officers and men of military age, with the exception of naval and air force personnel, would not be allowed to leave. Thus the arrivals in Exmir began to decrease about February 1. In the five following weeks 357 names appeared on the lists compiled by the Greek Consulate, by far the greater number coming from Euboean ports. It is probable that in addition various small groups totalling about 50 arrived during the same period.

In the early days of the movement many parties were fired upon by the guards on the Turkish coast. Some parties were prevented from landing and others ordered to get back into their boats and depart. The Refugees then began the practice of landing some distance from Chesme and destroying their boats. As late as the summer of 1943 wrecks of these boats could be seen on the coast near Chesme. Turkish policy varied from time to time, sometimes because of the attitude of the local authorities and possibly occasionally because of instructions from higher up but difficulties were usually solved on the spot, probably through the use of time-old methods. For some months a better understanding on the subject at Ankara is said to have facilitated matters for arriving refugees and this understanding is probably enforced by a better and more regular financial arrangement with the local officials. The arrangement stood the severe test of the migration of 5,000 from Samos in November, when in fact the Turkish authorities facilitated their entry and special trains were promptly provided to take the refugees to Syria.

Boats from Greece land frequently, with few difficulties and a minimum of formalities. There have been rare but serious exceptions. It is reported that two parties, one from Samos and one from Chios within the last two months, have met with tragic fates. The men were brutally murdered and the women raped by Turkish gendarmes but the authorities are said to have taken drastic measures to punish the offenders and to prevent a recurrence. Boats coming in still run the risk of being fired upon but this is probably unavoidable, because of the impossibility of giving notice of arrivals and the difficulties of establishing identity. Greeks

- 4 -

in general take the attitude that in view of Turkey's status as a neutral, her willingness to countenance the continual movement of Greeks from German-occupied territory to her shores, and her failure to intern those who have escaped illegally for the purpose of joining the Greek army, must be regarded as most gratifying. The arriving Greeks are no longer detained at Chesme but are brought to Izmir. Those who have funds to engage rooms in hotels or pensions are free to go about the city. The others are quartered in an old Turkish han and are under police surveillance. Most of them are in Izmir less than a week awaiting transportation to Syria.

According to the Greek Consulate of Izmir approximately 37,000 Greeks, including about 1,100 Jews, have reached the Izmir region since April 1941. About 19,000 of them have come from the mainland and about 18,000 from the islands. It is estimated that 18,000 of them have joined the Greek forces in the Middle East. The above figures do not include 300 Greeks from the Dodecanese who went through Izmir nor the 8,000 from those islands that landed near Kushadası in the Aidin region.

Of the approximately 400 that arrived between February 1 and March 7, 77 came from the island of Icaria and practically all the others, including about 50 Jews, from the Athens region. A large majority of those from the mainland came out through Euboea and so were controlled by EAM. Probably a third of the total have come out by their own arrangement or with the assistance of local organizations. For these the only requirement is the price of the passage but those who come out through the regular Allied services are supposedly selected and brought gratis. An effort is made to select those who can best serve the Allied cause but EAM insistence that it is the patriotic duty of all army men and officers to stay in the country to fight the enemy no doubt complicated the selection. Navy personnel is permitted to leave and among recent arrivals they have represented a large proportion of the men of military age. However, the demand is now said to be less for navy personnel which at present numbers approximately 10,000. Those who have served in the air force are also permitted to leave but this is a small group, and for one reason or another an insufficient number of mechanics and technicians for the air force and army are brought out. The departure of men over 45 is not encouraged and ordinarily no women and children, except Jews, are included in the parties.

- 5 -

The experiences of refugee parties are of interest in showing conditions in Greece and the extent of German control both of the coasts and the sea. One party that left in February assembled at a small village on the east coast of Attica, the arrangements for the trip having been made within Greece. They left Athens in groups of two or three, some by train, some by bus. Since all were obliged to pass a German control, each was supplied with permission to leave Athens, which was obtained on one pretext or another. They spent a night and day in the village and were picked up the following night, as scheduled, by a small fishing boat with a motor and sails. The captain drank for several hours with the German guards in a nearby port and when he judged they were no longer awake to their duties he sailed out of the port. A stormy sea caused the boat to put in on the north coast of Andros where the party spent a night and a day in a cave. Then they proceeded to Tinos, as planned, to pick up other passengers, bringing their number to 27. A guide awaited them at the cave where they put in and led them for four hours in rain and darkness up steep rocky trails to the lodgings in a village. The next night they returned to the boat by the same route. From Tinos the boat, favored by a following wind but sometimes endangered by rough seas, made good progress toward the Turkish coast, arriving at a point near Izmir in 16 hours.

Another party of 50 left Athens in small groups about the same date, crossed the Gulf of Euboea in bright moonlight and reached the shore of Euboea within sight of a German fort north of Eretria. They crossed the island on foot or by mule back and waited for eighteen days in a fishing village. Before leaving Athens, their names were approved by EAM and they were told that the organization in Euboea would have the necessary instructions regarding their departure. On arrival, however, it was found that the local EAM authorities had not received notification and therefore could not permit the party to proceed. One of the group was eventually sent back to Athens to arrange the matter but before he returned the party was ordered to report to the EAM commander. The group of 50 was called together and told that in fifteen minutes they were to start out for the commander's headquarters in the mountains. They walked for twelve hours, much of the time through deep snow, before reaching the village where the commander had his headquarters. There an old peasant appeared and announced that he was the leader (politicos Mathodiyitis) of EAM and informed them that they were to continue for another five hours to the place where the regimental commander was at that time. Their despair at this announce-

- 6 -

ment was somewhat tempered an hour later when the leader returned to inform them that they were to return to the fishing village from which they had come. Because of reports of Germans being in the neighborhood, they were advised to take a different route for their return and this required fourteen hours of walking. Some days later an EAM representative who became a member of the party arrived from Athens, bring the permit for their departure.

An incident that occurred during their wait in the village furnishes another illustration of the control exercised by EAM. About twenty young men, most of them veterans of the Albanian front, came to the port from nearby villages in the hope of joining the party, giving the EAM authorities the excuse that they had come to do some fishing. They were sent back to their villages after being required to sign a statement that they would not leave Greece.

The party, which by this time numbered 77, finally embarked 16 days after the original group of 50 reached the port. They crossed the Aegean by daylight and, surprising as it may seem, took a course north of Chios and reached Chesme through the narrow strait between that German-occupied island and the Turkish coast.

A boat carrying escaping Greeks or one returning to Greece crosses the Aegean almost every day. The ports of departure, even those in territory not held by the andarts, appear to be reasonably safe from interference by the enemy and once at sea, except for the hazards of weather, there is little to fear. Allied planes were a source of concern until a signal system was arranged. Some of the boats are small and not seaworthy and unsuitable landing places present considerable danger. Recently five of a party of 50 were drowned when the boat hit a rock just off the Turkish coast and capsized.

Respectfully yours,

Burton Y. Berry
American Consul General

To Department in original
and hectograph

File No. 820.02

RWD:gdw

TO CONSUL GENERAL, JERUSALEM, FOR ARYEH BENELIEZER, TELAVIV

Please deliver the following message to Aryeh Beneliezer, 35 Rashi Street, Telaviv, from the War Refugee Board.

QUOTE Imperative you proceed Turkey immediately take charge our rescue activities there very urgent STOP cabled expenses thousand dollars via American Express STOP cable reply STOP Will Rogers Co-Chairman Emergency Committee. UNQUOTE

* * * * *

It is noted that the State Department refused to transmit the attached cable when it was signed by Will Rogers and Peter Bergson, on the ground that Bergson is a political figure. Bergson's name has been removed and it is signed only by Mr. Will Rogers as Co-Chairman. Mr. Rogers, as you know, is a member of Congress.

It will be appreciated if you will have the cable dispatched at once to Mr. Aryeh Beneliezer, 35 Rashi Street, Telaviv, and bill the Emergency Committee to Save the Jewish People of Europe, for the cost of the message.

JHMann:cb 4/6/44

April 6, 1944
11:35 am

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington.
TO: AMLEGATION, Tangier.
DATED: April 6, 1944, 3 p.m.
NUMBER: 43

CONFIDENTIAL

The following message to Childs from War Refugee Board.

Please transmit the following message from Jacob S.
Cohen to Aaron S. Cohen, Calle Tetuan, 17, Tangier:

There is being held for your account \$3,000 received
from Vaad Hahatzala pursuant to Treasury license issued
to that organization. Renee Reichman, 25 Rue Moliere,
Tangier, will communicate with you and it is requested
that you pay the equivalent of \$3,000 to him.

HULL

RECT-594

PLAIN

Lisbon

Dated April 6, 1944

Rec'd 5:12 p.m.

Secretary of State,

Washington.

1033, sixth.

Following for War Refugee Board and Rabbi Stephen Wise Nahum Goldman, World Jewish Congress, New York, from Isaac Weissman.

"Our different children rescue organizations already working. Received 11 children others awaited daily and continually please intervene urgently for cable transfer from War Refugee Board budget to American Legation Lisbon with necessary instructions or do utmost for other urgent cable transfer if rescue work should not. Expecting cable answer".

NORWEB

EJH

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Ambassador, Madrid
TO: The Secretary of State, Washington
DATE: April 6, 1944
NUMBER: 1195

SECRET

For reasons pointed out in my message number 974 dated March 20, I do not feel that steps should be taken toward putting into effect any such plan of operations as that which was proposed in Department's message number 799 dated March 23 until and unless it becomes more clearly evident that the War Refugee Board's efforts to stimulate the exodus of unprotected and stateless refugees from German occupied territories will result in fact in an increase in the number of such refugees entering Spain sufficient to tax the facilities which already exist for their care. My strong recommendation is that the Board attempt to take full advantage of the already proven facilities which are already in existence in the form of Blickenstaff's organization instead of endeavoring to set up an elaborate organization on the assumption that it will be justified by future developments, an assumption with which I am not prepared to agree as yet. Blickenstaff's organization has shown itself to be fully capable of coping with the problems which have arisen so far in connection with the care of stateless refugees and it has also already obtained the confidence of the Government of Spain. It is essential that the wishes of the Spanish Government in the matter be not disregarded inasmuch as the success of the activities of the Board in Spain would depend in a large part upon the willingness of the Spanish Government to cooperate and although it would quite willingly recognize Blickenstaff as a representative of the Board I can state with assurance that the Government of Spain would prefer that this work be left in the hands of Blickenstaff and his organization. The Government of Spain would be suspicious of and disfavor any endeavor on the part of the Embassy to set up in Spain such an organization as is envisaged by the Board so long as the problem of stateless refugees can be handled adequately without such an organization and an unsalutary effect on other more important objectives might well be caused by such an attempt. In the absence of any apparent need for the presence of the numerous personnel mentioned by the Board, a request for admission into Spain might for example prejudice the admission of other personnel whose importance to the war effort is more direct.

If the existing facilities for the care of stateless and

2- #1195 from Madrid

unprotected refugees should be overtaxed and if a situation should develop in the future as the Board foresees, doubtless the Government of Spain would look favorably upon the expansion of such facilities but it is felt that no good purpose could be served by endeavoring to press the proposal of the Board until such time arrives.

The efforts of the Board to assure further destinations to which these refugees can proceed should be of the utmost value regardless of arrangements made for their care within Spain. During the past year the most important single obstacle to the complete effectiveness of Blickenstaff's work has been the lack of such destinations. It is to be noted in this connection that the French authorities have rejected nearly one fourth of the Fedhala applications which have been submitted so far to North Africa for final approval.

HAYES

DCR:MPL
4/8/44

PARAPHRASE OF TELEGRAM SENT

TO: American Legation, Bern
FROM: Secretary of State, Washington
DATE: April 6, 1944
NO.: 1168

CONFIDENTIAL

Following is for Harrison from War Refugee Board.

It is requested that the following message from Andre Meyer, New York, be transmitted to Jean Frederic Bloch Laine, Hotel de l'Ecu, Geneva.

There have been appointed members of the War Refugee Board the Secretaries of War, State and Treasury for the purpose of taking all action to rescue victims of enemy persecution and bringing them relief. In a public statement on March 24 President Roosevelt urged the free peoples of Europe to open their frontiers temporarily to all victims of enemy oppression. It was stated by him that means will be found for their support and maintenance until the tyrant is driven from their homelands and they may return and in the meantime havens of refuge will be found for them.

According to a report received here, the Swiss Government is not admitting Jewish refugees from France except children, old people, pregnant women and those having close relatives in Switzerland. I have consulted with the War Refugee Board and with their approval I ask you to enlist the aid of influential Swiss persons (1) to make inquiries into the accuracy of the report mentioned above and (2) if the report proves to be correct, to intercede with the appropriate authorities to obtain modification of the Swiss procedures on humanitarian grounds. We will appreciate whatever you can accomplish in this direction and you may have suggestions for action to be taken here by us. The American Legation at Bern will transmit messages to me through the War Refugee Board and you can report to me through this channel any developments in the matter which may take place.

PARAPHRASE OF TELEGRAM RECEIVED

TO: The American Minister, Bern
 FROM: The Secretary of State, Washington
 DATE: April 6, 1944
 NUMBER: 2122

CONFIDENTIAL

As outlined in paragraph one (E) of Legation's number 1314 dated March 4, the list of surgical dressings and medical supplies for purchase shipment to Jewish refugees has been submitted to two Legations by the mixed relief commission, International Red Cross. Insulin and what appears to be narcotics are among the supplies. Is the Legation correct in its belief that the list mentioned above is not subject to the joint approval of the British and this Legation and that narcotics and insulin not required be referred to London jointly under instructions contained in the exchange of messages between the British Legation and the Ministry of Economic Warfare since purchase (*) items funds turned over to the Red Cross under Treasury license with full leeway? In this connection please see telegram number 44 Embassy London to Legation dated February 25. To London this is being repeated.

Since the Legation is withholding a reply to the mixed relief commission, early instructions from the Department are requested.

HARRISON

(*) Apparent omission

DCR:MFL

4/7/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 6, 1944
NUMBER: 2123

CONFIDENTIAL

US URGENT

The following message is from Zurich.

On April 3 there was held here a conference of visa officers from the Consulates at Basel, Geneva and Bern. Upon production of the following evidence it is proposed to facilitate the issuing of immigration visas to the refugee children referred to in Department's number 891 dated March 18 to the Legation at Bern, provided the Department has no objection.

1. Date and place of entry into Switzerland which could be contained in a statement from the Swiss Federal police.
2. There should also be produced a birth certificate but if this is not available the above statement of Federal police should include date and place of birth as given on entry into Switzerland (the Swiss Federal police will readily give such statements since they are very cooperative).
3. Also a medical certificate from a doctor approved by the Consulate.
4. Photographs - three.
5. If available, passport or other travel document; however, if not available visa should not be denied because of this.
6. Ten dollar fee.

Upon reissuance only fees and photographs will be necessary. It is the expectation that almost all children will be presented by refugee organizations to the Consulates.

It is

2- #2123 from Bern

It is reported by Dr. Donald Lowrie of the YMCA who is on the committee of refugee organizations in Switzerland, that since January 1, 1944 approximately 120 refugee children under sixteen have entered Switzerland from France, and that the most optimistic estimate is that before June 30 less than 1,000 additional may enter. It is reported by Dr. Lowrie also that the authorities of Switzerland have been most cooperative and that last November they confidentially agreed to accept fifteen hundred unaccompanied children but that there has been a great increase in difficulties on the French side of the border. Because of the strictness of the German border control it is most unlikely that any children will come in from Germany. According to Dr. Lowrie it was also confidentially agreed by the Swiss in February to allow "passers" with children to stay for twenty four hours in Switzerland and that it is not yet certain that American immigration visas for these children will be required by the Swiss. Up to the present time none have applied

HARRISON

DCR:MPL
4/7/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 6, 1944
NUMBER: 2137

CONFIDENTIAL

On April 3 there were delivered to Bertholst through the Zurich Consulate General the messages contained in Department's cables of March 14, no. 839, and March 24, no. 980.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 6, 1944
NUMBER: 2139

SECRET

US URGENT

The following message is for the Union of Orthodox Rabbis Vaadhahatzala from Sternbuch.

Regarding interned at Vittel, substance was sent to you through the Department of State by the American Legion at Bern in my last report. It is urgently necessary that the Spanish Ambassador in Berlin, who either ignores the interests of Paraguayan citizens or is not watching them well enough, take energetic action. (See Legation's number 1994 dated March 31 for the Department.) Firmness by Spanish Ambassador is urgently necessitated because of the fact that the Geneva ruling against Jews, according to the Red Cross, has been particularly drastic for about three weeks. Kindly take immediate action and urge intervention with the Government of Spain at Madrid by the Paraguayan Government.

HARRISON

DCR:MPL

4/7/44

C O P Y

THE ROYAL LEGATION OF RUMANIA

Ankara, April 6, 1944

Dear Mr. Simonds:

Since our conversation yesterday I have learned that the American bombing of the cities of Bucharest and Ploesti has caused numerous victims among the civilian population. Women, children are dead or have been seriously injured.

I fear gravely in these dark hours which my country is now undergoing that the resentment which these bombings will not fail to provoke and the confusion which they will undoubtedly cause will render more difficult the task in which we are commonly interested.

It is possible that simple souls with little knowledge of the complexity of military problems will ask whether there is not a certain lack of harmony between the noble and highly humanitarian task which is being pursued on the one side, and the bombings on the other which strike down persons who have never committed an act of hostility against the United States.

To desire to save children with one hand and to kill them with the other - is that not a tragic contradiction?

The Allied bureaus of information give us, however, an explanation according to which the American Military High Command purports to carry out these bombings as a display of solidarity with the Soviet Union and in order to aid Soviet military operations.

However, cannot one ask why the United States, at the expense of Rumania, proves its solidarity with the Soviet Union when this solidarity does not find its counterpart on other battle fields?

It is only necessary to glance at a map in order to realize that the war against Japan could be ended in three weeks if the Soviet Air Force were to bomb the cities and ports of Japan or at the very least if the Soviet Union placed its territory at the disposition of the American Bomber Command.

Should we conclude that for the United States, Rumania is a more formidable adversary than Japan?

I beg of you to excuse these long observations. I would have mentioned them in person to Mr. Hirschmann at the time of our interview yesterday, if I had at that time known about the bombings of Bucharest and Ploesti. I fear that I shall not be able to see him again before his departure. Perhaps, however, you will be willing to tell him about this in transmitting to him with the assurance of my personal respect and esteem the expression of my hope that despite everything our common efforts will not be in vain.

Thanking you in advance, I am

Sincerely yours,
" H. CRETZIANU
Minister of Rumania.

(Translated from the French by M.J.Marks)

American Embassy, Ankara,
April 6, 1944.

MEMORANDUM TO THE AMBASSADOR

Upon returning to Ankara today, Mr. Simond transmitted further data regarding his talk with Von Papen, the German Ambassador.

After importuning him regarding the SE Party and the release of the Jews, V. P. is alleged to have said, "I don't understand my government when it has the opportunity to release these people and it fails to do so. They can be a dangerous fifth column besides everything else." V. P. is even worried about the children to be released asking if Simond was certain that they would be properly taken care of in Palestine. V. P. also said that he could not understand why the requests for safe conduct in other instances had not been forthcoming. He promised immediately to send a straight cable to Berlin to the effect that, "You must let these people go. It is not a military question."

V. P. said that he had already sent a report to his government protesting the German government's policy in molesting the Jews in Hungary. "Why kill them", he said, "It would be much wiser to put them in camps." Simond also reported that V. P. indicated, but not in any words, his lack of sympathy with the Hitler government; that he had never expected it to last so long; that as an aristocrat and a Catholic, he could not be in sympathy with it, and that V. P. has indicated on a number of occasions his record that he is not anti-Semitic and that in spite of what others say, he left many good friends in Washington among whom were some Jews.

At the end of the conference, V. P. said to Simond, "You can trust me--the ship will go." He made no restrictions whatever and did not resort to the usual reservation of promising subject to his government's authorization. Simond had the impression that V. P. had heard about the War Refugee Board's work and that V. P. was aware of the United States Government's profound interest in the subject. Simond sent a cable to Geneva covering the above situation. If he does not hear from Von Papen within a week, he will go back to him.

Simond volunteered and was rather emphatic in his statement that if and when I return, it would be valuable to have a talk with Von Papen and him.

I. A. Hirschmann

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY FROM WAR REFUGEE BOARD

Please refer to your No. 590 of April 3.

If SS TARI chartered to War Refugee Board war risk will be insured through War Shipping Administration at seven and one-half percent. Notify us when insurance to be placed so that arrangements can be made here. It will be necessary to know that vessel is safely in port and that it will sail within fifteen days of the time insurance is obtained. Please advise of final value placed on boat in order that value in dollars may be computed in determining insurance and premium.

This is WRB Cable to Ankara No. 19

BBF:bbk - 4/6/44

* * * *

April 6, 1944

9:50 a.m.

URGENT

CABLE TO MINISTER HARRISON, BERN FROM WAR REFUGEE BOARD

Reference your cable 2049 of April 3.

Obtaining of German safe conduct for SS TARI is matter of extreme urgency. If you have not yet received a reply from the Swiss Government it is suggested that you again approach the Foreign Office on this matter. For your confidential information, Turkish Government has agreed and Swedish Government is now being requested to support the Intercross request for safe conduct.

~~This is War Refugee Board Cable No. _____~~

April 6, 1944
5:20 p.m.

MJM:JBF:bbk - 4/6/44

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTIL No. 111

Information received up to 10 a.m., 6th April, 1944.

1. NAVAL

Convoy of 49 ships has arrived North RUSSIA without loss. During passage this convoy total 3 U-boats sunk and 6 German aircraft shot down.

On 20th March, one of H.M. Submarines damaged a 5,000 ton tanker by gun fire in ONEGLIA Harbour near GENOA.

2. MILITARY

RUSSIA. Russians have captured RAZDELNAYA on ODESSA-TIAPOL railway and have closed in further on Germans surrounded in SKALA area.

BURMA. Our troops have made further progress in ARAKAN. Japanese have made several small attacks on our positions about 10 miles north of IMPHAL and appear to have reached the IMPHAL-NORTH Road 35 miles north of former.

3. AIR OPERATIONS

WESTERN FRONT. 5th. Total 510 Thunderbolts, Mustangs and Lightnings sent to attack airfields in Eastern FRANCE and GERMANY. A large number enemy aircraft claimed destroyed or damaged on ground in GERMANY. 8 fighters missing. Other fighters over Central and Northern France airfields scored 12, 1, 15 on ground and in the air.

5th/6th. 147 Lancasters and 1 Mosquito sent to aircraft repair and assembly plant and airfield TOULOUSE. Preliminary reports indicate successful attack in good visibility. 1 Lancaster missing. 24 Stirlings sent sea-mining. A Mosquito intruder destroyed 3 and damaged 3 aircraft on ground at METZ.

ROMANIA. 4th. 313 escorted U.S. heavy bombers dropped 786 tons from high altitude on goods yards and repair shops BUCHAREST. About 200 enemy aircraft met, several were shot down. 9 bombers missing, 1 in sea.

5th. 541 U.S. heavy bombers with 191 fighter escort sent PLOESTI. Weather adverse but 230 bombers attacked dropping 542 tons on railway centre. German reaction by about 150 aircraft, claims not yet available. 10 bombers missing.

HUNGARY. 3rd/4th. 7 heavy and 63 medium bombers attacked an aero engine factory at BUDAPEST. 5 mediums missing.

April 7, 1944
9:15 a.m.

JEWISH EVACUATION

Present: Mr. Pehle
Mr. Luxford
Mrs. Klotz

MR. PEHLE: At ten o'clock last night Warren called back.

H.M.JR: Talk a little louder.

MR. PEHLE: I am trying to be quiet.

Mr. Warren called at ten o'clock, and he said that Mr. Hull had agreed to send a message that the War Refugee Board wanted sent, but that he was going to have a meeting this morning in his office the first thing to go over the language. I asked who would be at the meeting, and he said Mr. Hackworth, their Legal Adviser, Dunn, and probably Culbertson. So that was that.

H.M.JR: He agreed to send it, but--

MR. PEHLE: But he was going to go over the language. And Warren said that Mr. Hull didn't want this thing to interfere with other things that might be in the mill, but he was very vague on it, and it was obvious he didn't know what the other things were.

Two minutes later Rabbi Corff called me and said, "Well, you will be glad to hear they are sending the message out."

H.M.JR: They said Corff tried to get me. The lights were off, and I was practically asleep at nine-thirty. I just couldn't take it any longer.

MR. PEHLE: There is no reason why you should.

He said, "They are sending the message out."

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I said, "That is interesting."

He said, "I just talked to Warren and he said they were sending it out."

I said, "They are going over the language tomorrow morning."

He said that Warren had assured him that there would be no changes. So right in the space of two minutes they were giving them one side of the story and giving me another. That is where we stand.

H.M.JR: So you don't know.

MR. PEHLE: I don't know, but I will hound them all morning.

H.M.JR: I don't think there is any sense in that now.

MR. PEHLE: I don't think there is at this point. We have to see what changes they want to make.

MRS. KLOTZ: Did he see Hull last night?

MR. PEHLE: He said he got to Mr. Hull through Mr. Dunn; Warren said that.

H.M.JR: How did the Rabbi know?

MR. PEHLE: The Rabbi talked to Warren.

H.M.JR: He just called him up?

MR. PEHLE: Yes.

MRS. KLOTZ: They won't stop at anything.

H.M.JR: They are right.

MR. DuBOIS: He was calling at ten-thirty to find out what had happened. The Rabbi has some further news up his sleeve if nothing happens by ten-thirty.

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H.M.JR: What is it?

MR. DuBOIS: Well, he may make some publicity of it; I hope he does.

H.M.JR: I don't blame him. It is time somebody began to shout from the housetops.

MR. DuBOIS: I agree one hundred percent.

H.M.JR: Do you have the timetable?

MR. PEHLE: Not yet.

H.M.JR: As soon as you get it, shoot it in. If Mrs. Klotz isn't there, give it to Mrs. McHugh. He might call.

MR. PEHLE: Yes. I will get it.

H.M.JR: I don't blame him. I think it is time a lot of people shouted from the housetops.

MR. DuBOIS: I told him that I agreed a hundred percent. He will probably call a conference this afternoon if he doesn't get action.

H.M.JR: Well, it knocks me for a loop.

MRS. KLOTZ: Don't you think the State Department ought to know that?

MR. DuBOIS: I would rather see them hit over the head.

H.M.JR: If you do that, that is almost like blackmail, and they will hook DuBois up with the thing.

April 7, 1944
9:35 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. Dan Bell
Mr. Gaston
Mr. Smith
Mr. White
Mr. Sullivan
Mr. Haas
Mr. O'Connell
Mr. Charles Bell
Mr. Lynch
Mrs. Klotz

H.M.JR: I hear that there is a chance for Norman.

MR. CHARLES BELL: He had a very tough night, and I think the doctors about gave up all hope and decided to give him a blood transfusion this morning. We got the plasma from the Naval Hospital and got it down there by eight this morning. They gave him the transfusion, and his reaction is favorable.

Mrs. Thompson called me with the first note of encouragement in her voice. They wanted more, and we are having more brought over.

H.M.JR: Rather than the Army, you got it from the Navy?

MR. CHARLES BELL: That was the closest to me.

H.M.JR: There is a little hope, is there?

MR. CHARLES BELL: Yes, a little hope, but I think he is paralyzed in one leg and arm in the side.

H.M.JR: While we are waiting for Bell, I had a horrible experience last night. These three Orthodox

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Rabbis came in. There are a little over twenty-three hundred people in the camp at Vittel, France. They are under South American passports, which may be fraudulent or not; it doesn't make much difference. But for a month and a half the War Refugee Board has had a cable lying over there in the State Department urging them to ask the Swiss to ask the Germans to recognize these people. Well, two hundred and fifty of them have been moved, and that means death. They put them in a gas chamber, and that is that. For a month and a half it has been lying over there. And these people have been fussing around with different people in the State Department. I sat here, and finally Mr. Hull came to the phone at six o'clock. I read the thing over the phone, what we wanted. He said it sounded all right.

(Mr. D. W. Bell enters the conference.)

H.M.JR: Then he sent Warren over here, who is supposed to look after it. He said, "I have no instructions; I was simply told to come here. I can't do anything; I have no instructions."

I said, "You had better get instructions."

I got word to Mr. Hull's secretary. Well, he didn't think he had better bother Mr. Hull.

I said, "You better bother him tonight. After all, if you get a cable out tonight it will be Friday morning. If you don't see him until tomorrow, it will be Saturday. You get him tonight!"

Now, there are two stories, one that the cable went, and one that they are meeting at nine o'clock this morning to decide it, because they had a Policy Board meeting in the State Department yesterday in which they won't give us the language, just weasel-word stuff.

But these people were sent to me with telephone calls from Senator Mead and Congressman McCormack. They say if they don't get action they will call a press conference and announce it. Personally, although it isn't my suggestion, it is about time.

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MR. SULLIVAN: What is the answer for the delay of a month and a half?

H.M.JR: They don't want to do anything to help these refugees. There is a man by the name of Culbertson who has been handling it. Here is Culbertson. Just get this, see. He is the Acting Chief of European Division, and when the State Department decided without the President's knowledge that certain things that we wanted done in Tunisia-- I don't know just what they were, property to be returned or something in Tunisia. Do you know?

MR. WHITE: No, I don't.

H.M.JR: There were certain things in Tunisia that we wanted done, I don't know whether it was property returned or refugees, or something. And when they decided to do it, mind you, the President didn't know anything about it; Culbertson storms out of a meeting and in the presence of a responsible person says, "Well, that damned Jew in the Treasury must have gotten to the President." That man is the Acting Chief of the European Division today.

MRS. KLOTZ: He did this drafting.

MR. SULLIVAN: I thought the position, officially, of this Government was that we were to extend help wherever possible.

H.M.JR: My dear Mr. Sullivan, the President, the great man that he is--one of his unfortunate weaknesses is that when he gives an order and it isn't carried out, he never fires anybody.

MR. SULLIVAN: Isn't that the official position of the Government?

H.M.JR: It is the President's position.

MRS. KLOTZ: State Department doesn't belong to the Government.

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H.M.JR: And I called Mr. Hull up--fortunately, I have a record--and said, "I am going to read this thing to you slowly. Is there anything in here that you object to?"

He said, "No, that is part of what I told them."

Then this fellow Warren comes over here and says, "I have no instructions; I can't do anything. I was simply told to report to you."

That isn't what I called you together for. If I am a little off my feet this morning, that explains it. There are two stories; one is that it went, and one is that they are meeting at nine this morning to reconsider.

What I wanted to do is this, in as calm a manner as I can. I am not very calm, but I will try to be extra calm. I would like to have a discussion this morning and find out about the future of the Procurement Division, and I wish Mr. Sullivan would act quite as though he were an advocate before the court. He can be just as aggressive as he wants and argue. I am inviting it. As an advocate for the thing, if anybody argues, you be just as aggressive as you wish. Let me just state the thing as I look at it.

It is quite true that going back some time--I can't get my dates quite straight--I asked for the job of disposing of surplus Army and Navy stuff, and it was decided--and we had quite a fight about it--that we would be given so-called consumer goods. Now, I asked for it; that is, months have passed.

Now, the little contact I have had, fortified by what I saw in New York, and fortified by what I gained from my talk yesterday with Mr. Mack, I find myself in the junk business. I am not being disinterested in this argument, you see. I mean, I can't be. But please, anybody get in on this thing. I find that I am in the same position that any other businessman is who wants to do business with the Government, and it is God awful.

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I will give you some examples: If the Army declares brass pipe and brass valves surplus and they give it to us to dispose of, I can't, as the head of the Treasury, sell them to a plumber who desperately needs them, because the WPB says no plumber can have any brass fittings. He is not allowed to. It is verboten. Now, he would pay me a good price, because everybody needs a brass pipe or a brass valve who has any plumbing. But you can't do it. I have to send those to a junk man. Now, a junk man can buy them. He will pay ten cents on a dollar where I might get a hundred cents on a dollar from a plumber. It is rulings like that which are perfectly crazy. But as I say, I now can begin to see in a very small way why businessmen are so mad at Washington.

Take the motorcycles--I don't know whether it was December or January--sometime in there we were given, beginning with twenty-three hundred, motorcycles, and then a lot more. What happens? We want to sell them. Representatives of the Indian Motorcycle Company come down and go to work and use all the pressure they can on OPA and WPB so the Indian Motorcycle Company should be allowed to buy them back at one hundred and thirty dollars.

John and other people go to work and see that the thing has a fair price, and they find--my figures may not be exact--they arrive at the fact that they are supposed to be sold at three hundred dollars. The story is approximately correct, isn't it?

MR. SULLIVAN: That is right.

H.M.JR: As a result of which we have this stuff on hand. The policemen, the protective agencies of the country desperately need motorcycles. These are the kind that have high horsepower and low speed. They are bought for Lend-Lease. The English don't want them.

MR. SULLIVAN: These are specially built for desert warfare.

H.M.JR: And now as of March 29, three or three and a half months more or less having passed, we are now asking

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for invitations for bids. But now, the Indian Motorcycle company having delayed this thing--these are just a few isolated cases. As we get in the thing there will be a thousand cases, not the few that I have gone into.

We get some shearlings, which are the woolen pelts off sheep, because the Army suddenly decides that if an aviator has a wool-lined coat and he is unfortunate enough to drop in the ocean the thing gets wet and he sinks. They decided--God knows why they didn't test the thing beforehand. We now own three or four million square feet of this stuff. The Army says, "We don't want any of it," and we are given these millions of square feet of this stuff.

MR. SULLIVAN: Which UNRRA has already taken.

H.M.JR: But then UNRRA then turns around--he didn't have all the facts; he has learned subsequent facts which I don't think you know.

MR. SULLIVAN: No.

H.M.JR: What I am telling you now was not in the memorandum. UNRRA took them, but left them in our warehouses so Congressional investigation would find them on our books. They are in our warehouse at Elmira. You don't know this, but subsequently UNRRA gave us some nine hundred thousand dollars to have them manufactured into clothing; he didn't know that until last night. He should have known it, but he didn't. You didn't know that?

MR. SULLIVAN: No, I did not.

H.M.JR: And we are now in the clothing business, manufacturing this stuff into clothing, and the bids are now out to have the thing out, and again two or three months have passed and we have these millions of square feet of sheep pelts, known as shearlings, on our hands.

I also found we had some brass mosquito netting wire. They can't get anybody to bid on it. It looks like they have to melt it down into scrap.

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The batteries that the Army got into such a bad situation on in Utah when they sold them to some fellow for twenty thousand dollars--we now have those lovely batteries.

We also have--I mean, these are just a few things I have picked up--some telephone sets left over from World War I. They gave us the telephone sets and their radios, but we have no tools, so the things won't work. Now they are trying to find some tools. The Army has the tools, but they don't give us the tools, just the telephone sets.

We were given some harnesses from World War I. We go up on the Hill. We are asked to sell certain horseshoes, and the Army turns around a few days later and sellsother horseshoes, but they are of a different size, and so forth, and so on. These are a few cases. I haven't had much time, but they are approximately correct, aren't they?

MR. SULLIVAN: Yes, they are.

H.M.JR: They are roughly correct. And John most likely can give you a hundred other cases, because he has been following it very closely, and I haven't. When I went up to New York I found on one floor the division that does the buying for Lend-Lease; and as far as I know, that has been going along very satisfactorily.

On another floor is a setup which was set up only February, a year ago, and has the job of selling surplus property. For a while that was handled in the field, and now I learned yesterday that instead of being in the field, everything has to be referred back to Washington. If they want to sell one toothbrush, they can't decide it in the field; they have referred it back to Washington to have the thing surveyed or reviewed. They won't let anything be sold in the field. It has to all come back to Washington. Now, that is only one little thing, but this is going to be billions instead of hundreds of thousands of dollars, or millions. These two things are separate identities except for personnel and financing, and so forth, and so on. They have the same administrative organization.

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I had a talk with Clayton and with Hancock, and I broached the subject of trying to get rid of this thing. Their attitude was, "Well, this is a tough job and Morgenthau is trying to run out from under." I haven't tried to correct their viewpoint, because I didn't want to criticize my own organization. The remark was made that if we wanted to get rid of it, we would have to get rid of all of it. That is not correct. I am satisfied that if the surplus property disposal wants to be gotten rid of, whatever organization there is is there. It is so big that they could have separate personnel, a separate pay roll, and so forth, and so on, and that is separate as it is in New York. It is run completely separate by separate people; and if we wanted to continue to do the Lend-Lease buying we could do the buying for the various stock.

Now, the question before the House is, should the Treasury continue in this? Now, the thing that bothers me is this: My principal job, when you get all through and done, is to finance this war. That is my job. We have taken the avenue against the judgment of some people in this room, but I think the thing has been proven to be on the whole a success, the volunteer plan. At present we have, roughly, fifty million people--maybe it is more--who own shares in America. I had hoped to get five million; we had fifty. Those people are sensitive to any criticism of the Government, and particularly the Treasury. Now, is it worth while to continue this thing, being a secondhand junk dealer, and at the same time being the biggest issuer of securities in the world? We have really gotten for the first time in written history the people themselves financing a war, which they are. We have sold over eighty billion dollars worth of securities, over thirty billion dollars of which are to individuals. And the policy is to sell this thing to the people and have the people finance the war themselves, at the same time going along in this junk business! Now, that is the thing.

I mean, the thing that bothers me is, maybe we can get the thing going; maybe we can start the thing; I don't know. It is terribly hard. It will take a lot of time from the top side to get the thing going. No matter how good it

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is, one transaction in twenty-five is going to be wrong. I don't think that is exaggerated.

MR. SULLIVAN: I shouldn't think that is exaggeration.

H.M.JR: One in twenty-five. Somebody can point a finger and say--I don't know, they sold millions or billions of wooden screws in the South, and all the hardware dealers got blocks. They said, "You can't sell them that way; you have to sell them in small lots so every hardware dealer can get some."

The Army now asks us to work the thing out. If John says I am right, one in twenty-five is going to be sour, and why did I sell two million or two billion of wooden screws in one block instead of selling them in blocks of ten thousand, see? Then we have all got to get busy and answer it. There is no answer. Congressman X, Congressman Y, and his--I will get letters asking, "Why did Morgenthau--" it will always be Morgenthau--"sell the things in lots of ten thousand? It should be in little packages instead of one big one." I am not trying to belittle the thing.

The other side is, we will save money; the Treasury will do it honestly; the Treasury will do it well, and we hope not to dislocate the normal channels of trade, and so forth, and so on. There are several agencies who would love to have this thing, either Public Works, or the Department of Commerce. They have their tongues hanging out, so it isn't that somebody doesn't want it.

Now, I have made quite a long speech for me. I don't care how rough the conversation gets. I can take it, and anybody who is for it--I think we ought to hear first from Mr. Sullivan.

MR. SULLIVAN: First of all for the record, you did not go out trying to grab this. Your position, as I stated it before Congressional committees, and the Byrd-Baruch group, was that the Treasury was not looking for new fields to conquer; neither were we trying to duck any job however distasteful, and that all we asked was that the people in charge of dividing up this work would survey

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the personnel and the facilities we had and determine whether or not we were better fitted than anybody else to handle any particular part of the work.

I don't share your view that the Treasury is going to be free of criticism if somebody handles this property and makes the mistakes. I can recall quite well a great deal of correspondence we had by holders of war bonds, and during the war bond campaigns about the CCC and the NYA. I think that so far as the public is concerned, the reaction to blunders that are to be made in the disposal of surplus property will affect the Treasury just as much if those blunders are made by the RFC or War Foods, or the Maritime Commission, or anybody else.

H.M.JR: I have not discussed this with anybody, so they are all getting it cold. This meeting has not been prepared, so if anybody makes up his mind it is without conversation with me. Since the other day I haven't discussed it with anybody, so they are getting this cold, John.

MR. SULLIVAN: Right. So I don't think in the mind of the average person it makes a bit of difference which part of the Government handled the goods or make the mistake. The reaction of the person is going to be just the same whether it was a part of the Treasury or a part of some other Government Department that made the mistake.

Now, I think a good deal of your feeling here has been caused by delay. Most of the trouble the Army has gotten into has been because they have rushed ahead; they haven't adequately tested the market; they haven't taken their time to set up procedures, to get in touch with different possible purchasers. That is why they got into trouble on machine tools, on batteries.

To be sure, three months have gone by since we got the motorcycles, but we are going to get seven hundred and fifty thousand dollars more for those motorcycles in April than we were offered for them in January. And I

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think that if we had sold those motorcycles at one hundred and forty dollars we would then be subject to justifiable criticism.

Now, there is going to be a terrific accumulation of goods; there is no question about that. In addition to the criticism you spoke of and the potential error in twenty-five cases, there is going to be a very much greater criticism which will come whenever a decision is made that you should sell through one group rather than through another. That is going to be a general criticism that goes all the way down the line. It is something of the same type you mentioned in the criticism of not selling in small enough lots.

H.M.JR: Like selling through the Army and Navy stores. That is up now. They are not supposed to be legitimate retail outfits, and they have been in business twenty-five years.

MR. SULLIVAN: Well, there is more than one side to that.

H.M.JR: But I am mentioning that as a case.

MR. SULLIVAN: Yes, that will be a big fight in and of itself.

H.M.JR: If the Army and Navy want to handle some of that and somebody says they are no good--

MR. SULLIVAN: In addition to that, you have to face this problem, and I would like to fight it out on your own ground, not what is best for the Government, but what is best for the Treasury. If your concern about this is based mostly on the effect of this disposal of surplus property on the sale of war bonds, I should say from what I have seen of the other outfits, you are in a much better position to protect your bond campaigns if you are running it yourself. There is a lot of grief that goes with it, but from what I have seen of the others--and regardless of the defects of the Procurement Division, of which I am as keenly aware as you are, if you are in control, you will

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be able to protect yourself to a degree that will not be present if this goes to other agencies.

Your statement that the Procurement Division can be divorced from the disposal of surplus property is correct, but that separation will involve a duplication of a great deal of effort. And more serious than that, it will involve a duplication of personnel at a time when it is very difficult to get people. It is true that people who have been in the business of buying through the years do not possess the last word in techniques of merchandising and a new force will have to be built up solely to merchandise this surplus.

Nevertheless, the people who have been buying commodities for a long while have a knowledge of prices and markets that is helpful, and that knowledge is complementary to the merchandising experience. I think that the best thing for the Treasury to do is to build up the organization and go ahead and do this job. Some part of the Government is going to have to do it, and I don't think there is anything in the post-war picture that will have as serious an impact on our economy as the disposal of this surplus. It is inseparable from a great deal of heat and a great deal of criticism.

H.M.JR: I don't think White will agree with you on that. Are you through for a minute?

MR. SULLIVAN: I am for a minute.

H.M.JR: I would like to be excused for a moment.

(The Secretary leaves the conference temporarily.)

(Mr. Smith leaves the conference.)

MR. SULLIVAN: I think that if the Treasury decides to let surplus property go, they should also let Procurement go so there would be an organization upon which it could be built.

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MR. O'CONNELL: I wouldn't think that was necessary.

MR. SULLIVAN: In the particular type of things that the Treasury is going to deal with, every retail store in the country is concerned.

(The Secretary held a telephone conversation with Mr. Pehle, as follows:)

April 7, 1944
10:02 a.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

John
Pehle: Mr. Secretary?

HMJr: Yeah.

P: I called Brown.

HMJr: Yes.

P: And Brown told me that a number of people at
State, including Mr. Warren, were trying to
redraft the cable we sent over.

HMJr: Yes.

P: And that nothing further had been heard.

HMJr: I see.

P: That may mean -- probably means real trouble,
I think.

HMJr: I see. Okay.

P: Right.

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H.M.JR: They are trying to redraft the cable; Mr. Warren and others are trying to redraft it.

MR. SULLIVAN: I have finished for a moment.

H.M.JR: Does anybody want to answer? Bell?

MR. D.W. BELL: Well, I am inclined to agree with John that we are going to have to take some of the criticism wherever it is lodged. I don't know that we would take as much as if it were in the Treasury, but all the waste of the Navy and Army over the country--we have gotten hundreds of letters about it, so anything that is done by some other Department along that line does have some effect on our program. We do get criticized for it. They look to us to sort of correct it.

I think if we had considered this originally, it might have been well to separate the Procurement from the sales, but now having taken it over and publicized it and separate it and give it to somebody else would be registered as a black mark against both the Procurement and the Treasury in general. I would be inclined to go ahead and do the job. I think we will do a better job than anybody else. We have the nucleus, and I think it is our duty to go ahead. We have accepted it.

H.M.JR: Joe?

MR. O'CONNELL: Well, I feel somewhat as Dan does. I feel that we are more or less stuck with the job as of the moment. I do have a feeling that this thing might be worked out just by the logic of events over the next few months. It might very well be that as the RFC continues to build itself up to do a part of this job and we continue to do another part of the job, that over a period of time the advantages of a consolidation, which are not so readily apparent and which would be looked upon as a move to consolidate or turn it out of the shop at this time, would be more apt to subject us and Procurement to criticism than might be the case later. That is only a holding operation, but I honestly think that for the time being we ought to do

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the job and look forward to the possibility of a consolidation of functions a little later.

MR. SULLIVAN: May I interrupt a minute right there, Joe? I think I should tell you that the way this thing is going, it looks to me that rather than the RFC taking over more of the things we are supposed to handle, it is going to go the other way, because as specific problems have come up, Clayton and Husbands have said, "You had better handle that; we don't have the people." I want you to know that the drift is away from the thing you are suggesting, Joe.

MR. O'CONNELL: I had assumed they would have to build up an organization which would be even larger than the one we have, or will have, because the division in the Executive Order seemed to me to indicate that the larger part of the job in terms of volume would go to RFC.

MR. SULLIVAN: I am not sure of that, Joe.

H.M.JR: Herbert?

MR. GASTON: I think the vital questions are, who can handle this job in the best way, and associated with that is the question, in what way is the Administration going to come out with the least blame and difficulty.

There is no question there is going to be a lot of grief and criticism, whoever handles this. It is going to be a very difficult job to handle. But the better it is handled, the less the criticism. It really gets down to a question as to whether somebody else is better equipped to do this job than we are to do it. That is modified by the fact that after an original survey it was decided to put it in the Treasury.

What John says is rather important, that we didn't go out and ask for that. I think we are rather under more obligations, in view of the fact that it was wished on us, it was assigned to us in the belief that the Treasury was best able to handle it, rather than on the basis that we went out and asked for it.

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MR. O'CONNELL: A part of that, Herbert, was that the Treasury Department was the only shop in town that had even a nucleus of an organization, or appropriated funds, or a setup at all to do any kind of a disposal job. We began to get into that a couple of years ago in a very small way.

MR. GASTON: I am inclined to agree with John that the criticism will not react against the Treasury, against the Government's credit any more with this operation in the Treasury than it would if it were being operated by some agency outside the Treasury. I think it amounts to about the same thing.

Then there is just one other consideration that hasn't been mentioned: That is, to what extent will the difficulty and the time consumed and the grief in operating this surplus disposal thing interfere with the proper operations of other functions of the Treasury Department? That would be a reason, if it were going to interfere seriously with our doing our regular job in other lines; that would be a reason for wanting you to give it up. I myself don't think the reason is so greatly important. I doubt that it is going to interfere very greatly with carrying on our regular functions, but my belief is that in view of the way in which this job was assigned to us, that we ought to go ahead and try to do the best job possible with it.

H.M.JR: Do you want to say anything, Lynch?

MR. LYNCH: Only this, Mr. Secretary, that I think the answers given are inevitable answers because of the conditions that exist today. I would think that in addition to that, we might consider, also, whether or not as this thing goes along a better arrangement isn't possible. I have this in mind--it is a bit vague, I admit--it seems to me this whole problem of disposal of surplus property is so far beyond any proportions of any job that has been done before and so different in character from any job that has been done before--I mean by that, that I think nearly every transaction of any substance is going to offer a separate question of policy that no general sanction is going to take care of, and the policy will have to be made. The

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substance of what I have in mind is this: As we go along it seems to me we might have in mind the working out of a different arrangement where it might be consolidated in the way that there will be a better realization on the part of the public of the character and size of the job. Maybe you would want to organize a surplus assets realization corporation or something of that sort, to give it a name, to put the job in there, and to put it where there is a conception that this isn't the regular routine Government job that the Procurement Division has been carrying on where you have so much property and your whole object is to get rid of it as soon and as fast as you can, that the task may be a very complicated one; you may have to make arrangements for repair or for reconversion of articles.

H.M.JR: Here we have just under a million dollars to manufacture clothing.

MR. LYNCH: I am thinking about putting it on a--

H.M.JR: They give us nine hundred and some odd thousand dollars to manufacture these shearlings into clothing. We are now in the manufacturing business.

MR. SULLIVAN: Somebody has to be.

MR. LYNCH: So all I would add to it, which is, I confess, a bit vague, is that we are just at the threshold of this problem, that the Procurement Division is in it and should contribute everything it can, but I think what we have to contribute at this point is not very extensive as compared to the job that is going to come, and that we should keep in mind whether it isn't possible to get a better approach to it by putting it on an entirely different footing where there would be realization that the job is a different type of job from what is ordinarily handled, where you require financing, where you require repair facilities, where you require industrial arrangements and working out with various industries. I am not certain that I am making my point clear.

H.M.JR: You are making it perfectly clear.

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MR. LYNCH: In the first place I would say that if we were talking at the beginning, that the place for the exchequer should not be in the junk business. Against that is the fact that we should contribute everything we possibly can. We have the job, and I don't see where the result can be anything in the interest of the Government but what we are going to keep the job until a better method is found. I don't think we should put out of our minds the prospect of a better method, and I feel that possibly a better method could be worked out from the public standpoint, from the standpoint of the Government itself, by putting this thing on an entirely different footing, not just as the sale and disposal of property, that the Procurement Division as the ordinary Government Department carries out, but just as though you were organizing a Lend-Lease Administration or organizing a Foreign Economic Administration.

The thing to do is to organize a surplus war property realization corporation, give it very broad powers, powers that the Procurement Division doesn't have now and isn't administratively in the habit of exercising or carrying out.

H.M.JR: Then you don't agree with Joe that if you are going to do this thing you want to wait a couple of months?

MR. LYNCH: I don't think Joe and I are different at all.

H.M.JR: Joe says wait a couple of months and slip it to them.

MR. LYNCH: I don't think you can bring this change about for a little while.

MR. SULLIVAN: What are you going to do in the meantime?

MR. O'CONNELL: Go to work and continue as you are doing. What I was thinking was that the logic of events would maybe bring us to the conclusion in a relatively

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short time of what Tom is saying as the practical way to solve the thing in an over-all fashion. I don't think you can do it today. The only basis for doing--not that there is a better way of doing it, but I don't think Tom and I are very far apart.

H.M.JR: I think you are miles apart. You say wait and if the RFC gets going, gradually slip it to them.

MR. O'CONNELL: Well, the obvious place to have any administration setup along the lines of what Tom is talking about is the RFC, because they have the corporate powers and they can create corporate setups to do particular jobs.

It seems to me that we have at the moment to continue on as best we can. What will happen after a little more trial and error is something that no one can tell exactly, but I don't see how you can stop today.

H.M.JR: George, do you have any ideas?

MR. HAAS: Yes. I don't pretend to be an expert in this. I will give you my conclusions first. I think the problem here is how to get out of this thing clean. We shouldn't have gone into it in the first place. What Herbert said in the latter part--I think one man has all he can do handling the fiscal and monetary affairs of the Government. You just can't spread him thin over a whole area. I agree that you get criticism, but you are more effective on the outside. You have criticism of WPA. In many of these things there is grief appended to doing the job right. You have a pattern here as a way to get out of it.

You recall when the foreign purchases were coming in, the President immediately assigned you as the man; afterwards an organization was set up. You did it temporarily at the start. It might give a pattern as to how to get out of this, but I feel strongly you shouldn't be in it; it diverts too much of your energy over into other fields than financing the war. I agree with you perfectly it can't be an avocation; it is a main job, and one of the biggest jobs that faces the country. One man can't take all the

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responsibility for everything that happens in the Administration. If you do that job well, you have made your contribution, it seems to me. I think now if you can get an agreement that you want to get out of it, I don't think it is clear that you can just step out without getting injured, but you can work out a formula of how you can come out clean. That is the direction I would take.

H.M.JR: Roy?

MR. BLOUGH: Well, as a layman with no competence in this field, and professing none, I think you ought to get out of it, and I think Tom Lynch has indicated the best and cleanest way to get out.

H.M.JR: Harry?

MR. WHITE: I should begin with an alibi, shouldn't I? But I really don't feel like one.

H.M.JR: Why don't you begin with a dirty story?

MR. WHITE: I think that the task of handling the disposal of surplus property does involve, as John has said, extremely important matters. I think as other men have said, a task which is so large that it can be handled in the way in which I am sure you would like to handle it if you were going to handle it, only by considerable attention on the part of yourself and on the part of any people you would select to handle it, even with the best administration under you there is going to be these difficulties which you spoke of. I don't think there is any significant relation between the way this is handled and the sale of bonds and the attitude toward bonds. That would make a good excuse to get out if it weren't so thin. But I think it is pretty thin. I think we can go into that aspect of the problem, but I do think that it is too big a job and fraught with too many difficulties and complexities and dangers to be handled unless you want to make up your mind that you want to devote a substantial time or get some men to devote substantial time to it. I think it appropriately belongs under some separate organization, and

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I agree with much of what has been said, that there is a way of getting out, and that way of getting out is a perfectly legitimate way. It is not a way of getting out, but it is suggesting a way as to how it should best be handled.

I think there should be a report by you to the President based on such experiences as you have had, which should contain constructive suggestions as to what appropriate powers, what appropriate protective devices, and what appropriate type of agency can best handle it. In other words, let the recommendations of the kind of setup that is in the minds of the men who have the most experience with it so far--and that would be the Treasury--be the basis for a report for the establishment of a new agency, so that as far as the public is concerned it will not be a question of your getting out from under, not a question of their having taken it away from you because it wasn't properly handled, but rather a question of your doing the most unusual thing from the point of view of the Government, of saying that this thing, for the following reasons, can best be handled by some other agency than our own.

(The Secretary held a telephone conversation with Mr. Pehle.)

H.M.JR: It is going out in the cable as of the way we had it on March 16.

MR. GASTON: But it is going out on April 7 as it was drafted on March 16.

H.M.JR: By us.

The thing, of course, has upset me so. They had this grand old Rabbi here with a wonderful beard like the Catholics wear in the Near East. He just completely broke down and had hysterics in my office, wept, and wept, and wept.

(Mr. Pehle enters the conference.)

H.M.JR: John, put it here.

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MR. PEHLE: Well, it wasn't me, but it went just as it was sent over to them.

H.M.JR: It is worth my being sick for a day. Can I have the March 16th?

MR. PEHLE: It went there by letter to Stettinius.

H.M.JR: Do you mind if I call them up?

MR. PEHLE: No. I will see that the operator puts them on. It went as we sent it to them on March 16.

MR. BLOUGH: It has actually gone?

MR. PEHLE: It is in the coding room right now.

MRS. KLOTZ: Aren't you suspicious?

MR. BLOUGH: I am suspicious.

H.M.JR: Strictly in this room, and not to be repeated, they went to see Judge Rosenman yesterday. What did he tell them?

MR. PEHLE: He told them that he would be glad to take it up with Mr. Hull if he had a memorandum from Mr. DuBois, explaining--

H.M.JR: Then he calls me up five minutes later and says it is none of his business, it is strictly a War Refugee matter; he doesn't want anything to do with it. That is just in this room.

MR. PEHLE: Mr. Secretary, the one that did all the work on this, Mr. Lesser, is outside.

H.M.JR: Tell him to come in.

(Mr. Lesser enters the conference.)

H.M.JR: Come in, Lesser. I just want to thank you for what you have done on this thing. Just sit down a

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minute. I am trying to get the Rabbi. It is only too bad it didn't go out on the 17th. Terrific, isn't it?

MR. LESSER: I think so.

H.M.JR: As I understand it, two hundred and fifty have already gone to their death, haven't they?

MR. PEHLE: That is right.

MR. HAAS: Where are they located?

H.M.JR: Camp Vitell, in France. They all have South American passports. They are arguing whether they are authentic or not. Let's say they are all phoney. And so what? We should sit back and say to the Germans, "We can't do anything because we think they are phoney or void," when the Germans don't pay any attention to anything, see?

The assumption is, if we said to the Germans, via the Swiss, "We want you to recognize this thing," the Germans will.

But over in the State Department they said these are forged passports, although we are forging passports ourselves every day.

MR. HAAS: That was my suggestion, get somebody in there to give them something.

H.M.JR: They are forging passports every day; it is no secret.

MR. D.W. BELL: It is a regular business.

MR. PEHLE: We are now going to send over, Mr. Secretary, another cable, asking the Swiss Government to let the German Government know that we are working on an exchange of people. Now, it isn't going to be possible to work an exchange, but the mere fact that one is being considered will tend to make the Germans leave these people alone.

H.M.JR: Does it have to be a Catholic that goes to Spain? Must it be a Catholic?

MR. PEHLE: No, that is not a requirement.

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H.M.JR: Aren't you well enough organized that you could spare DuBois to go?

MR. PEHLE: Yes, as the President's representative. It has to be all the way of to the top.

H.M.JR: Why don't we ask for him to go?

MR. PEHLE: I am for that.

H.M.JR: Why not stop loosing time? DuBois is a Protestant, isn't he?

MR. PEHLE: Yes.

H.M.JR: Are you sure?

MR. PEHLE: I know he isn't a Catholic. If he is anything, he is a Protestant.

H.M.JR: He shouldn't be Jewish.

MR. PEHLE: He is not Jewish.

H.M.JR: I mean, for the sake of the cause.

MR. PEHLE: No, he isn't.

H.M.JR: He is a Protestant?

MR. PEHLE: Yes.

H.M.JR: I would send DuBois. I would get him off on the first Clipper.

We have been trying to send Tom Corcoran, you know.

MR. SULLIVAN: I don't see how catholicism would affect that job one bit in Spain today.

H.M.JR: It affects Mr. Hayes, our Ambassador.

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MR. SULLIVAN: Is he a Catholic?

H.M.JR: Yes. I would send Joe DuBois.

MR. PEHLE: If DuBois can go, he will bring back the story.

H.M.JR: I would send Joe. I would get him right off. And in this case, I will ask General George, if necessary.

The funniest thing - this Ambassador Hayes walked in here - he hadn't been in here two minutes before he and I had a row.

MR. GASTON: When was that?

H.M.JR: Before he left, when he was first appointed. Everybody said, "There is something the matter with Morgenthau. Ambassador Hayes is one of the greatest liberalists of the country. He is this and that." I said, "He is a stuffed shirt." I said to Mrs. Morgenthau, "You have to read the New Republic and the Nation." She said, "He is a wonderful character," and I, "He is a stuffed shirt and I think the President would give anything to get rid of him."

MR. GASTON: He has been the biggest disappointment.

MR. WHITE: He came in to see me and said he was sent over - he spoke to me and I suggested that he meet some of the Treasury staff. He wanted to know about Spain and I said I would get them all together and we would tell him whatever we had about Spain. We made the appointment and he never showed up.

H.M.JR: He wasn't in here two minutes before we had a row, and I don't row with Ambassadors, normally.

MR. PEHLE: Unless it is to your credit.

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H.M.JR: Mrs. Morgenthau said, "There is something the matter with you. He is one of the great liberalists."

You know, he was. Didn't he get some medal from the Catholics, or something?

MR. SULLIVAN: I don't know. I don't know too much about it.

MR. BLOUGH: I thought he had shifted some years ago.

H.M.JR: No, no, he was a very important lay Catholic.

MR. WHITE: He is a pretty good historian, or was.

MR. GASTON: So is Bowers.

H.M.JR: I think he is good.

I won't tie you gentlemen up, but, Lesser, that is a good job. I am very much pleased. I will call up Brown to thank him.

(Mr. Pehle and Mr. Lesser leave the conference)

H.M.JR: What was in the middle of making a speech.

MR. WHITE: This Lesser is a very able fellow. You are going to lose him. He has been in the Legal Division working on Foreign Funds.

H.M.JR: I thought he was out of your shop.

MR. O'CONNELL: We loaned him to John Pehle.

MR. WHITE: There are a few good men in the Treasury outside of my shop.

H.M.JR: Why are we going to lose him?

MR. WHITE: Going in the Army.

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MR. O'CONNELL: The Puryear Committee gave us a sixty-day deferment and they will not extend it, so he will be in the Army shortly.

MR. SULLIVAN: I think that is nonsense. I think it is time we stood up and fought with fellows like him.

H.M.JR: (To White) I don't know what you said.

MR. WHITE: A good time to stop. (Laughter)

MR. SULLIVAN: Harry said the way to get out of this is to think up some better system.

MR. GASTON: I listened very carefully to what Harry said. I will sum it up for you: Yes and no!

MR. WHITE: I am getting to be pretty good.

MR. SULLIVAN: We interpret the news!

H.M.JR: Now, Harry, everybody else has been very frank.

MR. BLOUGH: I thought Harry had a very good suggestion, and I didn't interpret it yes and no. I am right with you, Harry.

MR. WHITE: I must be slipping if that can be interpreted yes and no. I am sure it is due to the interruptions and not to your perspicacity, Herbert. (Laughter)

I will re-state my view as I see it. I said I thought this was an extremely difficult, complex, and important job. I think it requires a lot of attention from yourself or your top men. I don't know whether I am supposed to know it or not, but I suppose there is some doubt even as to whether John will continue to be here, which makes the situation very different. It means you have to go out and find somebody to either take the job, or do it yourself, or represent you on it.

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H.M. JR: You are talking about the Senator, now?

MR. WHITE: Was it Senator or Vice President, John?

MR. SULLIVAN: Well, it wasn't Vice President.

MR. WHITE: They are looking for a good Vice President.

The reason why it is fraught with some difficulties is obvious to everybody. It involves the possibility of very considerable scandals, and what is equally disturbing is that you are bound to displease important segments of the body of the citizens no matter what you do because of the ramifications of the disposal of so much property.

I think that it belongs in a separate organization. I think it belongs, if possible - and here I speak knowing almost nothing about it - that it should be initiated with proper powers.

I gather from the few illustrations that you gave that there are all kinds of obstacles to the disposal of this property under conditions which would be best for the country.

Now, I think your men are in a position to outline the kind of legislation and the kind of organization which that could function best under. I think you should also offer your experienced personnel. Maybe they might want to take Mack or have some other men who would be valuable to them during the year, or two or three, in which this was operating.

I think you ought to help as much as possible, but I think the only way you can get out of it well - and I would interpolate, unless you can get out of it well, I don't think you ought to get out of it - the only way, it seems to me you can get out of it well is not to say it will hurt bonds, and not to say your time is

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all occupied with financing, but rather to make a recommendation based on the experiences of the several months or more that you have had, as to how this thing should best be handled, and submit that report to the President.

That would be my suggestion.

MR. SULLIVAN: I would like to answer Harry and Tom a moment, if I may, Mr. Secretary. I think they both agree with me that they know of no better plan at the moment.

The Baruch report made a great hit with the country. It was very well received by the public as a painstaking job of surveying the whole situation and working out the most practical method of handling this. They put in a lot of time on that report.

Now, I am sure that sometime somebody may be able to think up a better plan. I think if Harry is contemplating that within a week or ten days we will be able to draft some suggestions that will be an improvement on this setup under the present Executive Order, I think we are holding out a little bit too much hope. It is too difficult a problem for that.

MR. WHITE: Why does it have to be settled within a week or ten days?

MR. SULLIVAN: I don't know. Joe has said as the months go by maybe something will work out. I was merely pointing up that it is apt to be more a question of six months or a year rolling by before any better plan suggests itself.

The other comment I make on the situation is purely political. We are concerned with dealers and with retail stores. We are fighting the fight of the small businessman. Our contacts have already been established. For instance, the National Automobile Dealers Association, which was our most bitter enemy up until two months ago,

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now sends out weekly bulletins to each one of its districts setting forth the year, capacity, the location, the ceiling price - and that is a service that we have arranged with them. That is Nebraska, there; here is Georgia (hands bulletins to the Secretary).

H.M. JR: I get the idea.

MR. SULLIVAN: And we have established these contacts with these Associations and these National Trade Associations, and the letters we are getting in from individual dealers indicate a degree of confidence and hope that they didn't possess six weeks ago; and I think, having started this process, having acquired the confidence of these people, if we then throw it out the window on the political side, we have definitely lost something that we are now acquiring.

MR. WHITE: I shouldn't look at that as throwing it out the window. I should rather look at the thing from the point of view of how it can best be handled and what have been your experiences, of what you have learned during the months or years during which you have handled the problem.

MR. SULLIVAN: It is just like any other job; you learn by trial and error and darned hard work.

Now, I am just as critical of Procurement as the Secretary. I think more so, because I have seen more of not only errors, but short-sightedness and in some cases stubbornness and resistance to change. It took me weeks to convince them that they had to have a central inventory, a central record of pricing and sales; something that anyone would, you would think, consider indispensable to a nation-wide operation.

So I am not fighting the battle of Procurement here. I think I have been as critical of them as anybody in the room. But I have also seen the other agencies, and Procurement, on the basis of what I have seen, is better fitted to handle this than any other agency in the town.

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MR. WHITE: I confess I may be looking at it somewhat differently.

MR. SULLIVAN: That leads up to what I said to Joe a minute ago, that I thought in fairness to the job, if it is decided that the Treasury should not handle surplus, we should be ready to let this group, who do know more about it than anybody else, go to whomever is to have the job. I don't think it is going to be fair to the Government to say that we are not going to handle surplus, but we are going to hang onto the people who know more about it than anybody else.

MR. WHITE: I am assuming that Procurement has done not only as good a job, but an excellent job. I wasn't at all suggesting they haven't done a perfect job. I was rather looking at it from the point of view of the responsibility of those who are going to run this. And the responsibility is not going to be anywhere down the line; the responsibility of the general operations of the sale of disposal property is going to be on the top desk.

H.M.JR: Where?

MR. SULLIVAN: Right on that desk (points to the Secretary's desk).

MR. WHITE: If it is in the Treasury, it is going to be with the Secretary of the Treasury; if some other agency, it will be with the top. That is the way people personalize the thing, and that is the way, I think, to do it.

Therefore, the question is, should the Secretary of the Treasury, in addition to his other duties and other responsibilities, take on the task of being responsible for the operation of such a Gargantuan task as the disposal of several billion dollars to a community that doesn't want the stuff. Certain producers want it only under certain conditions. It is not a matter of honesty and having the funds properly audited.

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If that is all there were to it, the Treasury should do the job. That is merely a matter of honesty and ideal. The Treasury has a reputation, justly, of being as honest in those matters as any other agency. But it is more than that, John. It is a question of assuming the responsibility of the sale, under conditions which will be regarded as reasonable, of millions of items involving - I imagine the surplus property will run into several billions, won't it?

MR. SULLIVAN: Oh, yes.

MR. WHITE: It is one thing to sell several billions, it is another thing to buy it.

MR. SULLIVAN: Harry, you agree with me that the most important problem for the Secretary of the Treasury, after the responsibility of financing the war, is going to be the problem of conducting the country's financing in the year and a half or two years after the war.

MR. WHITE: Well, no, I think the responsibility of the Secretary of the Treasury is to see that all the functions that are undertaken by the Treasury are properly performed. I would regard one of them as the financing of the war. It happens to be important. There are a lot of other important things and will be a lot of other important things. If he undertakes the disposal of property, that will be another important thing for which he will be responsible.

MR. SULLIVAN: But it seems to me that the economic condition of this country in the year and a half after the war will be a very grave concern to the Secretary of the Treasury. I don't know of anything that is likely to have a greater impact on it than the man under whom these surplus properties are disposed of.

MR. D.W.BELL: John, there has been some thinking about this on the Hill. How do they feel about the Treasury handling it? Are they inclined to make it separate?

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If so, maybe that is a good way for the Secretary to get rid of it - to allow one of these bills to go through.

MR. GASTON: I would like to examine Joe's and Tom Lynch's suggestion, here, which as I understand it is substantially that we try to organize now, facing the present problem, that we try to build an organization to handle this surplus and go along with the problem, with the possibility in mind that as we learn more about this thing by experience, it may develop that we need a different sort of an organization.

MR. D.W.BELL: Independent, I understand.

MR. O'CONNELL: I think, as of today, there isn't a man in the Government who has any very clear conception of a better way of doing the job, which isn't on our doorstep yet, than we have in this room. You read the Baruch report. It is almost entirely glittering generalities with respect to disposition of surplus property.

When they start dealing with contract termination on the Hill, the best thing the George Committee can come out with is a few very nebulous comments with respect to surplus property, and tell Will Clayton to come back in sixty days and tell them what he wants in legislation.

When Clayton testified he said, "I don't know." He said, "This is so new, we haven't the slightest conception of what we are going to be into."

All that means to me is that it is going to take a little time.

MR. WHITE: I wonder if that is relevant to the immediate problem. It is not a question as to whether the handling of the problem can be better performed than the way in which the Procurement Division is performing it. I doubt whether that is the immediate problem.

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Let us assume that no better technique can be developed than what is now being done. To me the problem is not that, but where shall the responsibility lie. Had it best lie with someone who devotes all his attention to the task, or can it best lie with an already busy departmental head, to whom that will be only one of many important responsibilities? It is not a question of techniques.

I am sure that possibly Mack is handling it as well, or knows more about it than anybody.

MR. O'CONNELL: I think in order to get out of it gracefully, we have to have a better technique, unless we have a better way.

MR. WHITE: I think the better way - I am sure, from the illustrations you suggested there, or impediments which have been presented on the part of getting the most money out of these funds for the public - I think that you certainly can list all these impediments and certainly say this job is so large that it ought to have a special agency or maybe a commission - maybe a committee - maybe an individual if he had--

MR. O'CONNELL: We have an Executive Order which creates a Surplus Property Administrator, Will Clayton.

(The Secretary holds a telephone conversation with Mr. Brown, as follows:)

April 7, 1944
10:32 a.m.

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HMJr: Hello.

Operator: Mr. Brown has stepped out for a minute and Mr. Gray is answering.

HMJr: No, I want Mr. Brown.

Operator: I'll have him for you.

HMJr: And when you get the -- when you get the Rabbi, let me know.

Operator: All right.

10:49 a.m.

J. E. Brown: Good morning, Mr. Secretary.

HMJr: Brown, I just want to tell you how much I appreciate how cooperative and sympathetic you were on this thing.

B: I'm very -- very glad to help, Mr. Secretary, in any way that I can to keep things -- to keep things moving.

HMJr: Well, I understand they sent out our suggestion of May 16th -- March 16th.

B: Yes.

HMJr: I understand that that's gone.

B: Yes.

HMJr: And I want to tell you from the bottom of my heart that I appreciate it.

B: Well, don't -- don't think of that at all, sir, because we're glad to....

HMJr: Well....

B:do anything that we....

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HMJr:this was....

B:anything that we can.

HMJr: After all, there are really lives at stake and I think there's an excellent chance of saving them.

B: Yes.

HMJr: My thanks to you and when you see Mr. Hull, please tell Mr. Hull I appreciate very much his....

B: I'll-- I'll certainly -- certainly do that, Mr. Secretary.

HMJr: But you were most helpful.

B: Oh, don't -- don't think of that at all.

HMJr: Well, I do think....

B: Mr. Hull is the one that did it all.

HMJr: No, I know, but I'm thanking you personally.

B: Well, now don't -- I'm glad to hear that, Mr. Secretary, but it really wasn't I.

HMJr: Well, may I think it's you anyway?

B: All right, sir.

HMJr: Thank you.

B: Not at all. Thank you very much for calling.

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MR. WHITE: If I were the Secretary, I certainly wouldn't share the responsibility with anybody. From what you tell me - I didn't know that - there is a lot I don't know - from what you say, Will Clayton is responsible for the disposal of surplus property. Then why should the Secretary be placed in the position - I thought it was he who was going to dispose of surplus property.

MR. O'CONNELL: The President signed an Executive Order setting up a Surplus Property Administrator in the Office of War Mobilization, at a policy level. In the same order they made a tentative division of responsibility with respect to actual disposal or disposition of property. Will Clayton's organization is not going to be an operation agency. Procurement Division has the responsibility for the sale of consumers' goods; RFC has the responsibility for certain other types of property; War Foods Administration for the disposition of surplus foods; the Maritime Commission for the disposition of surplus maritime property.

MR. WHITE: I think that is a poor way.

MR. O'CONNELL: When Will Clayton protested to the Committee last week, they asked him if he had any suggestions. He said, "No, this is guinea-pig organization."

MR. WHITE: Joe, one thing we have learned from the last five years, we here, is that divided responsibility on important matters always is bad, and if Clayton is going to be in charge of the surplus property, I think he ought to be responsible for the physical distribution or the decisions of the policy of price and who should sell it, and all of that.

MR. O'CONNELL: You can only go at a certain rate. I think, to unload this entire job is just a literal impossibility.

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MR. WHITE: What I would gather that you indicate is that you think this thing ought to be handled directly under him, and you will play along until he can get his organization. I didn't think there was any suggestion to say, "We are through with it and you take it."

I thought it was merely a question of moving toward an objective.

MR. SULLIVAN: It isn't contemplated that he will have any operations organization, Harry.

MR. WHITE: What does his responsibility, as distinct from the Secretary of the Treasury, consist of in the sale of these motorcycles?

MR. SULLIVAN: He determines general policy. The understanding is that we go ahead in the manner in which we have been operating unless he indicates otherwise.

MR. WHITE: I think that is very dangerous. If I were the Secretary, I would have no part of it, because of that divided responsibility. As soon as he can turn it over gracefully - that is the sine qua non.

H.M.JR: Are you through, Harry?

MR. WHITE: Oh, yes.

H.M.JR: I have heard from everybody but Charlie Bell.

MR. C.S. BELL: One sour apple in the whole barrel. The criticism is going to be pretty bitter. People are still talking about sales in the last war. I agree with John and Mr. Gaston and Danny Bell.

(The Secretary holds a telephone conversation with Rabbi Corff, as follows:)

April 7, 1944
10:54 a.m.

HMJr: Hello.

Rabbi
Baruch
Corff:

Hello. Good morning, Mr. Secretary.

HMJr: Rabbi, I've got a nice Passover present for you.

C: Oh, that's wonderful.

HMJr: The cable that the Treasury suggested as of March 16th has gone.

C: I see. This morning?

HMJr: This morning.

C: And Mr. Pehle -- does he have a copy of it?

HMJr: Yes, he can show it to you.

C: Oh, I see. Well, thank you very much and a happy and closer Passover to you, Mr. Secretary.

HMJr: Well....

C: And God bless you.

HMJr: Well, it's -- it's -- let's hope now that we can save....

C: Let's hope.

HMJr:the people that are still there.

C: Thank you very much, Mr. Secretary.

HMJr: Well, thank you for letting me have the opportunity.

C: Thank you, Mr. Secretary.

HMJr: Good bye.

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H.M.JR: Have you any sense of humor left?

MRS. KLOTZ: Sure.

H.M.JR: He wished me a Kosher Passover. (Laughter)

MR. WHITE: I think he has his suspicions.

H.M.JR: He belongs to the Union of Orthodox Rabbis and he says, "May I wish you a Kosher Passover." You don't have those "isms" in the church, do you, except as between the Greek and Roman?

MR. WHITE: There are only good Catholics or dead ones!

MR. SULLIVAN: And Brooklyn!

I am glad to see this Rabbi is still working at his job, though.

MRS. KLOTZ: He hasn't given up hope of converting the Secretary.

H.M.JR: All right, you will have to give up eating ham sandwiches!

MR. C.S. BELL: I can't help but feel that the Treasury is the best organization to do the work and it will do a good job. It is going to throw a lot of criticism in this office, and that is regretted. I think much of that can be offset if Fred Smith were to undertake to acquaint the public with this problem and keep them educated throughout, so that they would know or expect this sour apple from time to time. It is bound to come up. But passing it over to a new organization isn't going to be for the benefit of the Government, generally, though it may be a little benefit for the Treasury.

H.M.JR: Is that all?

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

H.M.JR: All right. Does anybody want to know how I feel?

MR. SULLIVAN: Rather!

MR. WHITE: If you feel it is important! (Laughter)

H.M.JR: Well, if I can get out of this thing gracefully, I would like to. That is the way I feel. Someone want to cross-examine me? I am willing to be cross-examined.

MR. SULLIVAN: Would you be willing to give up Procurement to whoever is willing to take over this responsibility?

H.M.JR: If necessary, yes.

MR. SULLIVAN: I think you would have to.

MR. O'CONNELL: I don't understand that, John. It doesn't seem to me it would be any more difficult to split the existing Procurement Division that it was to split it when we did it once before.

MR. BLOUGH: I thought you said a few minutes ago that it wouldn't be necessary.

MR. SULLIVAN: I said it would not be fair to ask some other agency with no trained, experienced men to take on this responsibility without giving them the group that everybody admits is the best qualified to handle it.

MR. O'CONNELL: That is not the entire Procurement Division, though, John.

H.M.JR: In New York in the office building, on the fifteenth floor is the floor devoted to surplus property. On the thirteenth floor is the floor that has to do with Lend-Lease.

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They told me up there - Walsh is a good man, isn't he?

MR. SULLIVAN: He is Assistant Director.

H.M.JR: There is a man in charge by the name of Young. One thing has to do with buying. With the exception of pay roll and the administrative end, the things are completely separate.

MR. SULLIVAN: And they are serviced by one administrative group.

H.M.JR: You could have another administrative service.

MR. SULLIVAN: Whether you can accumulate a nationwide administrative service right now or not--

H.M.JR: The point is, gentlemen, this organization of the surplus disposal only came into being, as far as the field was concerned, February, a year ago.

MR. WHITE: I think they ought to have any personnel whom they want, but I think there is this difference, isn't there, John, that the Procurement Agency is a continuing agency in normal times, and more routine.

MR. D.W. BELL: They have surplus right along, but on a very small scale.

MR. WHITE: It lends itself to a routine job, whereas this surplus disposal is a major issue. I will say this, in contradiction to the position I have been taking, Mr. Secretary--

H.M.JR: I am accustomed to that! (Laughter)

MR. WHITE: ...is that I have always felt that it is a mistake to create new agencies when the work can appropriately fit under an old department.

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I think the examples of that have been bad. There is that to be said on the other side. But the condition in which the responsibility is shared as it is in this, makes it much worse than I had thought.

H.M.JR.: Now, just for the moment, would you mind summarizing where White is? White versus White.

MR. WHITE: My conclusion is--

MR. SULLIVAN: With qualifications!

MR. WHITE: If you can gracefully get out, and it seems to me you can, that you should. But it should be on the basis of a recommendation of constructive measures to handle it appropriately, and you should be prepared and offer to give over such personnel as there is in the Treasury who have been working on this, and who would be of value to whatever organization would take it over.

H.M.JR.: I am very interested in what you say now. I also think you would be very interested if you saw the record on White.

MR. WHITE: Yes, it may be that what I have been saying is very confusing. It has been simple to me, but that is all right.

MRS. KLOTZ: Everybody else shifted a couple of times, Harry.

MR. WHITE: But I haven't shifted.

MR. GASTON: Harry hasn't shifted. He has weighed the arguments on both sides and come to a conclusion.

H.M.JR.: That is the point. I am afraid that I haven't, but nobody gave me any argument here. I am going to be very honest with you people. Everybody around here has got too much to do and I, frankly--

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I mean, let's just take the things which are pending. You take White and his World Bank and World Stabilization. There is a thing which is absolutely the Treasury's business.

I have Mr. E.M. Bernstein up at New York, I spent a little over two hours with him. I go over the thing and I am just beginning to get the thing. If we are going to have this meeting, and the President has approved calling the meeting, it is going to take every hour that I can get, and every hour that anybody around here who can help me, can get, to put this thing across. It would be a great feather in Mr. Roosevelt's cap - of the Allied Nations - if there is something to offer the satellite nations as a hope of stability. Mr. Bernstein, when he was here, was hopeful of Czechoslovakia. This sort of thing is an assurance to Mr. Bernstein that three months after the armistice that Czechoslovakia can begin to export business if these World Stabilization plans go through. If we here, with all the magnificent work that White has done for the groundwork, can get this thing across, there is something to hold out to these countries now, that there is work for them on a post-war basis. And I ought to give that thing every minute and ounce of energy that I can, just as I do to this President's War Refugee Committee.

Now, I can only do so much. All of us are tired, everybody around here. You can only spread yourself so thin. Now, how thin can I spread myself?

Sullivan hasn't said to me, "Morgenthau, you needn't worry about this thing; you don't have to give it any attention."

MR. SULLIVAN: No, I think you do.

H.M.JR: You think that I do. It gets down to something like that. It gets down to a thousand and one things that I have to do, and, frankly, I don't see the day long enough.

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I should go around and visit these things. Ted Gamble gave me a list last night. He wants me to go to ten different cities at the end of this month. I don't think I am going to go. I don't think I can do it. It isn't that I can't do it - I can do it if I have to, but I just don't think I have the time to go from here to Texas and Minneapolis and Portland and Cleveland and Boston, where he wants me to go. I don't think I am going to be able to make the trip. There isn't anybody in this room who can't stand a month's rest. That is the trouble, the wear and tear of the war on people who aren't at the front.

In other words, only ten percent is fighting and ninety percent is waiting, and the damndest part is waiting here. It is worse than even if you were in uniform.

Here we will lose Surrey. Take this fellow here (Blough); for ten days I haven't been able to sit down and talk with him, and Surrey was going on the Hill. I should do it, sit down with Roy Blough and give him an hour to bring me up to date on what is going on.

I ought to go up and see Mr. Doughton and Walter George. Right?

MR. BLOUGH: Yes, sir.

H.M.JR: I haven't been able to physically do it. And here is something entirely new. When the President took the present Lend-Lease organization, he just took it bodily and lifted it out of the Treasury and set up this enormous organization with two thousand employees to handle Lend-Lease. This is something de novo. It is all very nice to say that the Treasury can do it better than anybody else - sure, let's say that they can; but also, it is going to be an organization to handle billions where we are handling millions. I can take criticism. I will be criticized no matter what I do, so it isn't a question of trying to duck the criticism.

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If I am not criticized for this, I will be criticized for something else; just as long as I am here I will be criticized. I was explaining to somebody the other day - again diverting - why I am criticized. In the old days, first Governor Strong and then Governor Harrison was the go-between between Wall Street, Washington, and Europe. Well, Mr. Roosevelt and I took that away from them. Is that worth while getting back for the Federal Reserve of New York? Sure, that is worth fighting for. Sure it is worth while cutting the throat.

When I went on the air, I was sick. A very important businessman wrote a letter to a friend of mine. "With Morgenthau out of the way, I am making new plans. Will you come and go to work for me?"

Sure they want to get me out of the way. It is a question of what can I do, and what can Mr. Sullivan do, and Mr. Gaston, and looking around the room, there is just a handful of us left. Now, what can we do? This is an all-time-consuming business. Go to RCA, RCA says, "No, can't even have this man as a consultant, this Folsom. Wouldn't even let me have him as a consultant. They tell me whom I can get in other businesses, very generous, but I can't even have Mr. Folsom as consultant.

The President of Marshall Field came down here; wonderful about suggesting other businesses, but I can't even have them. American business doesn't want Mr. Roosevelt's Administration to dump this thing, but will American business come in here and help us? I haven't seen anybody yet who would. And that is a heartache. I am going to have nothing but heartaches and headaches, and this is the thing - I am talking about myself and the people - where can we put the energy where it will do the most good? There are things right in this room - people crying to see me. Here is Bell waiting on the Bank of America; here is Charlie Bell waiting on deferments. Everybody is waiting. I try to clear the things before sunset.

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I did accomplish something yesterday by just sitting here and sweating out Mr. Hull. I did get something done. But the question is one of relative importance. This is something brand new. You will agree with that?

MR. SULLIVAN: Oh, yes.

H.M.JR: Should I take this thing or not? My feeling is that I shouldn't take on this kind of a thing which is brand new. I will take on something if I think I can stop Sweden from sending steel and ball bearings to Germany. I will take that on.

MR. BELL: Seen Drew Pearson this morning?

H.M.JR: Yes. If I can keep diamonds and platinum from going from the Argentine to Spain and Germany, I will take that on. But, frankly, I don't think I want to take this on. I can't be any franker than that, can I? That is turning myself inside out.

MR. SULLIVAN: No, you can't. That is perfectly frank.

H.M.JR: Here is Dan; Dan is tired. Charlie Bell is tired, Herbert Gaston is tired, I am tired; but we can still function. But we have first got to do the things that are here. Harry White is tired; we are all tired. Hell, we burn ourselves out on this thing, because we are the one Department that hits and hits hard. I don't think we should take this kind of thing on that is new if we can get somebody else to do it. That is the way I feel, John. It is no reflection on anybody.

I mean - again to be personal - all right, supposing we take it on. Everybody in the room knows that if things break right in June, John wants to run for Senator. More power to him; I hope he does - I hope he gets elected.

MR. WHITE: In fact, we are banking on it.

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H.M.JR: But I can't count on John to carry this thing. If I could count on John to carry the thing, that would be something else. But John says I am on notice. If everything is all right in June, he leaves me. Then who is going to carry this thing on? It means somebody else amongst us has to take on the extra burden. And June isn't very far off, and the chances are excellent. Well, there goes another member of the nine-thirty Group.

MR. WHITE: And there is a good excuse right there. I mean, even a good public excuse.

H.M.JR: I don't think better.

MR. SULLIVAN: Well, I am convinced that you have got to plan to carry this along for another three or four months, anyway, Harry. I don't think any sort of a device will let you out in the meantime.

MR. WHITE: I didn't think it was a question of cutting it off immediately. After all, the big problems of disposal of surplus property, I imagine, will not occur until after the cessation of the European conflict.

MR. SULLIVAN: Yes, the big ones, but not the real big ones.

MR. O'CONNELL: The volume will be later, of course.

MR. WHITE: Certainly not in the next few months.

MR. BELL: They are getting big right now.

MR. GASTON: We have this thing - it isn't a question of whether we take it or don't take it. Now the question is technique and timing.

H.M.JR: Excuse me, Herbert, I don't think you are quite correct, because I understand that on the request of Clayton the Army has stopped all surplus sales for the time being. There is a stop-order out issued by Clayton stopping all surplus sale on the part of the Army.

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MR. SULLIVAN: And they turn it over to us.

H.M.JR: No, I understand that Clayton issued an order, I think more or less as a result of this battery trouble in Utah, telling the Army to stop all surplus sales until he could have a look at it.

MR. GASTON: That doesn't affect us?

H.M.JR: It affects us in this way: It doesn't place an additional burden on us immediately.

Clayton has stopped the thing, all right. He wants to have a look at the thing. In the meantime the Army isn't dumping anything on us.

MR. GASTON: As the record stands now, this job has been assigned to us. The question is, what is the technique?

H.M.JR: That is right. But the point I want to make is, he has more time to look around. Not because I raised the question, but for reasons of his own, he issued an order to the Army to stop the sale of surplus goods until he could study it.

MR. SULLIVAN: But I think that was to order them to turn it over to the appropriate agency rather than selling it themselves.

H.M.JR: Granted, but what I am trying to get at is, we have a little more time to think about it, because the Army isn't dumping stuff on us every day. That is all I mean.

Well, thank you for your patience.

April 7, 1944
11:30 a.m.

JEWISH EVACUATION

Present: Mr. Pehle
Mr. DuBois
Mr. Lesser
Mr. J. B. Friedman
Mr. Abrahamson
Miss Laughlin
Miss Mann
Miss Hodel
Mrs. Klotz

H.M.JR: I just wanted to say to all of you that nothing has pleased me more than being able to get the State Department to send out this cable in regard to Camp Vittel. It just shows that if we put enough heat in the right place it can be done, and believe me, we have put plenty of heat on Mr. Hull, proper. The unfortunate thing is he has surrounded himself with a lot of people who are very prejudiced and just have no vision at all. I hope the world doesn't know it, because all of these are little drops of water on the stone, which must give confidence to the suppressed people of the world that there is some hope somewhere.

When these things are out and nothing happens, they must ask themselves, "Well, after all, what is all of this fighting for?" So the fact that the March 16 cable went-- of course, in the room I can say it is a tragedy it didn't go on March 16. Most likely two hundred and fifty people have been murdered because it didn't go out on the 16th of March.

I made up my mind last night, and I told these people I would stay here until it did go. I did stay here with the help of you people, and with the result that people over there who were opposed to the thing--evidently Mr. Hull, although I haven't spoken to him since last night

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at six o'clock--I haven't been able to get hold of him to thank him. But the results were good. I just made up my mind I would stick it out.

Each of you is entitled to a personal inward satisfaction.

MR. PEHLE: We have that, and want to thank you for going to bat on this thing.

H.M.JR: It was just one of these things where Mr. Hull was given this memorandum--what is this terrible person's name?

MR. PEHLE: Culbertson.

H.M.JR: Culbertson's memorandum. And that was the last word.

Well, it turned out it wasn't the last word, and he most likely can say again as he did once before, "It is that damned Jew in the Treasury" who over-ruled him. He said it once before, and now most likely he will say, "God-damned Jew." It is a badge of honor.

It is unfortunate that such people exist in Mr. Roosevelt's Administration, and they should be gotten rid of, but Mr. Hull doesn't seem to want to get rid of them. There you are.

Anyway, thank God for people like yourselves. I just want to say thank you.

Now, to get off the serious side for a minute, I will give you all a good laugh. You don't know, I don't think, but I called up this Rabbi and wanted to thank him. After all, it was a nice Passover present. He said, "I want to wish you, Mr. Morgenthau, an orthodox Passover." (Laughter) So I wish you all a very orthodox Passover.

ועד ההצלה
VAAD HAHATZALA

(Emergency Committee for Refugee Scholars,
 Yeshivoth, Rabbis and Communal Leaders)

132 NASSAU STREET
 (ROOM 819)
 NEW YORK 7, N. Y.
 PHONE RECTOR 2-4235

April 7, 1944

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

Honorable Sir:

In name of all orthodox organizations, may we express our sincerest appreciation for your graciousness in receiving our delegation, and for your warm sympathetic concern in the fate of the unfortunate Jews for whom we pleaded. We pray that your proposed action will result in their rescue.

We are indeed grateful to you and your able staff of the War Refugee Board, headed by Mr. John W. Pehle, for the cooperation which has been manifested at every occasion. They show utter devotion to the historic task which is theirs, and it is our hope that their efforts will be most successful.

We express our sincerest best wishes for a most pleasant holiday.

Very respectfully yours,

VAAD HAHATZALA EMERGENCY COMMITTEE

A. Kalmanowitz
 Rabbi Abraham Kalmanowitz

AK:r

224 4/12/44 ✓
AAA

CHRONOLOGY OF HANDLING CAMP VITTEL MATTER

December 18, 1943	Matter first raised with State Department by Winant.
December 24, 1943	Matter raised with State Department by Polish Embassy at Washington.
December 24, 1943	State Department cabled Asuncion requesting cooperation of Paraguayan Government.
December 29, 1943	Matter raised with State Department by American Embassy at Lima.
December 23 and 28, 1943 and January 11, 1944	Matter referred by the State Department to the Intergovernmental Committee for investigation and report.
January 27, 1944	State Department petitioned by Agudas Israel to take action in this matter.
(February 21, 1944	Having received no word from the Intergovernmental Committee, the War Refugee Board delivered cable to State Department for transmission to Bern on this subject.
March 14, 1944 (late in the afternoon)	War Refugee Board received from State Department cable from London dated <u>March 2, 1944</u> , containing the report and recommendations of the Intergovernmental Committee.
March 16, 1944	War Refugee Board delivered to State Department substitute for cable delivered on February 21, 1944, rewritten in light of the Intergovernmental Committee's report and recommendations.
April 5, 1944	War Refugee Board advised by State Department that Policy Committee disapproved of War Refugee Board cable requesting Swiss to take blanket affirmative action. Matter was discussed promptly with Culbertson and Keeley of State, who, it turned out, did not even agree with limited action approved by Policy Committee.

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April 6, 1944

War Refugee Board received entirely unacceptable redraft of cable to Swiss prepared by Culbertson.

Secretary Morgenthau was visited by representatives of the Union of Orthodox Rabbis and Agudas Israel, appointment having been arranged by Senator Mead and Congressman McCormick's offices. Secretary Morgenthau talked the matter over with Mr. Hull and read to him the crucial sentences in the cable prepared by the War Refugee Board requesting Harrison to have the Swiss take affirmative blanket action on the matter. Hull raised no objection to these sentences but kept saying that he had directed the cable to be changed so that it represented the views of the Government and not just of the War Refugee Board, a point which the War Refugee Board had previously contended for but had been overruled on by the Policy Committee at a meeting over which Mr. Hull is said to have presided. Mr. Hull sent George Warren to see Secretary Morgenthau to work out the matter. Warren came to the Treasury but said that Mr. Hull had been focusing on Culbertson's draft and consequently there was nothing he could do to straighten the matter out without taking the matter up again with Mr. Hull. Late in the evening Warren advised Pehle that Mr. Hull had agreed to send a cable as requested by the War Refugee Board but was going to call a meeting the first thing the next morning to clear the language of the cable.

April 7, 1944

Mr. Brown in Mr. Hull's office advised Pehle at 10:00 a.m. that Warren and other State Department officials were redrafting the cable which the War Refugee Board requested to be sent.

George Warren called Pehle at 10:25 a.m. to say that the State Department was sending the cable exactly as transmitted to it by the War Refugee Board on March 16, 1944.



April 7, 1944
12:51 p.m.

HMJr: Hello.

General Strong: Good morning, Mr. Secretary.

HMJr: Good morning.

S: This is General Strong.

HMJr: Yes, General.

S: I was just wondering whether there had been any developments in the matter we had talked about the other day because I have had an intimation that fairly heavy effort is being made by State Department to get me on duty over there.

HMJr: Well, the only development is that General Marshall's office wanted to know what it was all about.

S: Uh huh.

HMJr: And I told them yesterday.

S: Uh huh.

HMJr: And then they told me that you had until June on your leave and I explained to them my difficulty in getting to the President and I haven't been able to see the President.

S: Uh huh.

HMJr: And that -- that is my difficulty. So they said, "Well, there's no hurry."

S: Well, I can give that up any time.

HMJr: What?

S: The leave.

HMJr: Oh. No, but I meant there was no -- I explained to them that I couldn't -- I doubted whether I could get to the President until his return....

S: Oh, I see.

HMJr:from his rest, which is confidential.

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S: Yes.

HMJr: So they said to me, "Well, there's no hurry." And so -- well, I said, "That's that." But if you've got something from the State Department, this is very nebulous and I -- I wouldn't wait on it.

S: Uh huh.

HMJr: But....

S: Well, if anything comes up, let me know and in the meantime....

HMJr: The way it is now, he's going away and it will be a couple of weeks before I can see him.

S: Well, I'll try to stall off for some time.

HMJr: Yeah. But General Marshall's office seemed to like this idea that I had in mind.

S: Uh huh.

HMJr: They said, "Well, that's fine. We're worrying about that, too." I just thought I'd pass that along.

S: All right, Mr. Secretary.

HMJr: Well, I'm sorry, but due to the President's illness, I haven't been able to see him.

S: Huh.

HMJr: I've had a request in now for ten days.

S: I'll -- I'll stall on the State Department and if, as and when you get a chance to see him, if anything comes up, please let me know.

HMJr: I certainly will.

S: Thank you very much, sir.

HMJr: Thank you.

April 7, 1944
4:15 p.m.

228 ✓

Operator: Here you are.

Treasury
Operator: He's on the line.

HMJr: Hello.

Operator: Just a moment, sir.

HMJr: Hello. Hello.

Henry
Wallace: Henry?

HMJr: Yes, Henry.

W: Why do you want to grow corn between your apple trees?

HMJr: Well, we're just planting them. I don't actually mean -- it's in the rows between them.

W: Oh, you're just putting the trees out?

HMJr: Yeah, just putting the trees out and we've got a lot of room there. We won't plant up to four feet, you see, of the trees.

W: Oh, I see. Yeah.

HMJr: But I don't want to let the ground go to waste.

W: Uh huh.

HMJr: And we were -- I wanted....

W: What do you -- what do you want to plant, sweet corn....

HMJr: No.

W:or field corn?

HMJr: Field corn.

W: Want to plant field corn?

HMJr: Yeah, for husking.

W: Uh huh.

HMJr: But I don't want any of that tall corn that grows in Iowa twelve feet tall, if that's the way it grows.

W: Well, it grows pretty tall.

HMJr: It does?

W: Yeah.

HMJr: You have no short variety?

W: Well, yes, they have some relatively short sorts. I don't believe they're as short as you have in mind though.

HMJr: You haven't?

W: I think -- how about this Cornell Number 12?

HMJr: Well, we're getting Cornell Number 11.

W: Eleven rather.

HMJr: Eleven -- that's the one they've recommended. We have that, but I was just trying to....

W: Trying to do a little experimenting, huh?

HMJr: That was it. Of course, we could experiment a little on sweet corn. I haven't grown it for years.

W: Well, I'll tell you -- I'll -- I'll have the boys send ten pounds up here just for fun to try.

HMJr: No, I'd be glad to try enough to make it worthwhile so we could market it. And I want to buy it.

W: (Laughs) I just don't want to sell it to you.

HMJr: No, no, no.

W: No, I really don't.

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HMJr: What?

W: I really don't. I'll....

HMJr: No, well, why not?

W: Because, frankly, I just don't know whether it's adapted to New York State or not.

HMJr: Oh.

W: And so, therefore, I'd suggest -- I'll have them send ten pounds to you and you can find out whether it is or not.

HMJr: Well, that isn't what I

W: That won't be difficult. Ten pounds will plant -- oh, half an acre or so.

HMJr: Yeah. Well, that will be wonderful.

W: Let's see, as a matter of fact, ten pounds -- a bushel plants -- a bushel plants about seven acres and ten pounds would plant an acre.

HMJr: Yeah.

W: Yes, I'll -- I'll have them send ten pounds to you and....

HMJr: You don't know whether it's adapted?

W: Frankly, I don't know of any experiments in New York State. And I just don't -- you can never tell about corn until you've had experience.

HMJr: Well, we'd like to try it.

W: All right, sir, I'll see that ten pounds are sent to you.

HMJr: Now, if they'll send it to James Bailey....

W: James Bailey?

HMJr:Hopewell Junction, New York.

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W: It shall be done. James Bailey, Hopewell Junction, New York.

HMJr: That's terribly nice.

W: Thanks, Henry.

HMJr: Thank you.

April 7, 1944
4:30 p.m.

BANKING

Present: Mr. Bell
Mr. Delano
Mr. O'Connell
Mr. Tietjens
Mrs. Klotz

H.M.JR: I am very sorry about this morning, but Mr. Bell kept me--

(Mr. Bell and Mr. Delano enter the conference.)

H.M.JR: Where is my General Counsel?

MR. BELL: Do you want the General Counsel?

H.M.JR: Don't I?

MR. BELL: I don't think you need him. It is just a question of where we are going and what the policy is. We think we ought to bring you up to date.

H.M.JR: Well, all right. Go right ahead. I always need a lawyer.

MR. BELL: Out in California we have over fifty facilities established in Army posts, Navy yards, and so forth, and the Bank of America has about thirty of them. Of course, we don't consider these in any sense branches, but they are often close to it, and I must say that they have done one swell job. You could ask nothing more from them in the way of service. They have just turned over their whole bank to this Army and Navy crowd.

Now, they have asked for some branches, and Mr. Delano will tell you about three places. There is some political

- 2 -

pressure on two of them. Senator Downey has been right hot. He told Mr. Delano the other day we were going to be responsible for his defeat, and possibly the defeat of the Democratic Party out there.

H.M.JR: Sure, that happened last time. Roosevelt carried California by three hundred thousand.

MR. BELL: But we thought you ought to know about it, particularly these three places.

H.M.JR: They had better not cry "wolf! wolf!" too often.

(Mr. O'Connell enters the conference.)

H.M.JR: The Bank of America--you may not know about it, but maybe you should.

MR. DELANO: The first place, where the heat is the hottest is a place called Sherman Oaks, which is a little community about seventeen miles north of the heart of Los Angeles. We have several times turned down requests for a branch at Sherman Oaks.

H.M.JR: What part of California is that?

MR. DELANO: Southern California.

MR. BELL: Not far from Hollywood, is it?

MR. DELANO: That is right. It is in the incorporated limits.

(Mrs. Klotz entered the conference.)

MR. DELANO: It is in the incorporated limits of the City of Los Angeles, but about seventeen miles from the heart of the city.

Up to the present time we have turned down the applications for branches there on the general theory that the service was adequate. There is good service at two branches, about two and a half miles from this particular

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location. But in the last few months there has been quite an increase in population there; and, of course, there is gas rationing, which adds to the inconvenience. Under those circumstances we thought we would put a facility there so that it would be temporary and we wouldn't be expanding the system of the Bank of America, and they would provide all the necessary services for the community.

I told that to Downey, that we would put a facility there, and we are in receipt of some pressure from him stating that isn't adequate.

H.M.JR: Leave Downey out of this thing and just give it to me on a question of straight backing necessity of the community.

MR. DELANO: The facility is adequate.

H.M.JR: It is adequate?

MR. BELL: We would much prefer to have the facility, and then we could take another look at it after the war is over, and the population—certainly some of it will leave.

H.M.JR: You mean the present banking facility?

MR. DELANO: No, I mean the thing we call a banking facility that we propose to put in there.

MR. BELL: The same as an Army post.

H.M.JR: I didn't understand. You mean it isn't a permanent branch; it is, so to speak, as long as necessity dictates.

MR. DELANO: That is right. And at our option it can be extinguished.

H.M.JR: Who thought that up?

MR. BELL: I think it was probably Mr. Batchelder and you (Delano) talking together.

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H.M.JR: Is this the first time we have done this?

MR. BELL: We have facilities around other places.

H.M.JR: Other than camps?

MR. BELL: Not all exactly in camps. We have that one in Wichita, which is more or less in a housing development tied into the Boeing Plant. We have one at Seattle which is at the Boeing Plant.

H.M.JR: Is that what those are?

MR. BELL: Yes, those are facilities, not branches.

H.M.JR: I see. This is the first time I have heard the word "facility" used.

MR. BELL: You didn't get it the other day when I told the story. I used the word "facilities" all the way through.

H.M.JR: I thought you were talking about a gadget for an airplane.

MR. BELL: We have coined that word. It now has a technical meaning, so we are sticking to it.

MR. DELANO: The difference between that and a branch is that the branch is more or less permanent. When you give them a branch permit, they can keep it until they want to give it up. In the facility, the option rests with us to extinguish it.

MR. BELL: It has to keep the main part of its books at the parent office. The loans are really made at the head office, though they may initiate the loans.

H.M.JR: How far is the nearest bank?

MR. DELANO: The nearest branch to this particular location is two and a half miles.

H.M.JR: How many people are there?

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MR. DELANO: About fifteen thousand.

H.M.JR: Are they war workers?

MR. DELANO: Largely, but there will be a large permanent part of those--

H.M.JR: They work at--I don't know whether I know the names of the plants. They work at various war industries within a reasonable distance. They live in this community.

MR. BELL: This is more a residential section.

H.M.JR: I think this is a damn nice wrinkle.

MR. DELANO: I think it is a good one, myself.

(Mr. Tietjens enters the conference.)

H.M.JR: You are just too late; we opened a facility.

MR. TIETJENS: To help Giannini?

H.M.JR: It is a wonderful thing. It is not a branch, not a bank, it is a facility. I think it is wonderful!

MR. BELL: You ought to read the telegram.

MR. DELANO: Do you want to see the telegram? When we told them we were going to give them the facility, we had this. (Hands Secretary telegram of April 6, 1944, signed by Sherman Oaks delegation.)

H.M.JR: My God! Why not say, "America first," and be done with it?

MR. DELANO: The whole thing is staged.

H.M.JR: (Reading telegram) "Copy to President. Cannot understand refusal of Comptroller of Currency and

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Secretary Morgenthau in refusing branch banks. Sherman Oaks Encino districts serving communities of 25,000 population and several hundred business concerns when building to house bank is available, according to wire from Senator Downey. Impossible because of gas rationing to contract business in districts. Nearest bank from Encino is 12 miles round trip. During Fourth Loan Drive people unable to buy bonds at post office with payroll or personal checks. Local theatre one evening sold \$150,000 of bonds. We need bank and leave selection of same to Treasury Department. Facility referred to in Senator Downey's wire would not in our opinion be satisfactory."

Well, what the hell? They have a facility.

MR. DELANO: That is right. It would give them all they need.

H.M.JR: Unless somebody says no, I would give them the facility.

How about it, Norman?

MR. TIETJENS: That is the least you can give them. (Laughter) And that is what you ought to give them.

H.M.JR.: Is that what you are for?

MR. TIETJENS: I thought they didn't want it. I heard that.

MR. BELL: Well, the Bank of America said that they didn't want the facility. Of course, they want the branch, and they may say no on the facility.

MR. DELANO: We will get another bank to put a facility in.

MR. BELL: Haven't we exhausted it pretty much?

MR. DELANO: No, we have tried it on branches, but not facilities.

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H.M.JR: Why don't you give it to somebody else first besides the Bank of America?

MR. BELL: We tried to get an independent bank.

H.M.JR: How about the other Italian there?

MR. DELANO: You might try Security first.

H.M.JR: What is that? Is it a trust company?

MR. DELANO: It is not Sartori?

H.M.JR: No, no, a very able Italian down there has a trust company. Why not offer it to him?

MR. DELANO: Suppose we do this, suppose we try to give this--he is a good man, that is right.

H.M.JR: There are good ones and bad ones.

MR. DELANO: You may try this on other people first.

H.M.JR: There is a very able Italian down there, a very prominent fellow; I had him lined up.

MR. DELANO: I remember. His name escapes me.

H.M.JR: I think it is a trust company. Could they open?

MR. DELANO: I think so, if they will.

MR. BELL: Rossi, is that his name?

MR. DELANO: No, Rossi is at San Francisco.

H.M.JR: Well, there is a man; there can't be so many Italians down there.

MR. BELL: Oh, no, there are several in the Bank of America.

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H.M.JR: Is that all you want?

MR. DELANO: No, sir, that disposes of one case.

H.M.JR: How many do you have?

MR. DELANO: The next one is two little towns in Southern California. One of them is Maricopa and one of them is Arvin. They are about twenty miles south of Bakersfield, which is the nearest on banking services. And at Maricopa, the Bank of America has a permit, which at the present time is dormant and closed under that agreement that we have; they can close it for the duration of the war and then revive it.

H.M.JR: I didn't know that. Mr. Bell will most likely say he told me.

MR. BELL: I think it is in the record. We froze them at four ninety-five.

H.M.JR: We did?

MR. BELL: Yes, absolutely.

H.M.JR: Bell has one foot in Atlantic City already.

MR. DELANO: No, the proposal of the Bank of America is to extinguish this dormant permit and open a branch at Arvin. Arvin needs banking facilities. We can't put a facility, facility quotes, there for the reason there is no war effort there. I am disposed to let them move this branch from Maricopa, where it is not needed, to Arvin, where it is needed.

H.M.JR: What is at Arvin?

MR. DELANO: Nothing, except--

H.M.JR: The only Arvin I know was that place near Rockaway. Anyway--

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MR. DELANO: Arvin has between six and eight thousand people. It has no banking facilities. I think it is in the public interest to transfer this one from Maricopa to Arvin.

H.M.JR: Are you fellows for it?

MR. BELL: I agree.

MR. O'CONNELL: I take it you can't get anybody else.

MR. DELANO: That is right. That is always the condition precedent.

H.M.JR: That wasn't true in Los Angeles. But no one else wants to go to Arvin?

MR. DELANO: That is right.

MR. BELL: I think you will find that it is pretty much Bank of America territory in the Sherman Oaks area.

MR. DELANO: That is right.

H.M.JR: Let's bust it open.

MR. BELL: Well, we tried to get an independent bank, but we weren't successful.

H.M.JR: Let's bust it open.

MR. DELANO: We will proceed on this theory, we will try the other banks first; and if we can't get them to put a facility in--

H.M.JR: I don't know whether you are old enough to remember, but the New Deal used to be reform.

MR. DELANO: I am old enough!

H.M.JR: I pulled that the other day. This reporter was in. I said, "I don't know whether you are old enough to remember an organization called the OCD!"

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MR. DELANO: I have one more.

H.M.JR: Yes, you are doing all right, the best you have ever done on Giannini. I am in a good humor today.

MR. DELANO: We think we are holding them, anyway. Pat McCarran, who is from Nevada--

H.M.JR: So they tell me.

MR. DELANO: ...has been riding us very heavily to grant a permit to the First National at Reno to absorb two small banks; one at Minden, and one at Eureka. They are all in Nevada, and they are in very small communities. He wants to absorb those by the assets, and branch the two banks. They are all three owned by Giannini, by Transamerica.

H.M.JR: How long have they owned them?

MR. DELANO: Oh, for several years.

MR. BELL: But they are not a part of the branch system. They are owned separately.

MR. DELANO: Up to the present time we have consistently denied Transamerican's request for this sort of thing, because we don't like to extinguish an independent bank and put it into a chain system.

Now, Pat is after us hot on the thing; up to the present time I have said simply, "It is under consideration." We were opposed to it on general principles. But the door is open if we want to give it.

H.M.JR: Wouldn't these banks continue with local directors?

MR. DELANO: Yes.

MR. BELL: Local directors? Probably local personnel.

MR. DELANO: They are paper banks, as far as directors are concerned, because Giannini owns all of the stock.

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MR. O'CONNELL: Transamerica owns the stock of all three banks involved?

MR. BELL: Yes. They are probably right under the branch system just as they are operating now.

MR. DELANO: There is no public interest in doing it, Mr. Secretary.

H.M.JR: It looks better the other way.

MR. O'CONNELL: It looks better the way it is.

MR. TIETJENS: They come in and buy it, and all at once they consolidate it.

MR. DELANO: It encourages the complete expansion of the program based on that procedure.

H.M.JR: You are not recommending that?

MR. DELANO: I am not recommending it.

H.M.JR: I am with you. I would rather raise the price of silver.

MR. BELL: You may have to do one or the other.
(Laughter)

Pat is out of town now.

MR. DELANO: You stand pat on that?

H.M.JR: I stand pat on McCarran!

All right, you are doing all right.

Norman, are you still happy?

MR. TIETJENS: Yes.

H.M.JR: With what I did today?

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MR. TIETJENS: Sure, I have no complaints at all.

H.M.JR: You give this other "Wop"--

MR. DELANO: I will give this other "Wop" the first crack at Sherman Oaks. They will move this branch from Maricopa to Arvin.

May I add one thing? The Federal Reserve a short time ago, in admitting a small bank in Lockwood Village, made the condition they should not sell any of the stock to Giannini. They have sold some of the stock to Giannini.

H.M.JR: Naughty, naughty!

MR. DELANO: And they have at the same time gone into the courts and asked for an injunction against the Federal Reserve for kicking them out of membership.

H.M.JR: Have they kicked him out?

MR. DELANO: They haven't, but they have anticipated that they will, because of this development. John McKee just called me and said, "This is very confidential, but this is the boat we are in." I told him I would treat it as confidential. I consider this as confidential.

MR. BELL: I don't think they had any right to attach a condition.

MR. DELANO: They are pretty far out on a limb on it.

H.M.JR: What did they want us to do?

MR. BELL: Cooperate, if we can.

H.M.JR: Hell, I am not going to do any more Bank of Kentucky cases for the Fed. What should I do on this?

MR. BELL: Nothing. It is just a matter of information.

H.M.JR: Where is this place? Bell will come in here seven months from now and tell me that he told me this. Now, where is this?

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MR. DELANO: This is in California, Lockwood.

H.M.JR: And the Federal Reserve said, "If you sell any of that stock to Giannini, we will revoke your membership"?

MR. DELANO: That is right. They made that a condition in admitting them to membership.

MR. BELL: I don't think they can qualify.

H.M.JR: Now, what do I do?

MR. DELANO. Nothing; it is just information.

MR. BELL: You will hear about it, of course.

April 7, 1944
4:50 p.m.

RE: CHARLES OLIPHANT

Present: Mr. D. W. Bell
Mr. Charles Bell
Mrs. Klotz

H.M.JR: What I did is, I had Charles Oliphant in here. He works over in Internal Revenue under Phillip Wenchel; and he had an offer to go with Mr. Clark, who heads the Tax Division of the Attorney General's office.

I told him that as long as I am here I always wanted an Oliphant in the Treasury. I asked him if he wanted to pursue tax law.

He said, "I just don't know what I want. Some day--I don't know when--I want to go into law practice with Sol Diamond, but I had an offer today of twelve thousand dollars, which I am not interested in. Phil Wenchel said he could get me twenty."

Isn't that nice?

So I sent for Joe O'Connell and I said, "Listen, Joe, who passes on the tax cases when they come over here to the General Counsel's office?"

He said, "I do."

I said, "I don't want you to do that."

He said, "Well, Paul used to do it, and Surrey used to do it."

I said, "You are losing both of them, and I don't want you to do that. I don't know whether Charles Oliphant is good enough; but if he is--and that is for you to decide,

- 2 -

and I hold you responsible--think it over. You bring him over here and let him pass on the tax cases that come over from Phil Wenchel's office."

Then he told me of the two cases that he is handling, just got through handling, which is the John L. Lewis case, and he said, "Now I am handling this Mrs. Patenotre case. Those are the kinds of cases that I have." He is very much interested in the two.

You have to have somebody. They are bringing a complete stranger in, and this man may be a damned sight better than a stranger.

MRS. KLOTZ: I have no idea about his ability.

H.M.JR: I told Joe O'Connell that he has to decide that.

MR. BELL: He just went out, didn't he?

H.M.JR: If he is good enough to handle the John L. Lewis case and the Patenotre case--they are the two biggest cases we have. The latter is only eight years old!

All right.

MR. BELL: You have a letter from the Minnesota Bankers Association that was sent in to me yesterday, asking you to make a speech on June 13 or 14 at their fifty-fifth annual convention in St. Paul.

H.M.JR: You?

MR. BELL: No, you. You have never been there, and they have done a grand job out there. I don't know what you want to do about it. It was sent to me.

H.M.JR: I will go to Los Angeles, but not there!

MR. BELL: I think you might consider that.

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H.M.JR: Listen, fellow--

MR. BELL: You would have a nice time in Minnesota.

H.M.JR: The answer is no. I am saving June. You may not have heard about it, but we are having the Fifth War Loan.

MR. BELL: That is what this is for.

(Mr. Charles Bell enters the conference.)

(The Secretary talking to Commander Fox on White House phone:)

Hello.....

How are you?.....

Fine.....

Look, Fox, I have a favor to ask.....

Do you have a pencil?.....

I have an Administrative Assistant by the name of Norman Thompson who has only been in the Government service thirty-seven years, just a newcomer. He had a very, very bad heart attack here a couple of days ago. Captain Harper was kind enough to give us some blood plasma.....

Now, there is about one chance in ten that we may have to move him to a hospital.....

We don't even know whether the poor man will be able to.....

But if there is that one chance in ten, I would like Admiral McIntire to authorize that we could move him to the Navy Hospital, because there is no private hospital we can get him into.....

How soon?.....

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Right.....

Yes. How long are you going to be in your office?...

Well, between now and six. If I am not here--I am going to the pool, and I will stop by your office and get the answer on my way from the pool.....

You try me; and if I am not here, I will stop by after I have had my swim and talk to you then. But you tell the Admiral this is something I would really like....

O.K....

There is only once chance in ten I will need it.....

Thank you.....

The name is Norman Thompson. He is the Administrative Assistant here.....

Incidentally, he does all kinds of thing for the White House.....

I don't know how many Treasury people are on the White House pay roll--detailed to the White House...

I mean, I don't know how many of ~~our~~ people are over there.....

No, but I mean actually--I am talking about clerks, see.....

You must have a dozen or more.....

There are twenty-five Treasury people, clerks, who come under Norman Thompson, that are detailed to the White House.....

O.K.:....

Roberta is one of them. Did you know that?

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She is on my pay roll.....

No, she is on my pay roll..

There are twenty-four others like her.....

Like hell she does!.....

She is under the Roosevelt-Morgenthau Regime....

You tell that to Roberta, and she will spit in your eye.....

O.K....

All right.....

H.M.JR: He said she must come under the Ogden Mills Regime!

MRS. KLOTZ: Mr. Morgenthau, he didn't have a heart attack; he had a stroke.

MR. BELL: Probably close.

H.M.JR: What is the difference? The heart fails to pump the blood into the brain.

MRS. KLOTZ: I am glad you put it that way, because if you said a stroke, they might not take him.

H.M.JR: Don't worry about that. It is a favor.

MRS. KLOTZ: I just wanted you to know.

H.M.JR: It is the heart not being able to pump the blood fast enough into the brain.

April 7, 1944
4:54 p.m.

Operator: Go ahead.

HMJr: Hello.

John Harper: Good afternoon, Mr. Secretary.

HMJr: Is this Captain Harper?

H: Yes, sir.

HMJr: How are you?

H: Just fine.

HMJr: I haven't heard of you in a long time.

H: No, it's good to hear your voice.

HMJr: Captain, I'm calling up in regard to Norman Thompson who is my Administrative Assistant.

H: Yes.

HMJr: You people were kind enough to let him have some blood plasma a day or two ago. He's had a very bad heart attack.

H: Yes, they called me and I fixed them up with it.

HMJr: I know you did and I want to thank you. I'm calling up on two things. We may need some more blood plasma. This first treatment he's had seemed to have done him a lot of good. And then there may be one chance in ten that he may have to be hospitalized.

H: Yes.

HMJr: And there isn't any private hospital we can get him into. Now, if that should come about....

H: I'll tell you just what I'd advise on that.

HMJr: Yeah.

H: That will be all right. If you can get his authorization....

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HMJr: Yes.

H:from Admiral McIntire.

HMJr: That's all right.

H: You could do that.

HMJr: I don't need that on the blood plasma though?

H: No.

HMJr: But on the other, I do?

H: I'll take care of the plasma.

HMJr: All right. Well, I'll do the....

H: It might not be amiss to take that right up so that if anything -- you have to act in a hurry, why, everything will be arranged.

HMJr: I'll do it immediately, on the hospitalization.

H: Yes.

HMJr: You'll....

H: I'll take care of the -- of the plasma and anytime they need it, Mr. Secretary, just tell them to get in touch with me.

HMJr: Thank you so much. Ever so much obliged.

H: Well, it's good to hear your voice.

HMJr: Right. I'll get in touch with Admiral McIntire right away.

H: I think that would be a good move.

HMJr: Well, that's easy.

H: Even if we don't need it -- you may have to act quickly on it.

HMJr: Right.

H: Yes, sir.

HMJr: Thank you, Captain.

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H: You're quite welcome, sir.

HMJr: Bye.

April 7, 1944
5:00 p.m.

DEFERMENTS

Present: Mr. D.W. Bell
Mr. C.S. Bell
Mr. Jordan
Mr. Gaston
Mrs. Klotz

H.M.JR: Come on, boys, do your stuff.

MR. C.S. BELL: White House policemen, Mr. Secretary; we are all three in agreement on them. Mr. Gaston feels right keenly about it. He happens to be out of the building.

H.M.JR: What are you going to do, defer a lot of White House policemen?

MR. C.S. BELL: I am afraid so, on that group. We are all three in accord on that. There is some disagreement on the others.

H.M.JR: How old are they?

MR. C.S. BELL: Just one under thirty, Yost.

MR. JORDAN: One under thirty, and five that are thirty.

H.M.JR: Take the one under thirty out. (The Secretary signs attached deferment list No. 1 with the exception of Paul L. Yost.)

MR. C.S. BELL: There is one under thirty-eight, Hoffman, but he is in Africa. That is a group that Norman had approved earlier - all of those. (Hands Secretary attached list No. 2.)

H.M.JR: What do these fellows do over at the Bureau of the Mint?

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MR. C.S. BELL: That brings up another question. Mrs. Ross wants to defer practically every one in San Francisco, including all of the laborers and guards.

H.M.JR: Nuts!

Jordan is a new man. We will let Jordan tell Mrs. Ross that she can't have it. We have to break you in, so you tell Mrs. Ross, no.

MR. JORDAN: I know Mrs. Ross. I have dealt with her quite a bit. Of course, her idea is that you can't get anybody in San Francisco.

MR. D.W. BELL: That is very critical.

(Mr. Gaston enters the conference)

H.M.JR: We had policemen first. They tell me you are all for the White House policemen, Herbert.

MR. GASTON: Yes, I think we have seventeen there. We have one who is twenty-nine, I think, and four who are thirty. The rest are between thirty and thirty-seven.

H.M.JR: ~~Why~~, Herbert?

MR. GASTON: I don't see how we are going to maintain the White House police force up to strength unless we begin to grant deferments. We have eighty-one left of the regular force of authorized strength of one hundred and forty. We have got nineteen men borrowed from the Metropolitan Police. We are scraping every barrel to try to get this force kept up to strength. We just can't do it, as far as I can see, unless we do get deferments for those.

H.M.JR: Mr. Yost is twenty-nine. I have taken him out.

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MR. GASTON: I am content with that rule if you give us thirty and above.

H.M.JR: Wait a minute. There are five thirties, and then there is one thirty-one. What would you say about the thirties?

MR. GASTON: I would like to keep the thirties. We lose too many unless we keep the thirties. We have got to get that force up. If we can hold those above thirty and then with the help of the Civil Service Commission we have a fair chance of building that force up to strength where we can practically dispense, if not entirely dispense, with the military guard. If we could get one hundred and forty men we wouldn't need the military guard.

H.M.JR: It is six of one and half a dozen of the other.

MR. GASTON: I think it is a lot better with these fellows than to tie up soldiers.

MR. BELL: Aren't they 4-F's?

MR. GASTON: They can't be, no.

H.M.JR: Now, Hoffman--

MR. GASTON: He is a Revenue Agent. You see, they all have auditing experience. All auditors are on the critical list.

H.M.JR: I see. Now, the Mint - Cyril J. Brughelli, Senior Melter.

MR. BELL: These are all San Francisco.

H.M.JR: I can see a machinist, but not at twenty-eight.

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MR. D.W. BELL: You can't get any of these people.

MR. C.S. BELL: These are all San Francisco.

MR. D.W. BELL: Which is a very critical area. You can't get anybody outside. Mrs. Ross offered to transfer people from Denver to the San Francisco Mint, and then the Manpower Commission wouldn't give her any assurance they wouldn't take them away from her after she took them out there.

H.M.JR: I will not do a machinist at twenty-eight.

(The Secretary holds a telephone conversation with Mr. Fox, as follows:)

April 7, 1944
5:10 p.m.

HMJr: Hello, Fox.

Operator: Go ahead.

HMJr: Hello.

George Fox: Hello, Mr. Secretary.

HMJr: Yes, Commander.

F: That's all right. I talked with the Admiral and that's authorized.

HMJr: Fine.

F: And the hospital has been notified.

HMJr: What a man!

F: So it's okay.

HMJr: You're still my pal.

F: Well, fine.

HMJr: Okay, and listen, you tell Roberta that if she goes back to Ogden Mills or to....

F: We won't even let her go back to Woodin, huh?

HMJr: No.

F: (Laughs)

HMJr: Okay.

F: Righto, Mr. Secretary.

HMJr: Ever so much obliged.

F: Bye, sir.

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MR. GASTON: I would pretty near, myself, be willing to sign up for dropping any argument on anybody under thirty - I am just about to that point.

H.M.JR: I don't get it.

MR. GASTON: I am willing to sacrifice anybody under thirty.

MR. C.S. BELL: That takes two off of this list.

MR. D.W. BELL: Supposing you haven't an electrolytic refiner, and can't get one.

H.M.JR: Then we will stop making money; to hell with them. We have to win the war.

MR. D.W. BELL: Furnish them paper money for twenty-five cents.

H.M.JR: Sure, they will find anybody.

MR. D.W. BELL: No, they can't find them today, that is the trouble.

H.M.JR: Listen, Mr. Bell, if you don't mind, I have been in England and I have seen women doing jobs. I have been in the railroad stations at midnight - dirt, filth, and everything else - and I have seen women doing jobs there that you would say three years ago no woman would do. And they have done it. Now, until you begin to tell me they put women on these jobs, I won't exempt people under thirty.

MR. D.W. BELL: These are technical people and have to learn this.

H.M.JR: All right. I have told the Treasury for three years to get women and to teach them, and they haven't done it.

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MR. GASTON: I suppose an electrolytic refiner is working on gold. I don't suppose it matters a lot if we don't just refine the gold and store it - where?

H.M.JR: We store it unrefined.

MR. D.W. BELL: Silver, too.

MR. GASTON: But we have to assay it to pay for it.

MR. D.W. BELL: Ha, ha, this is good! That would be a nice thing to say.

H.M.JR: We just haven't faced the situation. A man under thirty can fight.

MR. BELL: I thought it was twenty-six and under.

H.M.JR: Well, I am making it thirty. No, I will take fellows up to thirty. That isn't the only electrolytic refiner?

MR. D.W. BELL: I don't know. Supposing we can't get one, and he is the only one. I don't know.

H.M.JR: We will do this and see how bad the squawk is.

MR. D.W. BELL: I imagine on that one it may be pretty bad.

H.M.JR: Well, we will see. (The Secretary signs deferment list No.2, excepting E.F. Breslin and F.H. Mancuso.)

This Hoffman is the fellow from the Philippines?

MR. D.W. BELL: Honolulu, I think.

MR. GASTON: He is in charge at Algiers, isn't he? I will let that go.

- 7 -

MR. D.W. BELL: The main Treasury man in Algiers.

MR. C.S. BELL: This is the next group. (Hands Secretary list No. 3, attached)

H.M.JR: That is all right. (Secretary signs deferment list No. 3)

MR. C.S. BELL: One more. I didn't go along with Mr. Gaston and Mr. Jordan on any of these.

I don't know as I altogether understand your policy on deferments. I understood awhile back that it was almost an all-out no-deferment policy, but now, as I understand it, it is thirty years or over you are willing to hold.

H.M.JR: No, if they have these key positions--

MR. GASTON: Expert qualifications that we can't replace.

MR. C.S. BELL: Well, there are two on this list that haven't key positions, Sonnabend and Cross.

H.M.JR: Not in key positions?

MR. GASTON: Well, there is a man thirty-seven years old. What good is he to the Army? He is an Assistant Collector, isn't he, or Comptroller?

MR. JORDAN: I think he is chief of one of the divisions.

H.M.JR: He is an Administrative Officer.

MR. GASTON: He is described further in there.

MR. C.S. BELL: "Responsible for coordinating and administering the revenue accounting in the Collector's Office and instructing different employees in collection of assessment features of the revenue law."

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MR. GASTON: Chief Accountant in the Collector's Office.

H.M.JR: What good is he to the Army?

MR. GASTON: Not a bit, and also as an accountant he is on the critical list.

H.M.JR: Now, what about John C. Cross. I am glad you raised the question, Charlie.

MR. C.S. BELL: Responsible for planning, coordinating, and directing of the activity pertaining to all Internal Revenue taxes other than income and employment taxes.

H.M.JR: I don't know what good the fellow would be. Is Cross on the key list?

MR. C.S. BELL: No, sir.

MR. GASTON: I don't know. He probably qualifies as an accountant.

MR. C.S. BELL: We can get him on the key list, probably. That would have to be submitted.

MR. GASTON: Charlie, if he is an expert accountant he is on the critical list, anyway.

MR. C.S. BELL: That is true, Mr. Secretary, what Mr. Gaston says. Accountants are all on the critical list, and the critical list and the key list are one and the same thing.

MR. D.W. BELL: They are thirty-five and thirty-seven.

H.M.JR: I didn't read this. (Refers to attached memorandum re: Charles L. Trowbridge)

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MR. JORDAN: I discussed with Mr. Graves the matter of getting these positions on the key list and he didn't want to submit them. He said he would rather submit them individually.

MR. GASTON: They are on, anyway; they are automatically on if they are accountants.

H.M.JR: I think that is all right. General Marshall tells me men over thirty of this kind are no good to him.

MR. BELL: He is going to do the same kind of work in the Army he will do here.

H.M.JR: Sure.

MR. C.S. BELL: Can we attempt to save your time by operating on that as a general policy and submit a summary?

H.M.JR: No, because I change every day, Charlie.

MRS. KLOTZ: That is fair enough!

H.M.JR: I change every day.

MR. GASTON: I would rather have your check. We know pretty well what lines you are following.

H.M.JR: You have the gist, but today I say nobody under thirty unless he is very, very unusual. But I change every day, more or less.

Now, what about Trowbridge?

MR. GASTON: Is that the War Finance man?

MR. C.S. BELL: No, he was 4-F, by the way--

H.M.JR: This man is thirty-seven.

- 10 -

MR. C.S. BELL: Same kind of case you have just signed - identical.

H.M.JR: O.K. (The Secretary signs deferment application of Charles L. Trowbridge)

Now, one fellow did an outstanding job for Pehle and his name is Lesser. How old is he?

MR. C.S. BELL: We haven't checked his age.

H.M.JR: Look into it, will you, and let me know?

MR. GASTON: I think about thirty-six or thirty-seven.

H.M.JR: Don't lose Lesser or Joe DuBois if we can help it.

MR. D.W. BELL: I shouldn't think DuBois would.

MR. GASTON: Lesser has been applying for a commission.

H.M.JR: We need a few of those fellows around.

Can you understand my policy?

MR. C.S. BELL: No, sir.

|
 April 1, 1944

The Committee on Deferments gives approval to requests for the deferments of the seventeen Privates, White House Police, U. S. Secret Service, shown on the attached list.

The White House Police are engaged in the protection of the Executive Mansion and grounds. Approximately 50 per cent of our seasoned White House Policemen have been placed upon military furlough and it has become impossible to find a sufficient number of replacements who are qualified as to experience, character and physique. We have an authorized strength of 140 men for this force, but there are now only 92 men on the force of whom only 47 are experienced officers. It is imperative that the utmost security be provided for the Executive Mansion and grounds, particularly during war time, and any further loss of experienced officers would seriously impair the efficient functioning of the force.

(Signed) Herbert E. Gaston

Chairman

Bill signs

Joseph A. Jordan

47-44
 Approved: Joseph Paul L. York

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

LB

EMPLOYEES

Name	Title	Age	No. of children
<u>U. S. SECRET SERVICE:</u>			
Cash, John J.	Private, White House Police	37	2
Crawford, William S.	" "	30	1
Decker, Harold H.	" "	30	none
Downs, Joseph H.	" "	37	3
Dyke, Edward J.	" "	37	3
Finetti, Donald H.	" "	35	1
Gay, Charles L.	" "	35	none
Hamp, Albert W.	" "	35	1
Herson, Edward H.	" "	30	1
Mundy, Harry B., Jr.	" "	34	2
Morrison, James T., Jr.	" "	34	1
Proctor, William F.	" "	34	none
Robbins, John H.	" "	30	3
Seckel, Kenneth B.	" "	31	1
Smith, Martin, Jr.	" "	34	4
Talbott, Leland S.	" "	39	3
Yost, Paul L.	" "		

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DEFERMENTS

April 6, 1944.

Name	Title	Age	No. of Children
<u>WIGG FUND CONTROL:</u>			
offman, Michael	Asst. Director (Field Opns.)	28	None
<u>INTERNAL REVENUE:</u>			
lmer, Harry R. Jr.	Agent, Income Tax Unit	33	2
<u>POST OFFICE BUREAU:</u>			
Brughelli, Cyril J.	Sr. Melter	30	2
Johnson, John A.	Sr. Melter	33	1
McLaughlin, Denis	Sr. Melter	35	1
Breslin, Eugene F.	Electrolytic Refiner	29	2
Mancuso, Francis H.	Machinist	28	2
<u>RESEARCH:</u>			
Parioletti, Marius	Pr. Economic Analyst	35	1
<u>FINANCE DIVISION:</u>			
Rauen, Arnold J.	Adm. Asst. (Illinois)	37	1

Deferments for the above 9 employees are recommended by the Agency Committee.

(Signed) Herbert E. Gaston

Charles L. Bell
Joseph J. Jordan

Approved: APR 7 1944

Eugene Z. Breslin & Francis H. Mancuso

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

jc

III

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DEFERRED

April 6, 1944

Name	Title	Age	No. of Children
<u>INTERNAL REVENUE:</u>			
Connabend, Jerome	Jr. Adm. Officer (Comptroller)	37	3
Cross, John C.	Jr. Adm. Officer (Chief, Misc. Tax Div.)	35	1
Kaminsky, Michael	Agent	35	2
Weiner, Philip	Agent	34	1
Wres, Frank J.	Agent	31	1
Wres, Ladislav J.	Special Agent	34	3

Mr. Gaston and Mr. Jordan recommend that the above 6 employees be deferred but Mr. Charles S. Bell does not agree.

(Signed) Herbert E. Gaston

Joseph G. Jordan

Approved: April 7, 1944.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

23

April 1, 1944

The Committee on Deferments gives approval to the attached request for the deferment of Mr. Charles L. Trowbridge, Internal Revenue Agent (Accountant), Income Tax Unit, Bureau of Internal Revenue, Pittsburgh, Pennsylvania. He is 37 years of age, is married and has one child. The position of accountant is on the Critical Occupations List.

Mr. Trowbridge conducts field audits of difficult corporation, partnership, fiduciary, and individual income tax returns, in order to determine correct tax liabilities. His post of duty is Bradford, Pennsylvania, which is regarded as the center of the Pennsylvania oil fields, and Agent Trowbridge, having worked as an accountant for the Tropical Oil Company for ten years prior to his appointment as an Internal Revenue Agent, is exceptionally well qualified to handle large oil company cases, as well as other types of investigations, including fraud. He is one of two agents located at Bradford, and one agent cannot possibly handle all the investigations in that territory. Due to the shortage of qualified agents it has been impossible to find a replacement for Mr. Trowbridge, and if one is found, it will require at least six months' training before he will be qualified to take over the duties of Agent Trowbridge.

(Signed) Herbert H. Gaston

Chairman

Approved:

APR 7 1944

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

EL

25

April 7, 1944

My dear Mr. President:

In talking with some of my neighbors over the week-end, I find that the state of feeling against the Administration over the recent moves on drafting men for military service is becoming bitter. Resentment is keener than it has been at any time over any O.P.A. orders or restrictions. The feeling in the farm community is that Washington doesn't know its own mind.

by neighbors
I am told that farm people who were exempted about a month ago on a basis of how many units the farm produced have now learned that the unit basis has been completely discarded and responsibility for decisions has been thrown back on the Local Boards.

The suggestion I have to make is that, before you go away, you ask Jimmy Byrnes to make a study of this draft situation and submit a recommendation to you.

I believe something drastic has to be done to clear up the confusion.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President

The White House

HEG:pm

Wb
sent by Secret Service to Miss Tally - 2:10 P.M. - 4/7/44 -

My dear Mr. President:

In talking with some of my neighbors over the week-end, I find that the ^{state of} feeling against the Administration ~~and you~~ over the recent moves on ^{for military service is becoming fiercer} drafting men is far from satisfactory. The ^{resentment is much worse than it was ever O.P.A. at any time} ~~resentment is much worse than it was ever O.P.A. at any time~~ ^{has been over any O.P.A. order or restriction} ~~They just feel that Washington doesn't know its own mind. Right now the farm people who were exempted about a month ago on a basis of how many units the farm produced, as near as I can make out by second-hand information, that the unit business basis has been completely disregarded and everything for decisions has been~~ ^{discarded and responsibility} ~~again~~ ^{thrown back on the Local Boards.}

The suggestion ~~that~~ I have to make is that, before you go away, ~~you~~ you ask Jimmy Byrnes to make a study of this draft situation and ^{submit} ~~make~~ a recommendation to you. ^{I believe} ~~Frankly~~ something has to be done, ^{to clear up the confusion.} ~~to clear up the confusion.~~

Yours sincerely,

4-7-44

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ASSISTANT SECRETARY OF THE TREASURY

The Secretary:

You may be interested in the real reason why Congressman Frank Keefe, Republican, Wisconsin, was in to look over the Treasury and call on you this morning.

He had brought his son in to introduce him to Chief Wilson in an effort to get him a job in Secret Service.

The son, Bateman F. Keefe, 27, has recently been given a medical discharge from the army (glider forces). He is 6ft. 3 $\frac{1}{2}$ in. tall, weighs 197 lbs. (212 lbs. on induction) and is a college graduate.

He can be placed as a trainee-agent, but I told the chief to look over his war department papers and get all possible information on his disability.

MS.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE APR 7 1944

TO Secretary Morgenthau
FROM Mr. Hase
Subject: Survey of Redemptions Conducted by Dr. Likert
Between March 23 and 28, 1944

I am transmitting herewith a memorandum prepared by Dr. Rensis L. Likert, Head, Division of Program Surveys of the Department of Agriculture, covering a survey of war bond redemptions made by his staff during the period March 23 to 28, 1944 in New York City. The persons interviewed were a sample of those who had redeemed bonds on March 6, 1944. The major findings of Dr. Likert's study are summarized below.

- (1) Two reasons for cashing bonds were mentioned the most frequently. These were income tax payments and emergency expenses to meet unforeseeable items, chiefly illness. Each of these reasons was reported in 39 percent of the interviews.
- (2) Nonemergency expenses such as expenditures for clothes, property, insurance premiums, investments, rent, vacations, etc., were mentioned in 31 percent of the interviews. More than one reason was mentioned in some of the interviews which accounts for the fact that the percentages in this paragraph and the preceding one add up to more than 100 percent.
- (3) It is the repeaters -- those who have redeemed several times -- who tend to use the money for nonemergency expenditures. These people seem to use their bonds much as one ordinarily uses a savings account.

Secretary Morgenthau - 2

- (4) About 72 percent of the redeemers have no savings other than war bonds and insurance. Much of the latter has little or no cash value.
- (5) Ninety-six percent of all the redeemers still hold some bonds after the last redemption. Very few of these redeemers regularly cash all the bonds available or have had to cash all in at any one time.
- (6) Middle-income redeemers (those who earn from \$36 to \$55 a week) tend to redeem bonds more often than other people, although those with higher incomes tend to cash larger bonds when they redeem.
- (7) Nine out of ten redeemers regularly purchase through the payroll savings plan. More of the redeemers who buy through payroll deduction than those buying elsewhere have redeemed two or three times, but they tend to cash in the smallest bonds.

With respect to the last point, it might be mentioned that these statistics should be evaluated in the light of the fact that a very large proportion of the customers for war bonds in a big city like New York are buying all or part of their bonds on the payroll savings plan.

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

56531

MEMORANDUM

March 30, 1944

TO: Mr. George C. Haas, Director of Research and Statistics
Department of the Treasury

FROM: Dr. Rensis Likert, Head, Division of Program Surveys

At the request of the Secretary of the Treasury, the Division of Program Surveys has conducted a study of certain factors related to the redemption of War Bonds.

A sample of bond owners who had redeemed bonds in the city of New York on March 6, 1944 was selected from records provided by the Department of the Treasury. These redeemers included bond owners who had cashed bonds of various denomination; in this respect the present sample differs from those previously surveyed in which only redeemers of \$25 bonds were selected.

Two hundred and fifty-six bond redeemers so selected were interviewed regarding their reasons for redeeming. These interviews were conducted in New York City between March 23 and 28, 1944. The major findings of this study are presented in the following pages.



SUMMARY

1. Income tax payments are mentioned as the reason for redeeming more frequently than any other reason. Forty percent of those who redeemed bonds state that the income tax payment was a primary reason leading them to cash their bonds. Since larger denomination bonds are cashed for this purpose, tax payments account for a higher proportion of the dollar volume of redemptions than the above percentage would indicate.
2. The second major type of reason given for cashing bonds is the need of money to meet emergency expenses - large, unforeseeable items, chiefly illness. About four out of ten redeemers state that such a need led them to cash bonds.
3. Non-emergency expenditures of the kind usually taken care of by short-time savings, such as clothing, property, insurance premiums, and child-birth are mentioned by about one-third of the redeemers as contributing to their need for bond money.
4. It is the repeaters, those who have redeemed several times, who tend to use the money for these non-emergency expenditures. These people seem to use their bonds much as one ordinarily uses a savings account.
5. Nine out of ten redeemers regularly purchase their bonds through the payroll deduction plan.
6. More of the redeemers who buy through payroll deduction than those buying elsewhere have redeemed two or three times, but they tend to cash in the smallest bonds.
7. Most redeemers lack other liquid savings. The minority who have bank accounts say that they would prefer to use this money in an emergency rather than cash their bonds, but most of the redeemers have either no savings, or only insurance, much of which has little or no cash value.
8. Ninety-six percent of all the redeemers still hold some bonds after their last redemption. Very few of these redeemers regularly cash all of the bonds available or have had to cash all in at one time.
9. Middle-income redeemers (those earning from \$36 to \$55 a week) tend to redeem bonds more often than other people, though those with higher income tend to cash larger bonds when they redeem.

Payment of Income Tax is the Most Common
Reason for Redeeming Given by These Bond Owners

The most frequently-mentioned reason for the cashing of bonds is the payment of income taxes - 39 percent of these redeemers mention this item when asked why they had cashed their bonds.

An equal number of respondents said they needed the money for emergency expenses, those due to unforeseeable major events, such as illness, unemployment and furlough. Of these, illness is by far the most important, since it accounts for at least half of the unemployment as well as bringing heavy doctor and hospital bills itself.

Nearly a third of the redeemers mentioned non-emergency expenses. The great part of these represent items that usually require saving, indicating that a sizeable number of persons may be using War Bonds as a means of saving for unusual expenditures that they can foresee a long time ahead.

Table 1. Reasons for Cashing Bonds: Summary

<u>Tax</u>	39%
<u>Emergency Expense</u>	39
Medical	26%
Unemployment	9
Furlough and travel	4
<u>Non-Emergency Expense</u>	31
Clothes and personal	6
Investments	6
Child birth and medical	3
Rent and moving	3
Marriage	2
General and miscellaneous	11
	<u>N=199</u>

* Reasons from more than two categories were given in some cases, making the total larger than the number who admitted cashing. Within any category such as Emergency Expense, the items are non-duplicative.

The \$25 Bonds are Most Commonly Cashed
to Meet Emergency Expenses; the
Larger Bonds to Pay Income Taxes

Among these redeemers the smallest bonds are most frequently cashed to meet emergency expenses, such as those arising from medical needs, unemployment, or military furlough. Payment of income taxes is the second most frequent use of these small denomination bonds. Nearly 40 percent of both categories of larger bonds were redeemed to pay the income tax, with emergency expenditures slightly less common. The most important non-emergency use of the money redeemed from bonds larger than \$25 is investments, including property purchase.

Table 2. Relation of Size of Bond to Reasons for Redeeming

Reasons for cashing	\$25 bond	\$50 - \$100 bond	Over \$100 bond
<u>Income tax</u>	30%	39%	39%
<u>Emergency expenses</u>	42	33	32
Medical	22%	26%	22%
Unemployment	11	5	10
Furlough and other travel	9	2	0
<u>Non-Emergency expenses</u>	28	28	29
Clothes and personal	8	6	0
Investments	1	7	6
Child birth and medical	3	3	7
Rent and moving	4	2	0
Marriage	0	3	3
General and Miscellaneous	12	7	13
	100%	100%	100%
	N=74	N=112	N=51

Nearly Half of Those Redeemers who Cashed
Bonds for the First Time Said They Used
the Money to Pay Their Income Tax

Fifty-four percent of these redeemers say they have never cashed bonds before the redemption regarding which they were being interviewed. Only eight percent admit having cashed bonds on more than three occasions.

Table 3. Frequency With Which Bonds Have Been Redeemed

Frequency of Redemption	
Have redeemed only once	54%
Have redeemed two or three times	38
Have redeemed more than three times	8
	100%
	N=197

- 4 -

Forty-four percent of those redeemers who have cashed bonds for the first time give the income tax as their major reason for cashing. Half of these redeemers who had redeemed two or three times in all used the money for emergency expenses, chiefly medical.

Over half of those who had redeemed more than three times made non-emergency use of the money, chiefly for clothes and other personal items.

Table 4. Relation of Frequency of Redemption to Reasons for Redeeming

Reasons	Cashed once	Cashed 2 or 3 times	Cashed more than 3 times
<u>Income tax</u>	44%	29%	18%
<u>Emergency Expenses</u>	25	51	29
Medical	17%	35%	12%
Unemployment	4	10	17
Furlough and other travel	4	6	0
<u>Non-Emergency Expenses</u>	31	20	53
Clothes and personal	4	5	23
Investments	6	3	12
Child birth and medical	3	1	12
Rent and moving	4	1	0
Marriage	3	1	0
General and misc.	11	9	6
	100%	100%	100%
	N=110	N=88	N=17

There are Some Indications of Overselling

While there is no evidence of a great amount of overselling, some redeemers seem to purchase more than they plan to hold (see Table 3). Respondents who buy through payroll deduction only, report multiple redemptions more often than those who buy through other means only (Table 5).

Table 5. Relation Between Frequency of Redemptions and Participation in Payroll Deduction Plan

	Bought through other means only	Bought through payroll deduction plan only
Redeemed once	70%	52%
Two or three redemptions	25	41
More than 3 redemptions	5	7
	100%	100%
	N=20	N=160

Although payroll-deduction buyers seem to redeem more frequently than other buyers, they redeem bonds of smaller denomination. These redeemers account for nearly nine out of ten redemptions of \$25 bonds, but less than two-thirds of the redemptions of over \$100 (Table 6).

Table 6. Relation Between Size of Bond Redeemed and Participation in Payroll Deduction Plan

	\$25 bond	\$50 - \$100 bond	Over \$100 bond
Bought through payroll deduction only	88%	82%	64%
Bought through other means	12	18	36
	100%	100%	100%
	N=72	N=113	N=36

It is interesting that despite their recent redemptions nearly all of these redeemers say they still own at least one bond (Table 7).

Table 7. Proportion of Bond Redeemers Who Still Retain Some Bonds

Cashed all bonds	4%
Still hold some bonds	<u>96</u>
	100%
	N=256

Seventy Percent of These Redeemers
Report Savings Other Than Bonds

When asked if they had "any kind of savings other than bonds, like bank accounts, insurance, securities, and so forth," only 30 percent of these redeemers admitted that they had no saving, other than their bonds (Table 9).

Table 9. Relation Between Size of Redemption and Possession of Other Savings

Value of Bond Redeemed	Bank Account	Insurance	Securities	None	Total
\$25	29%	37%	+	43%	36%
\$50-100	48	46	0	47	45
Over \$100	23	17	+	10	19
	<u>100%</u>	<u>100%</u>	<u>+ %</u>	<u>100%</u>	<u>100%</u>
	N=65	N=106	N=5	N=75	N=254
All redeemers	26%	42%	2%	30%	100%

Forty-two percent say they have insurance. Most of these insurance owners prefer to cash bonds in an emergency rather than touch their insurance, which is not regarded as a form of savings by more than a very few (Table 9).

Table 10. Relation Between Kind of Savings and Preference for Use of Bonds or Other Savings in an Emergency

	Have bank account only	Have insurance only	Have both (or one and securities)
Would use bonds	27%	79%	26%
Would use other securities	72	21	74
	100%	100%	100%
	N=14	N=42	N=23

Three-quarters of the minority (26 percent) who have bank accounts would prefer to draw on this asset in an emergency rather than cash bonds, but did not do so in most cases because the account was too small (Table 12).

Table 11. In an Emergency Would You Rather Cash Your Bonds or Use Your Other Savings?

	Respondents who cashed \$50 bond or larger	Respondents who cashed \$25 bond
Cash bonds	52%	64%
Use other savings	48	36
	100%	100%
	N=84	N=42

A majority of these redeemers who have other savings, particularly redeemers of \$25 bonds, indicate that they would rather cash their bonds than use their other assets (Table 11). In view of their recent redemptions, this preference is probably not very strong in many cases.

Table 12. Reasons Given for Preferring to Cash Bonds or Use Other Savings in Emergency

<u>Prefer to cash bonds</u>	
Insurance not thought cashable	24%
Policy overborrowed or not old enough	16
Other savings are too small	16
General: Just don't like to touch insurance	15
Insurance takes too long, too much trouble	13
Bonds more easily replaceable, more likely to involve less loss	9
Insurance needed for burial or protection in case of death	7
	<u>100%</u>
	N=68
<u>Use other savings</u>	
Patriotic reasons; help the Government	41%
Quicker, less trouble than bonds	23
"Just like to keep them"	18
Best investment; security	18
	<u>100%</u>
	N=44

Of those redeemers who give reasons for preferring to cash bonds rather than other savings, 24 percent say there is no way of getting cash from insurance. Another 30 percent have other reasons which make insurance seem an impractical source of cash in an emergency (Table 12).

The most frequent explanation that redeemers give for preferring to draw on other savings is that it is unpatriotic to cash bonds. A quarter of those preferring to use other savings state that it is more difficult to cash bonds than to draw on other savings (Table 12).

- 10 -

People With Larger Incomes Cash
Larger Bonds But do so Less Frequently

As might be expected, the size of bond cashed increases as the weekly income of the respondent goes up. (Table 13)

Table 13. Relation Between Income and Size of Bond Cashed

Weekly Income	\$25 bond	\$50-100 bond	Over \$100 bond	Total
\$35 and under	39%	25%	25%	30%
\$36-55	38	44	39	41
\$56 and over	21	25	34	25
Not ascertained	2	6	2	4
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	N=87	N=127	N=41	N=255

The middle-income groups are the most frequent redeemers, accounting for more than half of the respondents who have redeemed more than two times (Table 14).

Table 14. Relation Between Income and Frequency of Redemptions

Weekly income	One redemption	Two or three redemptions	More than 3 redemptions
\$35 and under	37%	24%	23%
\$36-55	35	53	53
\$56 and over	26	22	18
Not ascertained	2	1	6
	<u>100%</u>	<u>100%</u>	<u>100%</u>
	N=106	N=74	N=17

Nine Out of Ten Redeemers Buy
Through Payroll Deduction

The bulk of those redeeming bonds purchased them through the payroll deduction plan. This finding is partially explained by four facts: A very large proportion of bond buyers are on the payroll deduction plan; they are ordinarily submitted to more pressure to buy; those who buy in this manner own larger quantities of bonds for their income than do people who buy in other ways; and for many of these people the payroll deduction plan has taken the place of other forms of savings (Table 15).

Table 15. Usual Method of Purchase of Bonds by Redeemers

Method of Purchase	
Payroll Deduction only	80%
Payroll plus other buying	10
Other buying only	10
	100%
	N=199

April 7, 1944.

Dear Mr. Wiggins:

I have your letter of April 5, 1944, advising me of two additional bankers appointed to the Sub-Committee headed by Tom Smith to act as liaison during the Fifth War Loan Drive. I am sure this Committee is going to be very helpful.

If there is anything additional we would like you to do, we will get in touch with you.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. A. L. M. Wiggins
President
The American Bankers Association
Hartsville, South Carolina.

DWB:ew

swB

THE AMERICAN BANKERS ASSOCIATION
OFFICE OF THE PRESIDENT

HARTSVILLE, SOUTH CAROLINA

A. L. M. WIGGINS
PRESIDENT

April 5, 1944

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

Dear Mr. Secretary:

Some time ago, we discussed the desirability of having on our ABA Committee on Treasury War Borrowing some representatives from the West Coast. In line with our discussion, I have appointed the following two men, both of whom have accepted:

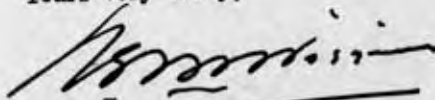
Mr. James K. Lohead, President, American Trust Company
San Francisco, California

Mr. Lawrence M. Arnold, Chairman, Seattle First National
Bank, Seattle, Washington.

The Sub-Committee on Banker Participation in the Fifth War Loan Drive, of which Mr. Tom K. Smith is Chairman, will meet in Chicago on April 16th, and ~~both~~ of the above named will attend the meeting.

If you have any further suggestions of actions we may take in preparation for the Fifth War Loan Drive, I hope you will not hesitate to pass them on to me or to Mr. Smith.

Yours very truly,



A. L. M. Wiggins
President

W/h

MEMORANDUM FOR THE SECRETARY.

April 7, 1944.

Mail Report

Like the week's weather, the mail has been going from one extreme to the other. On Monday, letters came in record-breaking numbers, then fell to a new low, and again on Friday, poured in in quantity. No new subjects emerged on any of the different fronts, and there were almost no quotable letters.

Except for an angry protest now and then against the necessity for the declaration on April 15, or against the complexity of forms in general, tax correspondence was in the doldrums. The Collier's editorial disappeared from our mail, and the campaign for an entry on Form W-2 of anticipated charitable donations has fallen away to almost nothing. Most of this week's communications on the subject came from business firms which said that in spite of the extra work involved, they would be glad to allow the deductions before determining individual withholding rates, so that educational and charitable institutions might not suffer loss of income.

Announcement of the date of the Fifth Drive gave a pleasant lift to the humdrum bond mail of recent weeks. With a number of slogans, a song or two, several sales suggestions, and early organization plans, the correspondence end of the Drive is off to a fast start. Half a dozen persons connected with schools pointed out that the heretofore productive sales result of school campaigns will be lost if the Drive is not started before June 12.

Close to 70 bonds were submitted for redemption, one-fourth postmarked from Puerto Rico. Again complaints

- 2 -

Memorandum for the Secretary.

April 7, 1944.

about delays in delivering, redeeming, or reinscribing bonds were exceptionally low.

A few copies of an advertisement entitled, "How Would You Like to Live in Germany Today?", as published on page forty-seven of the April 3 issue of Time, were sent by writers who protested both the subject matter and the possible deduction of the cost of the advertisement from the income tax returns of the company sponsoring it.

White House correspondence was also small in number and uninteresting in content. During March we received 345 pieces and handled 144 in the Correspondence Division.

J. F. Forbush

General Comments

Henry J. Abrahams, Omaha, Nebraska. Inclosed herein indorsed to you, please find Treasury checks #1,749,319, dated January 1, 1944, in the amount of \$6.25, and #2,082,291, dated February 1, 1944, in the amount of \$12.50. Every loyal American is today fully aware of the heroic struggle and terrific sacrifice in which our fighting men around Cassino find themselves. On their part, they are willing to do their utmost to preserve our democratic way of life, and on our part, we should be happy to give them assistance and the wherewithal to continue their work. With this thought in mind I will ask that you kindly use the proceeds of the inclosed checks in the purchase of whatever war material can be bought for our fighters. * * *

Senator Owen Brewster (Maine) transmits letter he has received from Rev. Edwin C. Field, of Bridgton, Maine, which reads as follows: I want to express my moral indignation at the suggestion of Secretary Morgenthau that the Government give the liquor people alcohol at a time when sugar and grain are at a premium. This expresses the views of my congregation, the rural work committee of the Maine Congregational Christian Conference, and the rural committee of the Maine Council of Churches. I speak as chairman of the last two committees. We on the homefront are sick of Washington Dictatorship and will welcome a return of the Government to the people -- and to democratic action through its chosen Congressional leaders. We are patriotic Americans and want to do nothing to prolong the war. There are, however, limits to our patience. A rationed people and a starving world need food and clothing -- not liquor as a substitute. We do not argue for or against prohibition. We fight for the rights of human beings.

- 2 -

Anonymous -- initials L.J.A., and mailed in San Pedro, California. On one occasion through the newspaper stamp of America, called Free Press, they accused you of being an "International Banker". Thank God we know, Mr. Morgenthau, where our money is today; but we never knew where it was before the Roosevelt Administration. Mr. Morgenthau, the disturbed minds of these people have no understanding.

Edward F. Beale, III, 1st Lt., Corps of Engineers, Ft. Belvoir, Va. I have attached a check for \$100 which I wish to present as a gift to the U. S. Treasury. I feel strongly that in wartime, certain financial sacrifices should be made by every individual who has a genuine stake in this country. Present tax rates are, in my opinion, much too low, thus forcing the nation to rely on money obtained largely by incurring future indebtedness. In my opinion, it is not sensible to pay \$18.75 in 1944, so that in 1954 I can pay \$25.00 in taxes, and receive \$25.00 by cashing a bond. Please have this donation used in any manner you see fit.

- 3 -

Favorable Comments on Bonds

Letter and War Bond scroll addressed to the President by the civilian employees of the Yuma Army Air Field, Yuma, Arizona, and forwarded to the Treasury for handling. The following is quoted from the letter: "We, the undersigned War Department Employees of Yuma Army Air Field wish it to be known that we are Backing the Attack through the Class "A" Pay Reservation. One hundred percent participation and an overall average of twenty-two and five-tenths percent of all our earnings, including overtime, are going right back into the War effort through the purchase of War Savings Bonds by payroll deductions. We realize that by so doing, we are not only speeding the day of Victory, but at the same time halting the dangerous inroads of inflation. Here in the great Yuma desert where food prices are high, housing congested, and summer heat abnormal, we have managed to establish this record. We are in some measure trying to compensate for the hardships and sacrifices that our Armed Forces are undergoing daily in our fight for the principles of Freedom. * * * "

Walter S. McLucas, Chairman, National Bank of Detroit, Detroit, Mich. Permit me to say that I deeply appreciate your telegram concerning the Bond Drive just closed. I think you are greatly helping the cause in thus expressing yourself to those participating and it would be highly desirable if the whole group of active leaders could hear from you. I think Frank Isbey and the whole organization did the best job on the Third War Loan Drive that has yet been done. It was a serious, hard-hitting, continuing effort and most of the spectacular, sensational sales effort was eliminated. I believe you are entitled to appreciative congratulations upon the part of all the citizens for the handling of the Government's financial requirements in the bond campaigns. * * *

- 4 -

Unfavorable Comments on Bonds

Judith Eiken, Teacher of Social Science, Department of Education, St. Paul, Minn. The enclosed pamphlet has just been received by me. I assume that every other teacher in the country has also received one like it. There is scarcely a week when we do not receive these bulky, colorful, expensive pamphlets or posters. According to Government propaganda there is an acute paper shortage, and we are asked to conserve paper. Why, then, does our Government waste paper on so gigantic a scale? For your enlightenment I can tell you that nearly all of your voluminous literature finds its way into waste paper baskets. We would lose our minds if we tried to make use of all of it! A great many loyal citizens are getting awfully weary of Government waste and extravagance.

Joseph Mueller, Philadelphia, Pa. Insofar as I put my entire salary last year in War Bonds, I feel free to speak. In the last World War, War Bonds were oversubscribed frequently the day they were issued. This was because the Government gave the public a good investment for their money. In World War II, you started in with the E Bond theory which is proving more ridiculous every day. Thousands are cashing them in about as fast as they are high-pressured into taking them. This class of people won't hold on to a piece of paper for ten years in order to get a little interest. Many war workers where I am connected use them as a means to save for Christmas presents. Others use them as a means to accumulate money for taxes and others just cash them and spend. * * * If the Treasury would bring out a bond, coupon bearing 3% interest, tax-free up to \$10,000, but could not be cashed for ten years, except on the death of the owner, then the small investor would feel the Government was giving him a break. * * * This type of bond would bring out the hoarded hundreds of millions in safe deposit boxes, and you wouldn't need a Bond Drive. * * *

- 5 -

Willard W. Allen, Chief Executive Officer, Interracial Section, War Staff, U. S. Treasury, Washington Building. This letter comes to convey to you my deep appreciation for having had the privilege of working with the Treasury Department for practically a year in connection with the War Bond program, under the direction of Mr. James L. Houghteling, National Organizations Division, Interracial Section. He is performing a very creditable service with the work among the Negro group throughout the country. During my connection with the Section, I have detected no semblance of race prejudice. * * * Again I express my appreciation for the splendid assistance which I received from the staff members, including Mr. Fred Smith, your right-hand man. Under your capable leadership, I pray that God will give you strength to see this eventful period through to the dedication of peace and freedom for all peoples of the earth.

- 6 -

Favorable Comments on Taxation

Lester C. Weisse, Attorney at Law, Sheboygan Falls, Wis. After having written you letters begging for a change in the penalties in the estimates of incomes, and also for clarifications, I am delighted with the changes and instructions now furnished for the 1944 estimates. I want to compliment you for I know it was through your influence that the provisions are set that if we estimate on the 1944 incomes and correct as of March 15, 1945, there will be no penalty imposed. The old law was absolutely inhuman for it was impossible to guess on your year's income. I might tell you that as an individual very actively interested in the Federal taxes, I was very much relieved when I received an interdepartmental communication that penalties would not be imposed last year unless for an outstanding reason. In assisting people in the preparation of their tax returns I was then in a position where if we found the estimate was below or way over, we merely adjusted it, and paid the proper tax or asked for a refund. One lesson I learned is that a man in a small business certainly does not know from one month to the next what his income is going to be, and any individual in Washington who got the idea that these small businesses operated on an even keel is absolutely misinformed. * * *

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 

TO

Secretary Morgenthau

FROM

Mr. Pehle

APR 7 1944

I am attaching herewith a copy of the report of the War Refugee Board for March 27 to April 1, 1944.



Attachment.

Developments during the week of
March 27 - April 1, 1944

1. STATEMENT ON AXIS ATROCITIES

The British Government has issued a statement expressing its unqualified approval of the President's statement.

We have transmitted a letter to State expressing the view that approval of the President's statement or the issuance of a similar statement by the Russian Government is most important particularly in view of the military situation in the Balkans, since such action would have considerable influence on the leaders and people in Rumania, Bulgaria, and Hungary. Accordingly, we have suggested that, if no action has been taken toward this end, immediate steps should be taken to have Russia take such action. We have also suggested to State that it consider the matter of obtaining similar action by all of the United Nations.

We have received reports from our Missions in Bern, Lisbon and Cairo, concerning the publicity which is being given to the President's statement. Harrison has reported that the statement will probably be carried by over 200 Swiss papers and that leading Swiss editorial writers and radio commentators will be asked to give the statement favorable comment. He also proposes to request indirectly the official Swiss radio to broadcast the announcement in German and French and has advised that clandestine tracts will be printed and distributed across the border.

Our Mission in Portugal has reported that the President's statement was prominently published in Lisbon and Oporto newspapers. Minister Norweb is also endeavoring to obtain editorial and radio comment on the statement.

Our Mission at Cairo has advised that the Greek Prime Minister has expressed the willingness of his government to issue a supporting declaration as it is in complete accord with the President's statement. The Office of War Information in Cairo is arranging to publicize the President's declaration locally and to include it in radio broadcasts in the Balkan languages and to publicize similarly the Greek Prime Minister's statement when it is issued.

2. APPROACH TO THE SATELLITES

In view of the German occupation of Hungary, a cable has been despatched to the International Red Cross at Geneva, requesting that it send effective representation to Hungary to protect the well-being of those now facing persecution in that country.

3. COOPERATION WITH OTHER GOVERNMENTS

(a) Russia

Harriman has advised us that he delivered to Vyshinski a memorandum setting forth this government's policy as contained in the circular airgram of January 26th and that he had orally informed Vyshinski that he wished to explore the manner in which the United States and Soviet Governments might work together on this question, after the memorandum had been studied. In his conversation with Vyshinski, Harriman also referred to the parallel action which both nations had taken and could take in trying to impress on Germany and the satellite countries that they would be held accountable for their inhuman actions against the Jews and other similar groups. It was pointed out by Harriman that such pressure on the satellite countries might aid in the evacuation of refugees from Hungary, Rumania and Bulgaria. According to Harriman, Vyshinski seemed to be sympathetic and stated that he would discuss the question further after he had had the opportunity of studying the memorandum.

(b) Other United Nations

(1) Canada

We have been advised by our Mission at Ottawa of the substance of a conversation had with Mr. R. A. Robertson of the Canadian Department of External Affairs. Mr. Robertson said that in 1940 approximately 4,000 refugees were admitted to Canada from the United Kingdom, many of these being classified as dangerous. About 1,000 of these have since left Canada and about 2,000 have been interned, leaving only approximately 900 who are at liberty in Canada. Only a trickle of refugees reached Canada in 1941 and 1942. Robertson stated that last October Canada sent an Immigration Agent to Lisbon with authority to admit an initial group of 200 families. The agent subsequently reported that there seemed to be only 600 or so refugees in the Iberian Peninsula who desire to leave and it was therefore doubtful whether Canada would be able "to find as many as 200 families."

- 3 -

Mr. Robertson also indicated that Canada very recently renewed its offer to the Intergovernmental Committee to take 1,000 Jewish children from Europe.

We have also been advised by Ottawa that it is anticipated that a statement will be made in the Canadian House of Commons on the entire refugee question, probably within the next six weeks.

(11) New Zealand

We have received a report from our Mission at Wellington in response to the circular airgram of January 26th which sets forth a note received from the Prime Minister and the Minister of External Affairs as a result of the approach made to the New Zealand Government to obtain its cooperation with this government's policy concerning war refugees. The note stated that the policy of the New Zealand Government has been and continues to be one of affording to refugees the "maximum possible assistance consistent with the resources and the security of the Dominion." Since 1941 immigration permits to New Zealand have been affected by the spread of the war to the Pacific. However, within recent months the New Zealand Government has agreed to receive and provide accommodation for up to 700 Polish refugee children from the Middle East.

(111) French North Africa

We have been advised by Chapin that the French Committee of National Liberation has indicated that it is pleased to associate itself with the relief and rescue work with which the War Refugee Board is concerned. However, the French pointed out that the chief preoccupation of the Committee is with the problem of refugees from France and the general displacement of French nationals. A report on the refugee situation in North Africa prepared by the military attache of the Embassy indicates that the Committee has neither encouraged nor discouraged the entrance of refugees but rather has put the whole cause on an individual case basis, the real decisions being made by American, French and British security officers. Chapin has also advised that in order to encourage the Committee to allow refugees to enter North Africa more freely, some assurances should be made concerning the ultimate destination of the refugees.

Chapin has been assured by the Committee that sympathetic consideration will be given his suggestions that the Committee issue a declaration of policy similar

- 4 -

to that made by the President at the time of the establishment of the War Refugee Board and that the Commissariat for Foreign Affairs issue appropriate instructions to its representatives abroad.

(iv) The Netherlands

Schoenfeld has advised us of the substance of a conversation he had with Dr. W. Huender, Head of the Bureau of Post-War Problems in the Netherlands Ministry of Foreign Affairs. Dr. Huender is reported to have indicated that Dutch authorities are in agreement with the policy of the President's Executive Order and will be glad to support any action which may be originated by the Board. It was stated that, of the 180,000 Jews originally living in Holland, about 140,000 had been deported to Poland. Only about 8,000 Jews, recognized as such, are still left in Holland. The remaining 32,000 have just dropped out of sight. It is thought that some may have found refuge in France or made their way to Switzerland, but most of them are probably still living in Holland in concealment with the help of the non-Jewish population.

With reference to Jewish victims, Dr. Huender said that those Jews in Holland who had been provided with Palestine certificates are in a relatively better position than other Jews, since the possession of such a certificate may assist the holder to avoid being sent to a concentration camp. He thought therefore that it would be helpful if it were possible to provide more of these certificates. Likewise, it would assist in keeping some Jews out of concentration camps if more passports to South American countries could be provided.

(v) Belgium

We have also received a report from Schoenfeld setting forth the substance of his conversation and correspondence with Monsier A. Delierneux, Chief of Cabinet in the Belgian Ministry of Labor and Social Welfare. M. Delierneux stated that although it was in general very difficult for refugees to escape from Belgium, nevertheless, every few weeks a small number of people do manage to get through to England, France, and Spain. The situation of the Jews in Belgium is reported to be similar to that prevailing in the Netherlands.

- 5 -

As to possible opportunities for special action by the government to facilitate the rescue of Nazi victims, M. Delierneux referred to the lack of cooperation from local Spanish authorities on the Franco-Spanish frontier and suggested that as far as Belgian refugees are concerned, intervention with the Spanish Government to try to bring about some change in this situation would be of value.

(c) Neutrals

(1) Spain

The Joint Distribution Committee has cabled its representative in Lisbon to proceed to Madrid and contact the Embassy there with respect to the program which we approved for the rescue of refugee children from France. We have requested this representative to endeavor to work out arrangements with Hayes (who has raised certain questions regarding this program) whereby the project may be initiated without further delay.

According to a recent report, there are not more than 2,000 refugees at present in Spain, exclusive of French nationals who are being constantly evacuated. About 775 of this group will probably be moved to Camp Lyautey very shortly.

(11) Turkey

We have been advised by Hirschmann that the Turkish authorities have agreed to charter the "Tari" for 175,000 Turkish pounds (approximately \$97,200) for the contemplated evacuation voyage. Eight days are to be allowed for embarkation and debarkation under the arrangement and we will be required to pay approximately \$3,245 per day for each day in excess of eight. Hirschmann has warned that delays in embarkation are probable and that the voyage can only be completed within two months under the most favorable circumstances. The representative in Turkey of the War Shipping Administration, who participated in all the negotiations for the "Tari," regards the price agreed upon as reasonable under existing conditions. The Turkish Government, Hirschmann has indicated, requires a guarantee that the "Tari" will be replaced in case of loss by comparable passenger vessel and they will not accept a guarantee of replacement covering a cargo vessel. In view of the fact that the "Tari" will be prepared to sail within a week,

- 6 -

Hirschmann has stressed the necessity of expediting the German safe-conduct. Continuing our efforts to furnish the Turkish Government with a substitute vessel for the "Tari" so that the latter may make more than one evacuation trip, we have despatched a cable to Winant asking him to obtain British assistance in the endeavor to procure a ship in the Mediterranean area, which might be chartered to the Turks.

There is also a good possibility of obtaining a Portuguese ship for evacuating refugees from Constanza. However, Hirschmann is of the opinion that negotiations for this ship should be held in abeyance until the "Tari" matter has been settled and evacuation possibilities have been further explored.

We have cabled our Embassy at Ankara to take all possible steps to solve the problem created by the reported refusal of Rumania and Bulgaria to permit Jewish refugees to leave these countries unless they have Palestine entrance certificates, which certificates are not allotted to persons while in enemy controlled areas.

A conference similar in its purpose to that which he recently held with the Rumanian Minister was had between Hirschmann and the Bulgarian Minister to Turkey. The latter was apprised of this government's attitude concerning Bulgarian treatment of Jews and other minorities with the view of inducing Bulgaria to halt further persecution and to permit refugees to leave Bulgarian territory. The Minister stated that he would communicate this approach to his government.

(iii) Switzerland

Special instructions have been transmitted by State to our Mission at Bern, authorizing our consular offices in Switzerland to issue during the present quota year up to 4,000 immigration visas to refugee children from France who arrive in Switzerland on or after January 1 and before July 1 of this year. Replace visas are to be issued to children covered by the instructions, who are still under sixteen years of age at the date such replace visa is issued. Such replace visas are to be issued to these children each year until at least six months after the termination of hostilities between Germany and the United States so that they will continue to hold American visas until transportation is available to the United States. The Swiss authorities are being advised of these instructions

- 7 -

and it is to be indicated to them that it is hoped that they will take such action as will facilitate the movement of children to Switzerland from France. The Government of Switzerland is also being informed that the War Refugee Board will undertake to arrange for any financing that may be needed to provide maintenance for refugees arriving in that country. Private relief agencies working in Switzerland have been advised of the availability of these American visas for the refugee children. Our Consulate at Zurich which has been authorized to supervise the issuance of these visas, has advised that the necessary steps are being taken to have all Consulates in Switzerland issue such visas.

We have prepared a cable to Bern which is pending at State, asking Harrison to inquire of the Swiss authorities whether they feel their negotiations with Vichy regarding exit permits for refugee children would be aided if similar approaches were made by Eire and Portugal. If the Swiss believed approaches by these governments might have some beneficial effect, we propose to ask these governments to take such action.

(iv) Portugal

Our Minister at Lisbon has reported the substance of a conversation he has had with the Secretary-General of the Foreign Office in an effort to obtain the cooperation of Portugal with this government's policy concerning refugees. The Portuguese official indicated that since his country was not contiguous to German-occupied territory, the refugee problem in Portugal was largely a question of permitting the transit of refugees who might be coming out of occupied Europe and to provide refuge for a limited number to an extent which would not interfere with the economy of the country. He assured our Minister that Portugal would cooperate with this country along the lines of its established refugee policy, which, he stated, has been liberal and humanitarian. Memoranda prepared by four relief organizations working in Portugal, containing suggestions as to what this government and the government of Portugal might do to effectuate the war refugee policy of the United States, have been submitted by our Minister and are now being studied.

(d) Latin American Countries

Reports have been received from our Missions in Chile, El Salvador, Ecuador, Colombia and Venezuela.

- 8 -

(1) Chile

The Mission in Chile reports that, since late in 1939, rigid rules have been in force regarding immigration to that country and that there have been charges of discrimination in their application, particularly with respect to Jews. In the Ambassador's opinion the principal obstacle to large-scale immigration to Chile, especially to Jewish immigration, is the fear that such immigrants will become concentrated in the urban centers.

(11) El Salvador

We have been advised that the immigration policy of El Salvador which was formulated at a meeting held some years ago, generally restricts European immigration, except that of technicians. However, on humanitarian grounds, some Jewish immigrants are being admitted. A Cabinet meeting is to be held shortly on the subject of the admission of Jews and other refugees, as a result of our Mission's approach to the El Salvador Government, following its receipt of the circular airgram.

(111) Ecuador

Our Mission in Ecuador has advised that there are no special restrictions in that country against the entry of Jews on racial or religious grounds, although they, like other immigrants, are admitted only if they will engage in certain specified pursuits. The Ecuadorian Government believes that the entry of further Jewish refugees who would probably settle in the two principal cities of the country would lead to a strong anti-Semitic feeling. Our Mission believes that this might be true and has recommended the establishment of temporary camps in Ecuador for such refugees for the duration of the war. It is the Mission's belief, however, that non-Jewish refugees who are fit for agricultural labor would be welcome in Ecuador.

(iv) Colombia

Our Mission in Colombia has reported that while the Colombian Government is prepared to cooperate in a general way in extending humanitarian assistance to refugees, at the same time it will adjust its policy and action to its national immigration policy with the object of protecting Colombia against "any uncontrolled influx of undesirable refugees."

- 9 -

(v) Venezuela

The Venezuela Government has expressed its sympathy with the principles which inspired the formation of the War Refugee Board and has advised our Mission that appropriate officials are now studying the possibility of giving concrete form to the cooperation Venezuela could render in the task assigned to the Board.

4. COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE

Sir Herbert Emerson has submitted a memorandum through the London Embassy in which he suggests that the United States might relax in certain respects the procedure now being followed with regard to the issuance of visas to refugees. The question arises out of the case of refugees detained on the Island of Mauritius but it is stated that there are other refugees likewise affected by this government's policy. That policy, according to the memorandum, appears to be that visas will not be issued if any would-be immigrant is under any restriction in excess of that imposed on persons of neutral nationality and that if such person has been at any time in internment, his release must be unconditional. It is suggested that, in the case of Mauritius, this government should scrutinize the individual cases of refugees for security purposes and decide them on the merits, rather than to continue to insist that release from detention is a condition precedent to consideration of an application for a visa. Sir Herbert Emerson has asked that this subject be given consideration by the State Department and by the War Refugee Board.

We have been advised that Lord Winterton, Chairman of the Executive Committee of the Intergovernmental Committee, has requested an opportunity to discuss with Winant subjects growing out of Deputy-Director Kullman's recent visit to Switzerland and has sent certain memoranda on these subjects to the London Embassy. Further communications are expected from London after Lord Winterton's call takes place.

5. ESTABLISHMENT OF HAVENS OF REFUGE(a) Virgin Islands

We have received a memorandum from the World Jewish Congress urging that European refugees be admitted with a minimum of formality to the Virgin Islands, upon the understanding that such admission is temporary unless in the meantime they are able to obtain permanent immigration visas.

- 10 -

6. SPECIAL PROJECTS(a) Internees in Enemy-Occupied Europe Holding Latin American Passports

Cables to our Missions in various South American countries have been despatched by State asking them to request the governments to which they are accredited to take no action until after the war to revoke or cancel passports now held by internees in Europe.

(b) International Red Cross Feeding Program

A cable has been received from Bern stating that in view of recent developments in the Balkans, the International Red Cross is doubtful whether it will be possible to obtain any more foodstuffs from Hungary and that, as a consequence, substantial changes will have to be made in its program.

We have also been advised by the International Red Cross that, if funds are made available, they are willing to purchase food in Portugal for the relief of Jewish refugees, particularly those in three refugee camps in Croatia, where food conditions are precarious. The International Red Cross proposes to ship the food purchased by sea from Lisbon to Marseilles and has inquired if we will endeavor to obtain the consent of the blockade authorities to such shipments.

(c) Rescue of Jewish Refugees from the Balkans

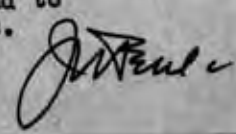
The Vaad Hahatzala Emergency Committee, upon our recommendation, has been licensed to send \$25,000 to its representative in Turkey to be used for rescue and relief operations.

(d) Refugees on the Island of Mauritius

A memorandum has been sent to State with respect to the wide-spread suffering existing among refugees, mainly Jews, on the British Island of Mauritius in the Indian Ocean.

7. COOPERATION WITH OTHER GOVERNMENT DEPARTMENTS(a) Foreign Economic Administration

Mr. Zarky has been designated as liaison officer between the Foreign Economic Administration and the War Refugee Board. We have been advised that the Foreign Economic Administration has instructed its representatives abroad to cooperate with the Board's foreign representatives.



EMBASSY OF THE
UNITED STATES OF AMERICA

Ottawa, April 7, 1944.

No. 928

Subject: Rescue and Relief of European Refugees.

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

Sir:

I have the honor to refer to the Department's circular Airgrams of January 26, 1944, 7:00 p. m., and February 29, 1944, 7:30 p. m., and to the Embassy's Airgram No. A-9 dated March 11, 3:00 p. m., and its despatch No. 835 dated March 18, 1944, with regard to the rescue and relief of European refugees.

The Canadian Minister of Mines and Resources, T. A. Crerar, informed the House of Commons on March 30th that a party of 256 war refugees, which had escaped to Spain and Portugal, was on its way to Canada. During the discussion, the Prime Minister said he expected to make a full statement on the refugee situation later in the session.

According to the Ottawa Journal of April 7 the party of refugees referred to already has arrived in Philadelphia on its way to Canada.

Respectfully yours,

Ray Atherton

True copy of the
original signed by:

Copy to Mr. Parsons, European Affairs.

710/711
JEH:mej

AMERICAN EMBASSY
near the
GOVERNMENT OF GREECE

309

Cairo, Egypt.
April 7, 1944.

No. 90

Subject: Cooperation by the Royal Hellenic
Government with the War Refugee
Board.

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

Sir:

With reference to my despatches nos. 81 and 86, of March 23rd and April 3rd reporting the action taken in response to the Department's airgram of February 29, 7:30 p.m. (circular) and its telegram no. 46 of March 24th, I have the honor to transmit herewith a copy of aide memoire no. 3103, dated April 5, 1944, from the Royal Hellenic Ministry of Foreign Affairs referring to two similar memoranda from the Embassy in regard to this policy of the United States concerning European refugees and the activities of the War Refugee Board in that connection.

It will be noted that the Royal Hellenic Government, welcoming the establishment of the War Refugee Board, is willing to cooperate in every desirable way with its endeavors in furtherance of the President's defined policy and requests that the Board be informed 1) of the special situation of Greece in respect of the rescue from hardship and hunger of the hundreds of thousands of homeless Greeks, victims of German destruction, and 2) of the fact that, owing to its geographical position, persons in danger can escape from Greece with relative ease.

Respectfully yours,

Lincoln MacVeagh

Enclosure:

Copy of aide memoire no. 3103, dated April 5, 1944.
File no. 848
Sent in hectograph to Dept.
WB/haw

Enclosure to Despatch No. 90
dated April 7th, 1944, from
American Embassy, Cairo, re:
Cooperation by the Royal
Hellenic Government with
the War Refugee Board.

No. 3103

Aide Memoire

Referring to the American Embassy's Aide Memoires dated 18th and 29th of March, the Royal Hellenic Ministry for Foreign Affairs have the honour to inform this Embassy that the Royal Hellenic Government are in complete agreement with the policy laid down by the President Roosevelt aiming at the "Rescue of the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war".

The Royal Hellenic Government believe that the War Refugee Board established in Washington is capable of rendering the most valuable services to mankind by the realisation and the execution of the above mentioned policy; the Government are willing to co-operate in every desirable way.

The question of the refugees' relief is one of the main problems faced by this Government. Still more serious is the problem of rescuing from hardships and hunger the hundreds of thousands of homeless Greeks, victims of the destruction of the Greek countryside by the Germans.

The American Embassy are already well acquainted with both these questions and it would be desirable if they kept the above mentioned Board informed of the special situation of Greece in the sphere of its future activities.

The fact that persons in danger can escape with relative ease from Greece, and this owing to its geographical position as compared to that of other countries should also be drawn to the attention of this same Board.

As regards the request, contained in the U. S. Embassy's Aide Memoire dated March 29th, asking the Royal Hellenic Government to make a declaration similar to that made by President Roosevelt on March 24th, the President of the Greek Government gladly agreed and made a relative statement to the Greek people through the Press; a copy of the statement is forwarded to this Embassy.

Hoping that this declaration is in accordance with the aim pursued, The Royal Hellenic Ministry for Foreign Affairs

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Affairs seize this opportunity to renew to the U.S.
Embassy the expression of their highest consideration.

Cairo, 5th April 1944

AIRGRAM

Despatched: April 8, 1944.
 From: American Embassy near
 the Governments of
 Greece and Yugoslavia.
 Cairo, Egypt.
 Date: APR 10 1944
 Received: APR 13 1944

CONFIDENTIAL

The Secretary of State,
 Washington.

A-29, April 7, 5 p.m.

For Secretary of Treasury from Mikesell:

Re Department's No. 46 Greek of March 24 requesting report on publicity given to President Roosevelt's statement on war refugees.

Upon receipt of the cable from the War Refugee Board OWI was contacted and asked to give full publicity to the President's statement through the various means at their disposal. The following report was submitted by the OWI covering the results of their efforts to date:

"On March 25 a story covering the statement was carried by Reuters on its circuit throughout the Middle East. The Cairo and Alexandria newspapers used the story extensively, giving it page one prominence.

"To amplify the significance of the message, OWI issued the full text of it in French, Arabic and English to its newspaper and magazine lists in the Middle East on March 27.

"OWI also issued in three languages in its news service several commentaries that were made both in Cairo and abroad. On March 26 the statements of prominent U.S. personages were carried. A day later this was followed with editorial comment from the New York Times. On March 30 the OWI news report carried comment by Prime Minister Emmanuel Tsouderos of Greece.

"In addition to covering the press in this area, these news releases went to Egyptian State Broadcasting to be incorporated in their news and language commentary programs.

"As for actually getting the President's appeal into the Balkan countries and Europe, OWI's psychological warfare section was most successful. The full text of the statement

was

was provided to the Foreign Transmissions Division of British PWE and was broadcast as a 'must' in the following languages: Greek, German, Bulgarian, Rumanian, Italian, Czech, Polish and Yugoslav. In addition, OWI supplied the text to Palbase, the British PWE radio operation in Palestine, and to PWB at Bari for broadcast into the Balkans and Europe. On March 24 Palbase carried the full text of the President's statement and an abbreviated version was broadcast on March 25, followed by a recapitulation on April 1 and 2. Broadcasts were in all of the Balkan and Central European languages.

"A special psychological warfare leaflet to be dropped over Hungary now is in on the printing press for early use. And a summary of the statement will be used in a Greek leaflet."

The American Ambassador near the Government of Greece called personally on the Greek Prime Minister, Mr. Tsouderos, who at once issued a declaration supporting the President's statement. The Grand Rabbi of Egypt later called upon Mr. Tsouderos to thank him for his declaration. OWI gave full publicity to this declaration, which was also transmitted to Washington and London for use in further broadcasts and news releases. The Prime Minister's statement was broadcast in Greek by the Greek Government in its weekly broadcast to Greece on March 31 at three different periods during the day. Since no important Yugoslavian officials were in Cairo at the time, no statement could be obtained from them.

MacVeagh

Mikesell:efb

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: April 7, 1944
NUMBER: 988

CONFIDENTIAL

From War Refugee Board to Norweb.

Reference your 932 of March 28, 1944.

Please deliver following message to Joseph Schwartz, representative of the American Jewish Joint Distribution Committee in Lisbon, from War Refugee Board:

"(1) Can you send us immediately estimates of amount of foodstuffs in Spain and Portugal available for International Red Cross feeding programs. (2) Advise Board your personal views concerning building food stocks in Portugal as well as in Switzerland."

cc: Miss Chauncey (For the Sec'y), Abrahamson, Aksin, Bernstein, Cohn DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Loxford, Mann, Mannon, Marks, McCormack, Murphy, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H. D. White, Files

RCC-840

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (SCOO)

Stockholm

Dated April 7, 1944

Rec'd 9:50 a.m.

Secretary of State

Washington

PRIORITY

1181, April 7, 10 a.m.

FOR WAR REFUGEE BOARD.

Swedish Foreign Office states that it will be glad to instruct Swedish Minister Berlin to support on behalf of Swedish Red Cross request for safe conduct of SS TARI. Minister will be instructed to say that request has full support of Swedish Government. Foreign Office wishes to know whether International Red Cross has in fact made request for safe conduct of Germans.

JOHNSON

WSB

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: April 7, 1944
NUMBER: 1151

CONFIDENTIAL

The Department has received from London Kullmann's report of his discussions with you, the Swiss authorities, the Polish Minister, the International Red Cross and representatives of voluntary agencies concerning the attitude of Switzerland towards those who assisted Poles, including Polish Jews, in France to obtain passports issued in the names of Latin-American countries, and the attitude of the German authorities with respect to the persons in enemy-controlled areas holding such passports. This Government is approaching the Latin-American Governments and is urging them on humanitarian grounds to take no action, at least until after the war, to revoke or cancel such passports or to indicate that they are or may be revoked or cancelled or may be considered ineffective or invalid. As you probably know, the Government of Paraguay has already advised this Government and the Intergovernmental Committee that it has not cancelled and is not considering cancelling such passports issued in its name.

There is some hope that Poles, including Polish Jews, holding such passports will continue to receive more favorable treatment than persons who do not. It is this Government's view that any action that might result in endangering their lives or subjecting them to transportation or worsening of their condition should be avoided. It is also of the view that all appropriate action calculated to protect the lives and welfare of these persons should be taken.

Accordingly, you are requested to approach appropriate officials of the Swiss Government and advise them of this Government's views. You should request appropriate officials of the Swiss Government to approach the Germans in an effort to induce them to continue to recognize the validity of Latin-American passports held by persons in Vittel and elsewhere unless the Government in whose name the passport has been issued takes affirmative action to cancel or revoke it or deny its validity. In this connection, Kullman and others report that the Swiss Government has taken legal action against the persons in Switzerland who were instrumental in securing these passports and that the Swiss Government has also undertaken an inquiry regarding the authority of some of the persons who have issued such passports. It is this Government's view, and appropriate Swiss authorities should be so advised, that the validity of the passports in question is not in issue and should not be put in issue.

-2-

by Swiss authorities in the absence of affirmative renunciation by the Latin-American Governments concerned. In any event, it would seem that such action and inquiry might, on humanitarian grounds, if no other, be postponed until after the war, and you should so inform the Swiss Government.

For your information, Kullmann has reported that the Swiss authorities are definite that any approach to the Germans would not only be ineffectual but would do more harm than good. This Government cannot agree with that view. The Department and the War Refugee Board have reasons to believe and are strongly of the view that it is of the utmost importance and can only help persons subject to enemy persecution that German authorities be kept continuously aware that the treatment of Jews and others in enemy-controlled areas is being followed with the closest attention.

Please keep the Department advised of any developments in regard to this situation

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Legation, Bern
 TO: The Secretary of State, Washington
 DATE: April 7, 1944
 NUMBER: 2163

SECRET

US URGENT

A summary of a message to the Union of Orthodox Rabbis from Sternbuch follows. Please refer to my number 1944 dated March 31, 1944.

1. To report on the situation a courier has been despatched by me to Hungary. It is my suggestion that the possibility of arranging an exchange of Jews in Hungary against German civilians from Africa or other Allied occupied territory be examined by you with the Government of America.

2. Aid us in obtaining Vatican certificates, number unlimited. Lists of thousands of families in Hungary could be telegraphed to Jerusalem by me. A certificate is useful in occupied countries for obtaining internment against exchange up to the present time.

3. Southern American passports for ten thousand families would be another possibility for resins. Through the consulates of those countries in Switzerland, passports should be handed to us confidentially. Since the receivers would know that these passports are valid only during war time as a means of saving lives, they (passports) could not be misused. Only to well known Rabbis and other reliable persons would passports be given.

4. Regarding possibilities of rescue I am constantly in touch with Griffel by telegram.

5. To all occupied areas I have extended rescue activities. A courier is now en route with instructions to assist 150 Rabbis and prominent persons although since occupation contact with Lithuania has been interrupted.

The foregoing is signed Pines, Sternbuch, Rosenbaum and Rubinfeld.

HARRISON

DCR:MPL
 4/8/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Legation, Bern
TO: The Secretary of State, Washington
DATE: April 7, 1944
NUMBER: 2173

CONFIDENTIAL

Communication of the following to the Union of Orthodox Rabbis, New York, is desired by Pines, Rosenbaum, Rubinfeld and Sternbuch:

A report that four American citizens and two hundred and thirty four interned South Americans who were the subject of my telegram transmitted through the Department of State (Bern Legation's message number 1994 dated March 31, 1944) were evacuated from the internment camp at Vittel on March 31 to some prison the location of which is unknown, has been received by us. That the Swiss Minister and the Spanish Ambassador in Berlin declined protective offices was also stated in this report. Before it will be too late please intervene with Madrid and Bern.

HARRISON

DCH:MPL
4/8/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 7, 1944
NUMBER: 2180

CONFIDENTIAL

On March 18 the Department's message of March 14, 1944, no. 838, was delivered to Field.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 7, 1944
NUMBER: 2194

CONFIDENTIAL

In the second paragraph of my number 1958 dated March 30 the words "veteran certificates" and also in my number 2163 dated April 7, third paragraph, "Vatican certificates" mean certificates of approval for the permanent immigration to Palestine of individual Jews. The Government of Palestine issued these certificates.

HARRISON

DCR:MPL
8/10/44

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 112

Information received up to 10 a.m., 7th April, 1944.

1. NAVAL

Examination of photographs together with reports from aircraft crews confirm 16 hits on TIRPITZ, three of them from 1600 pound bombs and 8 probable hits. In Northeast ADRIATIC on 4th/5th coastal forces captured two small schooners off MURTEE Island and towed them to port. In attack on homeward convoy northeast of AZORES yesterday two Norwegian ships totalling about 10,000 tons were torpedoed, one sank, other is sinking. One U-boat claimed sunk by escort.

2. MILITARY

RUSSIA. Russians have again tightened the ring around German troops and have captured SKALA. They have broken up German counter-attacks southwest of TARNOPOL, carried out with large tank and infantry forces with object of relieving pressure on encircled Germans. Russians have closed in further on ODESSA from Northwest, North and Northeast. German garrison TARNOPOL still apparently holding out.

BURMA. Japanese have established road block 12 miles North-Northwest of IMPHAL on the IMPHAL-KOHIMA Road. In North BURMA our forward troops are now 35 miles north-northeast of MYITKYINA.

3. AIR OPERATIONS

WESTERN FRONT. 5th/6th. TOULOUSE. Total 493 tons H.E., 108 incendiary including 17 8,000 pound bombs dropped on ~~three~~ aircraft factories and airfield. Marking was good and large fires resulted. Attack considered successful. A/A slight, no fighters.

6th. Escorted Liberators dropped 39 tons on a military construction in Northern FRANCE and Thunderbolts 23 tons on three airfields.

6th/7th. Mosquitoes despatched:

HAMBURG	35 (1 missing)
Northwest GERMANY	14
Intruders	4 (1 missing)

ITALY. On 4th and 5th 10 medium and 243 light and fighter bombers operated over ROME and battle areas.

YUGOSLAVIA. 5th. 103 heavy bombers dropped 159 tons on NIS Railway Centre and 60 tons on communications at LESKOVIK, 55 miles east-southeast VALONA. Two bombers missing.

ROMANIA. 5th. PODESTI. At least 60 enemy aircraft seen shot down, 13 heavy bombers missing.