

PRECISION

TRADE MARK

MICROSTAT

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MICROFILM

ROLL NO.

DIARY

Book 859

June 27-29, 1945

June 27, 1945
11:a.m.

Re: ALTIERI, J. RICHARD

Present: Mr. Pehle
Mr. O'Connell
Mr. C. S. Bell
Mr. Altieri
Mrs. Klots

H.M.JR: I understood from your Congressman that you wanted to see me.

MR. ALTIERI: Yes, sir.

H.M.JR: What about?

MR. ALTIERI: Nothing particular, just to get acquainted.

H.M.JR: Is that all?

MR. ALTIERI: Yes, sir. I have been with you for a couple of years, and I thought I would like to have the pleasure of meeting you and saying hello. There is nothing special on my mind.

H.M.JR: If there is nothing special on your mind, that's that.

MR. ALTIERI: I just wanted to have the pleasure, sir. I have been with you a couple of years.

H.M.JR: Okay. I have a lot to do.

MR. ALTIERI: Thank you, sir. Good luck to you.

H.M.JR: Same to you.

(Mr. Altieri leaves the conference.)

MR. BELL: That's a hot one.

MR. PEHLE: Good for you. I am glad.

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H.M.JR: What did you say?

MR. PEHLE: I am glad.

MR. C.S. BELL: It's good we have a record of this bird.

MR. PEHLE: Oh, he's--

MR. O'CONNELL: It's the funniest thing that has happened to me for a long time.

MR. PEHLE: You caught him off base. That's the answer. (Laughter)

MR. C.S. BELL: You sure got it in the record, a complete interview. (Laughter)

MR. PEHLE: He just wanted to make your acquaintance.

MR. C.S. BELL: There are ninety-three thousand others that would like to come in and meet you, Mr. Secretary, on the same basis.

H.M.JR: I think that's wonderful! (Laughter)

Okay. Well, now, let's go on.

MR. PEHLE: He is a personal friend of yours from now on.

MR. C.S. BELL: John and I have been talking this over a bit.

(Mrs. Klots enters the conference.)

MR. PEHLE: Oh, you missed it.

H.M.JR: I had an interview with Mr. Altieri. This is what happened. I said, "How do you do?" He said, "How do you do?" I said, "Your Congressman said you

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wanted to see me." He said, "Yes, I have worked for you for a couple of years and would like to meet you." I said, "Is there anything else on your mind," and he said, "No." All right?

MRS. KLOTZ: That's very, very funny. That's what you said this morning you would do. I didn't take you seriously.

H.M.JR: Wasn't it three seconds?

MRS. KLOTZ: Did you get up?

H.M.JR: No, he got up. He said that was all he wanted to see me about. I didn't say I was glad to meet him. That's fine. Is that all you have on your mind," I said. He said, "That's all."

MR. KLOTZ: What are you going to do with him, now?

MR. C.S. BELL: John and I feel we should transfer his services to Wallace.

MR. PEHLE: Transfer what?

MR. C.S. BELL: This NYA to Wallace. There is only about one million and a half dollars worth of stuff left. They are fast liquidating. In another six weeks they will be out of business. He thinks it will be so pointed that you might do more damage than good, and I agree.

H.M.JR: You have changed since this morning.

MR. C.S. BELL: John offered a better suggestion.

H.M.JR: I was going to give you a promotion. Give it back to me. I offered you a promotion.

MRS. KLOTZ: He said he couldn't go any higher.

H.M.JR: Yes, but he can go lower. (Laughter) I've got Charlie blushing.

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MR. C.S. BELL: I have got the memo, but I agree with John.

MR. PEHLE: This is the difficulty.

H.M.JR: Yes, yes. He got a promotion this morning. Give it back to me.

MR. C.S. BELL: Well, at first glance, John agreed that we should get rid of this guy.

H.M.JR: You better sit over here. I don't want to miss any signals.

MR. O'CONNELL: I am not giving any.

MR. PEHLE: This is the difficulty.

H.M.JR: Who is the advocate? Charlie came in with a wonderful plan this morning. Now it's no good.

MR. PEHLE: It won't do for this reason: In the first place, the Executive Order as drafted didn't include this stuff. I don't think anybody could easily find it in there over and above receiving agents. Two, you would have to go to Truman and get him to issue a new Executive Order--something to last six weeks. You can't ask the President to do that.

H.M.JR: Charlie didn't say that this morning. He said you can do it.

MR. PEHLE: Joe may not agree with me on the Executive Order, but that's the way we interpret it. This is what the trouble is. The thing this fellow is doing on NYA is not the surplus part of it. What he is doing is working on the confirmation of titles to property that is already in the hands of school districts and educational districts all over the United States--if that stuff doesn't belong to the schools and is surplus. It is being declared surplus

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and Commerce or RFC and whoever it is takes it, so the function you are talking about isn't surplus operations at all. It's a high-bred thing that is just about over, and to go to Truman and ask him to do that just to get rid of a man, it's an awfully big stick.

H.M.JR: Do you agree so far?

MR. O'CONNELL: This is all new to me, but I agree with what I have heard.

H.M.JR: He came in this morning and wanted two minutes. And I saw him. He said, "I have got it all fixed. All you have to do as a friend of Wallace is just let Wallace have this, and Wallace has been calling up and he is scared you are going to do this," and I said, "Charlie, that's such a good idea, I promote you." See, that's the only thing you haven't been in on. I didn't see John. This is the first time I have seen John. He is the one. He is the fellow that you read about who takes one step forward and two back. (Laughter)

MR. O'CONNELL: We are on the down swing at the moment.

MR.C.S. BELL: It was a good idea, anyway, even if it wasn't workable.

H.M.JR: While it lasted.

MR. PEHLE: What can be done? Anything with this fellow will cause trouble, but his job will be over in about six weeks and I think what ought to be done is within six weeks when the job is over there isn't any more job. Now, that will cause trouble, but anything with this guy will cause trouble.

H.M.JR: When you were boss over there why didn't you handle this?

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MR. PEHLE: I did my best to handle it. I went to Civil Service personally and spent an hour with the Commission at your suggestion, Mr. Secretary, and I had Dan call up down there and arrange the appointment, and Civil Service came to him and said, "This is a fine man." They couldn't take the heat.

H.M.JR: Well, why don't we take a lesson from Henry Ford and in six weeks give this fellow his vacation and move the partitions. When he comes back there is no desk, no room.

MR. O'CONNELL: Who is a supporter of this fellow other than Compton White?

MR. PEHLE: Mills called me once about him but I talked to Mills. Mills is a reasonable guy. I don't know who else.

MR. C.S. BELL: Taber.

MR. PEHLE: Taber would never call.

H.M.JR: I disagree with Charlie Bell. I did my homework on this. You said the only thing you had against him was he didn't go to the University of Columbia. You have got all kinds of cases against him in Westchester County.

MR. PEHLE: You have, but the difficulty is if you prefer charges and try to prove all those things, he gets Leo Rover, who is ex-United States Attorney, here and you go on forever.

H.M.JR: Can I, when his job is finished in six weeks, say I don't need the man's services any more?

MR. C.S. BELL: You can, but it will bring a deluge of requests from the Hill down here.

H.M.JR: I don't think so.

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MR. O'CONNELL: At least you have a perfect right to do it.

MR. PEHLE: You have a justifiable right.

H.M.JR: Can't you, in six weeks, get something on the fellow?

MR. PEHLE: That's what we are working on.

MR. C.S. BELL: Lane is active on that two hundred thousand dollar case.

MR. PEHLE: Do you know what this fellow did? I don't know whether this is in the record, but what he did was handle a matter himself involving Congressman Taber, and went to Congressman Cochran, who is Treasury's friend down there, and said, "You ought to look into this matter because the Treasury favored Taber," and he was the one that handled it.

H.M.JR: Someone told me on the Taber thing they got the Taber thing handled to Taber's satisfaction.

MR. O'CONNELL: John talked to him.

MR. PEHLE: I talked to him and to Cochran and Cochran was satisfied, but that phase of the matter is all over.

H.M.JR: I would say this, unless you boys think otherwise. I would work like hell--whose job is that--to see if you can't get something?

MR. PEHLE: Lane is working on it.

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

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

H.M.JR: Does he need any help?

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MR. C.S. BELL: He is using a number of fellows on it already.

H.M.JR: I would work like hell! Who watches this fellow now?

MR. C.S. BELL: Bob LaFevre--he is under direct supervision of LaFevre.

H.M.JR: Did you talk to Cliff Mack?

MR. C.S. BELL: To all of them.

H.M.JR: Cliff is a pretty good investigator.

MR. C.S. BELL: We had Cliff over this morning.

H.M.JR: See what you can do in the next six weeks, and say his work is finished, and on the basis of economy eliminate the job.

MR. C.S. BELL: He is a veteran of World War I, and he has certain rights as a veteran. I am afraid that would wash out.

H.M.JR: That would wash him out when his job is finished.

MR. C.S. BELL: Yes, sir. He would have claim on other jobs in the Procurement Division.

MR. PEHLE: They haven't any other jobs.

MR. O'CONNELL: Only if there is a vacancy.

H.M.JR: You have six weeks to think it over.

MR. C.S. BELL: Ted Wilson is willing to write a letter firing him, and has written a letter, and I haven't permitted him to send it out.

H.M.JR: In the next six weeks work out some way to let the fellow go.

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MR. C.S. BELL: Mr. Secretary, this might work. White called Cliff last night, I think at home, and told him he had another job for this fellow and to improve his efficiency rating, which was fair, as you saw, and that he would have him transferred. That has occurred three times within the last six months. The fellows on the Hill, have found other jobs for him, one with Commerce, under Solicitor, one with RFC, and still another.

MR. O'CONNELL: What happened?

MR. C.S. BELL: We checked on it and found these fellows wouldn't have him. The minute they start an investigation of their own they cool off, because he has a bad record, but you might make a deal with White, if it is only White, that you will carry this-- you will improve this man's efficiency rating, one, so that he can get another job. That stops him now. And two, you have got to give him a letter that his services are no longer needed after August 1st or August 31st. Give him another sixty days to find another job.

H.M.JR: I am not for improving efficiency ratings. I won't do that.

MR. C.S. BELL: He will never get another Government job on that efficiency rating.

H.M.JR: I want to fire him, and they will say, "Why did Morgenthau improve his efficiency rating?"

MR. O'CONNELL: I wouldn't touch that, Charlie.

H.M.JR: In the meantime, I had a wonderful time.

June 27, 1945
12:02 P. M.

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HMJr: Hello.

Mr. Ted
Gamble: Hello, Mr. Secretary.

HMJr: Ted, I just got before me a very good cartoon about my work on the black market.

G: Yes.

HMJr: Omaha, Nebraska paper.

G: Yes. The Omaha Bee?

HMJr: No, it is Omaha Morning World Herald.

G: World Herald.

HMJr: Yes. I wondered if your boys had been doing anything.

G: Well, I -- it is conceivable that they have, Mr. Secretary. I'll check - I don't think it would have been felt that soon. I suspect this was something that was done on its own.

HMJr: Well, would you inquire?

G: Yes, sir.

HMJr: ...and let me know.

G: Yes, I will.

HMJr: Now, you're leaving tonight?

G: Yes, but not until midnight. I'll be here all day and all through the early evening.

HMJr: I see. Well, I've only got three things to do tonight. Frances Perkins' dinner, a broadcast, and for some reason there is a reception by Forrestal. I don't know what it is all about.

G: (Laughs) I'll be darn. Maybe he has Nimitz here.

HMJr: That's what I thought.

G: Yes.

HMJr: I thought it was for Nimitz.

G: That's probably what it is.

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HMJr: Yeah.
G: All right, sir.
HMJr: Right.
G: Thank you.

Mr. Ted
Gamble:

HMJr:

G:

HMJr:

G:

...sent in here which was a very good promotion.

Yeah.

And I've drafted a wire to go to Marshall Field.

Yeah.

Saying the Illinois War Finance Committee has sent me a copy of the Chicago Sun's E Bond promotion page from your June 25th issue. I wish to compliment you and thank you for this outstanding evidence of support in the job which we are all trying to do. I've been aware of the continuous good support we've had from you in the vital task of properly financing the war. To go to Marshall Field from you.

HMJr:

O. K.

G:

Is that all right with you?

HMJr:

Fine.

G:

Did anyone tell you what the President is going to talk about tonight?

HMJr:

No.

G:

He is going to announce that Stettinius' resignation is effective today, that Byrnes is to be the new Secretary of State, and that Stettinius is to be made the permanent head of the World Security Organization.

HMJr:

I see. You got that straight, eh?

G:

That's what I understand - at five o'clock he's going to say.

HMJr:

I see.

G:

I thought you would be interested in knowing that.

HMJr:

Yeah. We've all been guessing around here.

G:

Yes. Well, that is what it is supposed to be.

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HMJr: Well, I don't consider that the most important announcement he's made.

G: (Laughs) No, I don't either. Of course, that's - the newspaper people may have given it that twist, you know. He may not have said just that.

HMJr: You got that pretty straight, eh?

G: I'll tell you how - who I got that from. I got it from Fox Movietone news. I was talking to them on another matter and they told me in confidence that that was the score, and apparently they've taken a newsreel shot or something, so they know about it.

HMJr: Well, I don't think the world will crumble at that.

G: No, I don't think it will either. (Laughs) I didn't think it was such world-shocking news.

HMJr: No.

G: All right, sir.

HMJr: I'm disappointed. I thought it was something else.

G: Yes, well, I thought it was something to do with Japan.

HMJr: Yes, that's what we all thought around here. That would have been important.

G: That would have been really important.

HMJr: Yeah.

G: All right, sir.

HMJr: Thank you.

G: Thank you.

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HMJr: Morgenthau talking. Senator, at your convenience anytime tomorrow, I'm ready to talk to you about that situation of agent in charge.

Senator McKellar: Yes.

HMJr: If you suggest a place where we could meet, I'd be glad...

M: Well, I see that it is going to be a pretty busy day tomorrow. Will it go until Monday?

HMJr: It can go over to Monday.

M: All right, sir, I'll see you Monday. I'll come by and see you Monday morning.

HMJr: Would you say about what time?

M: Oh, about 9:30 or 10 o'clock.

HMJr: I'll be looking forward to seeing you.

M: All right.

HMJr: Thank you.

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June 27, 1945
3:25 p.m.

INTERNAL REVENUE

Present: Mr. O'Connell
Mr. Pehle
Mr. Oliphant
Mr. Numan

H.M.JR: I'm sorry to tie you all up. What the hell is this meeting for?

MR. PEHLE: Well, you remember, Mr. Secretary, I raised this issue of--

H.M.JR: Oh, I know.

MR. PEHLE: ...Congressional deductions. In the meantime Congressman Robertson--

(Discussion off the record.)

MR. PEHLE: In the meantime Congressman Robertson has written you a letter, or written the Commissioner a letter--

MR. O'CONNELL: He wrote the Commissioner, I think.

MR. PEHLE: ...raising the issue in a little different way with regard to twenty-five hundred dollars that the Congressmen recently voted for themselves in the House, which is a somewhat different issue, but the letter that the Bureau has prepared in reply answers both of them, both the issues, and the one on the deductions, in what I consider to be the wrong way. As a matter of policy, I think final analysis of the issue, as I understand it, is this: That the Internal Revenue Code provides there should be allowed as deductions all ordinary and necessary expenses paid or incurred during the taxable year in carrying on a trade or business, including travel expenses, and including the entire amount expended for meals and

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lodging while away from home in pursuit of a trade or business. The Bureau concedes that the words "trade or business" include performance of functions of public office.

MR. PEHLE: And thus Congressmen would be entitled to deduct meals and lodging while in Washington if they were away from home. But, based on the Board of Tax Appeals case that came up in 1936, the Bureau has ruled that Congressmen while in Washington are not away from home. Now, that's the simple statement of the proposition.

MR. O'CONNELL: The Bureau regulation preceded the Tax Court decision and a Congressman questioned our ruling that a Congressman was not away from home in Washington, and the Tax Court held the Bureau regulation was right.

H.M.JR: What is the status of the legislation now?

MR. PEHLE: The legislation merely provides for twenty-five hundred dollars additional expenses, and when the House passed it--and it's just for the House--when the house passed it, in the Committee Report there's some ambiguous language, which probably meant that the Committee thought that twenty-five hundred dollars was exempt because it was not income, but within the Bureau's method of operation it would be income. The real question is whether you can deduct expenses whether twenty-five hundred or five thousand. Now, the Bureau at the same time has ruled in the case of State legislators in two States that they are entitled to deduct, basing it on the somewhat tenuous ground they are only there for a short time. Now, my contention is that here's a case where the Congressmen should be entitled to deduct the expenses. They are required to keep their ties with home. Members of the House can only know they are going to be here for two years. They are subject to heavy expenses anyhow and it only makes good sense for the Commissioner--for you--to rule that they are not at their home when they are in Washington. They are away from home. They are not Congressmen from Washington, but from California, and they ought to be able to deduct meals and lodging while they are here. Obviously, it

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would be a good political move, but apart from that it's fair and just.

H.M.JR: What do you mean?

MR. PEHLE: Congress would appreciate not having to legislate themselves tax deductions. To ask them to--

H.M.JR: Is that what they're proposing to do?

MR. PEHLE: That's one of the suggestions. The Senate hasn't given themselves anything, Mr. Secretary, it's just the House, and the House twenty-five hundred dollars--they are fully entitled to that, I think, on additional expenses, apart from this question. The real question is whether they can deduct, as a traveling salesman can, as a lawyer who comes to Washington, even if he stays six months, can deduct his living expenses and his meals, as a dollar-a-year man can when he's in Washington.

H.M.JR: I don't know how Joe Kennedy got away with it, but when he was here he hired a house on the Potomac River and he called that his office, and he was Head of the Maritime Commission. The Bureau allowed him to take that deduction, the entire expense of his house on the Potomac.

MR. O'CONNELL: I think that's right, and I think that has been done, and it's been ruled generally with respect to other people, dollar-a-year men who have been here, left a home and maintained a home where they were and came down on a dollar a year basis, or--

H.M.JR: I know, but he took a salary as Maritime Commissioner.

MR. O'CONNELL: The rule would be the same whether he was on a dollar a year or a salary basis, but in any event that has been done.

H.M.JR: A dollar-a-year man or whether he gets ten thousand dollars a year--why wouldn't it be true for a Congressman?

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MR. O'CONNELL: The difficulty is that--I agree with John, if this were a matter of first impression, if we were called upon at the outset to decide what the phrase in the statute means, that I would be inclined to believe that the better construction of the statute would be a Congressman is away from home when he's in Washington. Unfortunately, twenty years ago, or sometime, the Bureau took a different position. The Tax Court of the United States sustained the position and took the position that the Congressman's post of duty is in Washington, and that means his home within the meaning of section twenty-three of the Code. That decision has never been appealed from. The Bureau has been following it ever since and I have great difficulty in seeing that it's advisable for us in the face of that--that's the only expression we have of the law as far as Congressmen are concerned.

H.M.JR: I'm thoroughly familiar with it. Excuse me for interrupting you. I know where you stand. I don't know where the Commissioner stands.

MR. NUNAN: Six or eight months ago I appeared before the Ways and Means Committee. At that time one or two members brought this problem to me and this proposition. As a matter of fact, Happy Chandler called me himself, personally, and asked me about it. So, I said I'd look into it, and I sat down with Cann and Wenchel. We went into it very carefully and we were also faced with the Lindsay case, who was the Congressman who brought the case to the Tax Court long before I was Commissioner. The Tax Court held that when a man was elected to Congress then his home was Washington and he was not entitled to deduct any expenses while he was here. That case hit us right in the face.

H.M.JR: Is that the twenty-year old case?

MR. NUNAN: When Guy Helvering was Commissioner that was the ruling and the Tax Court affirmed it. I took Cann and Wenchel and we met with the Committee from Congress, including Mr. Jere Cooper and maybe six other Congressmen, and I sat for two hours one

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morning in their room and explained it to them. I said I was most sympathetic, I would like to rule expenses could be deductible, but here was the Lindsay case, and I thought I would be severely criticized, and so I would, in the face of the facts in the Tax Court, if I said they could deduct their expenses. I said, "What we'll do is this: As long as the Tax Court has ruled that this is your home and you can't deduct expenses, if you, Mr. Doughton, should go to Carolina on a trip, we'll allow you to deduct those expenses while you're in Carolina, figuring if this is your home you can take that off." Most all of them, except the Clerk of the Committee, were in agreement with this--it would be a mistake, and we were doing the right thing in view of that decision. Then came the Flowers case, which would seem to overrule the Lindsay case. When we got the Flowers case I sat down with Wenchel and Cann and said, this may give us a reason to reverse ourselves. Before we could do it, along came the Barnhill case. The Barnhill case went right back to the Lindsay case and at the present time the Attorney General's Office is petitioning the Supreme Court--because both of these were Circuit Court decisions--in the Flowers case, to go to the Supreme Court and get their interpretation of it, and in view of the fact I've sat down with these men from Congress, they are more or less in agreement with the fact we're faced with the Lindsay case. If we reverse our position now, and the Supreme Court affirmed the Lindsay case, we'd be in a very delicate position. I'm as sympathetic as anybody else, and I'd love to do it for Congress and the Senate, but at the present time, in my opinion, it would be a mistake to do that.

MR. PEHLE: Mr. Secretary, I'd like to answer that. The Flowers case involves a business man, a lawyer who was General Counsel for a railroad. While he was General Counsel for the railroad he elected to stay in one place and be General Counsel for a railroad some place else. The other case involves a Judge in North Carolina who probably never had a real home or claimed he had to be elected from that district, and that's probably the basis for it. The Supreme Court in the Flowers case has nothing to do with Congressmen.

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It's easy, it seems to me, for the Bureau and for you to distinguish these Congressional cases. That's not the situation.

MR. NUNAN: How do you distinguish the Lindsay case?

MR. PEHLE: That's easy.

H.M.JR: May I interrupt? You people are getting very legal. I tell you whom I'd like to ask if he'd be willing to do this, and don't all say no. Who was the legislative tax lawyer in the Treasury who is now over in the Board of Tax Appeals?

MR. O'CONNELL: He was never--

MR. OLIPHANT: The Assistant General Counsel who handled legislation? Clarence Oppen.

MR. PEHLE: He's terribly legalistic.

MR. O'CONNELL: By that token I ought to be for it, but I'm not.

MR. PEHLE: If you want a policy thing, I think the thing to do is talk to somebody influential down on the Hill.

H.M.JR: He has done that.

MR. PEHLE: We were talking to him then on the basis of defending a certain position. As far as the Lindsay case is concerned, that's the Board of Tax Appeals. It's ten years old. It's the lowest Court.

H.M.JR: I'm not going to decide this. The Commissioner did talk to these people. There's no pressure on us to change.

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MR. O'CONNELL: That's true, John. There's no pressure.

H.M.JR: Nobody is saying our position is unreasonable?

MR. PEHLE: A lot of people have said it, but they've been talked out of it.

MR. O'CONNELL: I mean the proof.

MR. PEHLE: I think here's a case the Treasury can get some good will on.

MR. NUNAN: I agree. I'd love to do it if you can do it consistently.

MR. PEHLE: Of course you can do it.

H.M.JR: Tell you what; we went to Judge Knox on something. You think of somebody that you people can agree on that we could put this thing before legally, see? I'm not a lawyer.

MR. O'CONNELL: You suggested Randolph Paul to me once, but I was against that, but I'm willing to think of him, or--

H.M.JR: No. I was thinking of somebody--no, I wouldn't--some judge. We went to Judge Knox, got Paul to do that in some case.

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MR. NUNAN: What about one of the Hands?

MR. O'CONNELL: We went to Hand on two other subjects. I like Learned. He is a fine fellow.

H.M.JR: If he would listen to this--he said he would. He gave us all the time in the world, and his decision was a good one.

MR. O'CONNELL: There were two cases. One was the Lewis Case. Randolph talked to him at your request on the Lewis Case, and in connection with this disclosure of information to SEC. And I think there was a third one. He overruled the General Counsel, and he said he thought the Judge here in the District handed out a terrific one, but in view of the fact that he hadn't gone against it--

H.M.JR: What do you boys think about putting this before Judge Learned Hand?

MR. NUNAN: I think it would be a great thing.

H.M.JR: He is an outstanding person.

MR. PEHLE: Here is a policy question I think you ought to decide.

H.M.JR: No, I won't decide it.

MR. NUNAN: I can't agree with you on that, because if the Secretary and I would issue a statement--I am thick, and I can take it, but the newspapers are going to criticize you terribly for flaunting the only case that is right on all fours in the Tax Court. That is what they are going to do.

H.M.JR: Now, look, I am very much in the Commissioner's corner. It might be good, but I think the public relations angle--

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MR. PEHLE: That is the thing to consult somebody on, the public relations angle, not somebody on the legal angle.

H.M.JR: Look, I have got to stop. Is there any doubt in your mind as to their legal position?

MR. PEHLE: You can go either way.

H.M.JR: You say you can go either way.

MR. O'CONNELL: In terms of absolute power, yes.

H.M.JR: The last time I asked to see Judge Learned Hand he was up in the mountains, but he was willing to come down. He couldn't have been nicer. There isn't a more able fellow in the business, so if John says you can go either way and it is agreeable to the Commissioner, let's put it up to Judge Learned Hand.

Oh, yes, I know Eddie Greenbaum--

MR. PEHLE: What does the General think about it?

H.M.JR: This? I don't know. I didn't ask him.

MR. PEHLE: You didn't?

H.M.JR: No, it takes too much time, and he is overworked.

MR. NUNAN: Another man who would give you a great opinion is Irving Lehman.

H.M.JR: Well, I don't want--Mrs. Lehman would be on my neck for bothering him during the summertime. (Laughter) I can't take that, but I think that Learned Hand--I tell you what I like about Learned Hand. He went on and kind of ad libbed and was very free, and--were you in on that?

MR. O'CONNELL: No, I met him after one of his sessions. He is a fine fellow; I like him.

H.M.JR: Let's ask him. Let's put it up to him.

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MR. PEHLE: That is better than closing it.

MR. O'CONNELL: One thing--this will just take a second, but I think it is important to know that when Joe went up on the Hill, or to go before that, Joe's initial reaction to this situation was exactly where you stand now.

MR. NUNAN: That is true.

MR. PEHLE: I think he is still that way, but people tell him it is a terrible thing to do.

MR. NUNAN: Aside from that, I met some Congressmen that were against it, and I said, "If I do anything it will have to be with unanimous consent of the Senate and House, because there are some legislators who are against it."

H.M.JR: Let me tell you what happened on this thing here--

MR. NUNAN: In Tennessee.

H.M.JR: I asked Bob Hannegan's advice, and he looked over this thing. I asked him what he thought about taking on McKellar. He said, "He is the meanest fellow in the business," but Bob said, "This isn't political; it never has been political, and I wrote a letter to that effect to McKellar." I don't know whether you have a copy of that or not.

MR. NUNAN: I have a copy of the letter Hannegan sent to McKellar.

H.M.JR: You might send it to me; it might be helpful. I said we had talked it over, and I told him your first choice would be Beasley and on second thought that you had made the suggestion of putting in Hale as assistant, and making Richardson Agent in Charge. Bob liked that.

MR. NUNAN: No, I think you will find that Cann's first choice--

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MR. O'CONNELL: You suggested yesterday, just as a--

MR. NUNAN: The first choice was Hale, and Hale would be the Assistant.

H.M.JR: I told him that Richardson was Assistant in Charge now, and you suggested making him Agent in Charge and making Hale Assistant in Charge. That was your suggestion.

Well, Bob says, "I think that is fine," and he said I could quote him as saying so, that he would support me on that. So I called up McKellar this afternoon, and he said, "I am ready to discuss this. When can we meet, tomorrow?"

I said, "Any time. You suggest the time and place."

He said he was very busy and wanted to know if I would wait until Monday.

I asked him why, and he said, "I will drop in to your office between nine-thirty and ten Monday morning."

MR. NUNAN: Mr. Secretary, not to complicate it, that is all right with me.

H.M.JR: That was your second suggestion.

MR. NUNAN: That is right, but now I am just thinking again, and I am standing back of that and going along with it, but could we by any chance crack at both Bankhead and McKellar by taking Beasley who is well qualified for the position and making him the top man and Hale his assistant?

MR. O'CONNELL: You mean put Hale into the same job?

MR. NUNAN: The same job we are talking about under Richardson, Assistant Agent in Charge, but take Beasley, Bankhead's man, who is well qualified for it, and make him in charge.

MR. O'CONNELL: Leave Richardson as Assistant Agent in Charge.

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MR. NUNAN: We couldn't do that.

H.M.JR: You have to move Richardson, and you couldn't.

MR. NUNAN: You have to do that, and you couldn't.

MR. O'CONNELL: You might make another suggestion.

MR. NUNAN: You couldn't do that; I withdraw it.

H.M.JR: I think your second suggestion was better than your third.

MR. NUNAN: Yes, sir, I withdraw it. You couldn't do it.

H.M.JR: I didn't realize that Mr. Hale had been Collector of Internal Revenue.

MR. NUNAN: He was. Wes Hensley was in the Navy.

H.M.JR: After all, I showed Gaston this thing. I don't think that the whole Bureau is going to collapse if you take a man who was Collector of Internal Revenue for two years and who also was Chief Field Deputy and make him Assistant Agent in Charge.

MR. O'CONNELL: Assistant isn't so bad, but it would be pretty awful to make him Agent in Charge. Assistant is not so bad.

H.M.JR: I don't see anything so bad with that, do you?

MR. NUNAN: No, sir.

H.M.JR: I am going to take McKellar on. You might reserve an ambulance for me for Monday morning.

MR. NUNAN: I would do some rounds around Lafayette Park Sunday night.

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H.M.JR: I asked Bob Hannegan how he felt about Herbert Gaston looking after political things here, and he said that Herbert was very fair and completely acceptable to him.

MR. NUNAN: Yes, sir.

H.M.JR: So I will handle this one, because I think I have got to do it myself, but some of the other ones, if they come along, I am going to give them to Herbert. But on this one I think I will see McKellar all by himself so he doesn't have to show off in front of anybody.

MR. NUNAN: That is all right.

H.M.JR: But we will continue as we have in the past, and when some political row comes up I will let Herbert handle it as long as he is acceptable to Hannegan.

MR. NUNAN: Yes, sir.

MR. O'CONNELL: I am sure you realize that this move may very well not satisfy McKellar because it isn't a better job than the fellow has in terms of pay, but it puts him in the Revenue service.

H.M.JR: I appreciate that, but at least if McKellar wants to go to bat with me, say, the only place he can go to bat with me is with Truman and with Hannegan. Hannegan says this is fine, see. And Hannegan is always--that is why I want that letter, please. Hannegan says this has never been done before, and I would say to McKellar, "This is the first time it has been done in Treasury, and I am only doing it for you. It has never been done before in the history of the Treasury." And so if he goes to Truman and raises hell, then Truman will call up Hannegan and Hannegan will say, "I recommended that to Morgenthau."

I mean, I have taken the time and trouble, and I think I am on safe ground.

MR. NUNAN: I will send that letter over this afternoon.

H.M.JR: Don't you think so?

MR. NUNAN: Yes, sir.

H.M.JR: But have an ambulance ready for me.

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27 JUN 1945

Dear Dr. Kung:

I am informing the War Department that we have successfully terminated the negotiations with respect to U. S. Army yuan obligations in China for the last quarter of 1944. The terms of the settlement of these negotiations, as agreed upon at our conference on last Friday afternoon, June 22, are as follows:

1. The War Department shall transfer to the account of the National Government of China or the account of such agency of the National Government of China as the National Government of China designates a sum of the National million U. S. dollars (78845 million) in settlement for all U. S. Army obligations in China for the period October 1, 1944, to December 31, 1944, amounting to the sum of eight billion forty-two million eight hundred ten thousand five hundred sixty-three Chinese National dollars (CN\$8,042,810,563).
2. This settlement does not include any yuan expended by the Government of the Republic of China for board and lodging of American armed forces in China. Such sums will be credited to the National Government of China as reciprocal aid under Article VI of the Mutual Aid Agreement of June 2, 1942 at the request of the National Government of China.
3. It is understood that counterclaims may be made by the U. S. Treasury for reimbursement in U. S. dollars for expenditures by the U. S. Army on behalf of China for which deductions were not made at the time of settlement. Reimbursements for such counterclaims will be made by China at rates corresponding to the rates of settlement covering the periods of time during which the expenditures were actually made.

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I am pleased to express to you at this time my appreciation for the fine spirit of cooperation you have always shown in your relations with the Treasury. I am sure that you will continue to do all possible to strengthen the bonds of friendship between our two countries.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 27,
1945

TO Secretary Morgenthau
FROM J. W. Pehle

On Tuesday, June 26, I left with Mr. Reams of the State Department a memorandum, copy of which is attached, dealing with the Jews located in the SHAEF zone of Germany. Mr. Reams promised to bring the matter promptly to Mr. Grew's attention. Mr. Reams is to see if a cable, based on this memorandum, cannot promptly be sent to Mr. Murphy.

I also took an identical memorandum over to Mr. McCloy and discussed it with him. Mr. McCloy was in agreement with the memorandum and said that he would take immediate action on the suggestions made.

I will follow this matter up with both the State and War Departments.

J. W. Pehle

JUN 26 1945

MEMORANDUM

The interested American public is becoming gravely concerned over the plight of approximately 100,000 Jews located in the SHAEF zone of Germany. While from all reports the Army has done a very creditable job on the repatriation of displaced persons, these Jews are for the most part non-repatriables. Apparently, most of them are still living in the concentration camps where they were found by the Allied Armies.

These human beings are the survivors of those who suffered most and longest from the systematic German persecutions. Because of their long sufferings and unknown futures they are necessarily on the verge of mental as well as physical collapse. While it is clear that it will take some time to solve the problem of their ultimate resettlement, steps should be taken now to bring about their mental and physical rehabilitation.

The following suggestions are made toward this end:

- (1) Those who desire to be cared for by the Allied military authorities, should be removed as soon as possible from the concentration camps, the scenes of their great misery and torture where relatives and friends were killed before their eyes, to Displaced Persons Centers which can be established in other areas from which the German population can be evacuated. It is understood that this system was used with considerable success in Italy where whole towns were evacuated for refugees. Persons who are able and willing to take their chances with the rest of the population should be free to leave these centers at will.
- (2) Adequate food supplies should be made available. The long period of privation which these people survived has left them in a deplorable physical condition. Their rehabilitation to normal living requires adequate and good food at once.

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Since, according to most estimates, German surpluses of food will not last long, the food supplies for displaced persons remaining in the Centers should be supplemented by food brought from outside Germany by the military authorities.

- (3) The children of this group, many of whom cannot remember any life outside Nazi concentration camps and who need immediate and special care, should be removed from these camps as soon as possible to temporary refuge in nearby countries ready and willing to receive them. Switzerland, Sweden, France and England are said to have offered to accept several thousand of these war orphans.
- (4) A system of communication should be established as soon as possible to permit these people to send and receive personal messages. The complete segregation of these people from families and friends for so many years makes the availability of communication facilities a vital morale factor in their rehabilitation. Until these persons can write to their friends and relatives it will be difficult to convince them that they have been liberated and are no longer enslaved.

J. W. Pehle
Assistant to the Secretary

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 27, 1945

TO Secretary Morgenthau

FROM Mr. White

For Your Information

Attached is the political directive for Austria which has been given final clearance by the President's Informal Policy Committee on Germany.

Economic and financial directives have also been cleared through the Working Committee of IPCOG and will soon be presented for final clearance. The three documents taken together will constitute the basic U. S. policy applicable during the occupation of Austria.

You will recall that at the Moscow Conference it was declared that the governments of the UK, USSR and the US "wish to see reestablished a free and independent Austria". Subsequent conferences have developed a basic plan for an occupation of Austria by the UK, USSR, France and the US. A central Governing Body will be established in Vienna.

The main features of the political directive, which is designed to govern the actions of the American commander in the Governing Body and in his own zone, are as follows:

1. In keeping with the general tone of the Moscow Declaration, Austria will to some extent be treated as a liberated, rather than conquered, area.
2. A complete denazification program, however, identical to that prescribed for Germany, will be carried out in Austria. This program will also be applicable to pre-Nazi fascists, such as Schuschnigg and his followers.
3. Austria will be separated from Germany, both politically and economically, and steps will be taken to assist the Austrians in the establishment of democratic institutions and forms of government.

Assistant Secretary of the Treasury

Date July 4, 1945. 19

To: Mrs. McHugh

The Secretary may be interested in glancing at this. If he isn't, just file it.

H.D.W.

Mr. White
Room 313h

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9 June 1945

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INFORMAL POLICY COMMITTEE ON GERMANY

DIRECTIVE TO COMMANDER IN CHIEF OF U.S. FORCES OF OCCUPATION
REGARDING THE MILITARY GOVERNMENT OF AUSTRIAReferences: a. SWNCC 119/D
b. JCS 1369 as amended

Note by the Secretaries

The enclosure, the basic and political portions (Part I) of a draft directive to the Commander in Chief of U.S. Forces of Occupation Regarding the Military Government of Austria, has been prepared by the Subcommittee for Europe of the State-War-Navy Coordinating Committee and is circulated for consideration by the Informal Policy Committee on Germany. Representatives of the Treasury Department and the Foreign Economic Administration collaborated in the preparation of the directive. The Joint Chiefs of Staff have considered the enclosure and have advised the State-War-Navy Coordinating Committee that they perceive no objection to it from the military point of view provided paragraph 8 d of the Directive is amended to read as follows:

"d. You will seize or destroy all arms, ammunition and implements of war, including all aircraft, military and civil, and stop the production thereof."

The State-War-Navy Coordinating Subcommittee for Europe submits the following comments with respect to the enclosure:

a. The draft directive follows substantially the provisions of Part One of the Directive for Military Government of Germany. Such changes as have been made result from the different political objectives of the two occupations.

b. It would be inadvisable to postpone the issuance of the basic and political portions of the Austrian Directive (Part I) until the details of the economic and financial sections are agreed upon by the interested agencies of the Government.

c. It is requested that the Joint Chiefs of Staff be notified when the enclosure has been approved.

CHARLES W. MCCARTHY

ALVIN F. RICHARDSON

RAYMOND E. COX

Secretariat

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COPY NO. 63

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ENCLOSURE

May 12, 1945

DIRECTIVE TO COMMANDER IN CHIEF OF US FORCES
OF OCCUPATION REGARDING THE MILITARY
GOVERNMENT OF AUSTRIA

1. The Purpose and Scope of this Directive:

a. This directive is issued to you as Commanding General of the United States forces of occupation in Austria. As such you will serve as United States member of the Governing Body of the Allied Administration and will also be responsible for the administration of military government in the zone or zones assigned to the United States for purposes of occupation and administration. It outlines the basic policies which will guide you in those two capacities after the termination of the combined command in Austria. Supplemental directives will be issued to you by the Joint Chiefs of Staff as may be required.

b. As a member of the Governing Body you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Governing Body agreement, you will follow them in your zone. It is anticipated that substantially similar directives will be issued to the Commanders in Chief of the United Kingdom, the Union of Soviet Socialist Republics, and French forces of occupation.

c. In the event that recognition is given by the four governments to a provisional national government of Austria, such government should be delegated authority in appropriate matters to conduct public affairs in accordance with the principles set forth in this directive or agreed upon by the occupying powers. Such delegation, however, shall be subject to the authority of the occupying powers and to their responsibility to see that their policies are in fact carried out.

d. Any provisional national government of Austria which is not recognized by all of the four Governments of the occupying powers shall not be treated by you as possessing any authority. Only individuals who recognize your supreme authority in your zone will be utilized by you in administration.

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PART I
GENERAL AND POLITICAL

2. The Basis of Military Government:

a. The rights, power and status of the military government in Austria prior to the unconditional surrender and total defeat of Germany, were based upon the military occupation of Austria and the decision of the occupying powers to reestablish an independent Austrian state. Thereafter the rights, powers and status are based, in addition, upon such surrender or defeat. The Text of the Instrument of Unconditional Surrender of Germany published as a separate document has been made available to you. You will assure that the policies set forth in that Instrument are carried out in your zone of occupation insofar as they are applicable in Austria even though the defeat of Germany is not followed by a formal signing of the Instrument.

b. Subject to the provisions of paragraph 3 below, you are, by virtue of your position, clothed with supreme legislative, executive, and judicial authority in the areas occupied by forces under your command. This authority will be broadly construed and includes authority to take all measures deemed by you necessary, appropriate or desirable in relation to military exigencies and the objectives set forth in this and other directives.

c. You will issue a proclamation continuing in force such proclamations, orders and instructions as may have heretofore been issued by Allied Commanders in your zone, subject to such changes as you may determine. Authorizations of action by the Supreme Allied Commander, Mediterranean, or by the Supreme Commander, Allied Expeditionary Force, may be considered as applicable to you unless inconsistent with this or other directives.

3. The Governing Body and Zones of Occupation:

a. The four Commanders in Chief, acting jointly, will constitute the Governing Body which will exercise supreme authority in Austria. The United States proposal for an agreement on the organization of the Control Machinery in Austria published as a separate document has been made available to you. When approved by the occupying powers, the text of the agreement on Control Machinery in Austria

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will be furnished you. For purposes of administration of military government, Austria will be divided into four zones of occupation. When the occupying powers have agreed upon the zones of occupation in Austria, the text of the protocol in that regard will be furnished you.

b. The authority of the Governing Body to formulate policy and procedures and administrative relationships with respect to matters affecting Austria as a whole will be paramount throughout Austria. This authority shall be broadly construed to the end that, through maximum uniformity of policy and procedures throughout Austria, the establishment of an independent Austrian Government may be accelerated. In your capacity as a member of the Governing Body, you will seek maximum agreement with respect to policy and maximum uniformity of action by the Commanders in Chief in their respective zones of occupation. You will carry out and support in your zone the policies agreed upon in the Governing Body. In the absence of such agreed policies you will act in accordance with this and other directives of the Joint Chiefs of Staff.

c. The Governing Body should cooperate with the Control Council in Germany in effecting the severance of all political and administrative connections between Austria and Germany, and the elimination of German economic and financial influences in Austria. You will in every way possible assist the accomplishment of this purpose.

d. The Governing Body should adopt procedures to effectuate, and you will facilitate in your zone, the equitable distribution of essential commodities between the zones. In the absence of a conflicting policy of the Governing Body, you may deal directly with one or more zone commanders on matters of special concern to such zones.

e. Pending the formulation in the Governing Body of uniform policies and procedures with respect to travel and movement of persons to and from Austria, no persons shall be permitted to cross the Austrian frontier in your zone except for specific

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purposes approved by you.

f. The military government personnel in your zone, including those dealing with regional and local branches of the departments of any central Austrian administrative machinery, shall be selected by your authority except that liaison officers may be furnished by the Commanders of the other three zones. The respective Commanders in Chief shall have exclusive jurisdiction throughout the whole of Austria over the members of the armed forces under their command and over the civilians who accompany them.

4. Basic Objectives of Military Government in Austria:

A. You will be chiefly concerned in the initial stages of military government with the elimination of German domination and Nazi influences. Consistently with this purpose, you will be guided at every step by the necessity to ensure the reconstruction of Austria as a free, independent and democratic state. It will be essential therefore that every measure be undertaken from the early stages of occupation with this objective in mind.

B. The Governing Body should, as soon as it is established, proclaim the complete political and administrative separation of Austria from Germany, and the intention of the occupying powers to pave the way for the reestablishment of Austria as an independent democratic state. You will make it clear to the Austrian people that military occupation of Austria is intended principally (1) to aid Allied military operations and the strict enforcement of the applicable provisions of the German unconditional surrender instrument in Austria; (2) to eliminate Nazism, Pan-Germanism, militarism, and other forces opposed to the democratic reconstitution of Austria; (3) to cooperate with the Control Council for Germany in the application and enforcement of measures designed to prevent the recurrence of German aggression; (4) to establish Allied control over the use and disposition of German property in Austria; (5) to effect the complete political and administrative separation of Austria from Germany and free Austria from Nazi and German economic and financial influences; (6) to

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facilitate the development of a sound Austrian economy devoted to peaceful pursuits and not vitally dependent upon German supplies, markets and technical and financial assistance; and (7) to foster the restoration of local self-government and the establishment of an Austrian central government freely elected by the Austrian people themselves. Other objectives of the occupation will be to apprehend war criminals, to care for and repatriate displaced persons and prisoners-of-war who are members of the armed forces of the United Nations, and to carry out approved programs of reparation and restitution insofar as these are applicable to Austria.

3. You will assure that there is no fraternization by your troops with any German elements remaining in Austria. While in the initial period of occupation the relationship of the troops to the Austrian civil population will be distant and aloof but courteous, a progressively more friendly relationship may be permitted as experience justifies.

5. Denazification:

A. A Proclamation dissolving the Nazi Party, its formations, affiliated associations and supervised organizations, and all Nazi public institutions which were set up as instruments of Party domination, and prohibiting their revival in any form, should be promulgated by the Governing Body. You will assure the prompt effectuation of that policy in your zone and will make every effort to prevent the reconstitution of any such organization in underground, disguised or secret form. Responsibility for continuing desirable non-political social services of dissolved Party Organizations may be transferred by the Governing Body to appropriate central agencies and by you to appropriate local agencies.

B. All laws which extended the political structure of National Socialism to Austria or otherwise brought about the destruction of the Austrian state or which established discriminations on grounds of race, nationality, creed, or political opinion should be abrogated by the Governing Body. You will render them inoperative in your zone.

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g. All members of the Nazi Party who were German nationals prior to March 13, 1938, Germans who entered Austria after that date, and other Germans directly connected with the Nazi exploitation of Austria will immediately be removed from government positions and all other categories of employment listed below, and will be expelled from Austria in accordance with paragraph 21. All Austrian members of the Nazi Party who have been more than nominal participants in its activities, all active supporters of Nazism and other persons hostile to Allied purposes will be removed and excluded from public office and from positions of importance in quasi-public and private enterprises such as (1) civic, economic, and labor organizations, (2) corporations and other organizations in which the German Government or subdivisions have a major financial interest, (3) industry, commerce, agriculture, and finance, (4) education, and (5) the press, publishing houses and other agencies disseminating news and propaganda. Persons are to be treated as more than nominal participants in Party activities and as active supporters of Nazism when they have (1) held office or otherwise been active at any level from local to national in the Party and its subordinate organizations, (2) authorized or participated affirmatively in any Nazi crimes, racial persecutions or discriminations, (3) been avowed believers in Nazi doctrines, or (4) voluntarily given substantial moral or material support or political assistance of any kind to the Nazi Party or Nazi officials and leaders. No such persons shall be retained in any of the categories of employment listed above because of administrative necessity, convenience or expediency.

h. Property, real and personal, owned or controlled by the Nazi Party, its formations, affiliated associations and supervised organizations, and by all persons subject to arrest under the provisions of paragraph 7 below, and found within your zone will be taken under your control pending a decision by the Governing Body or higher authority as to its eventual disposition.

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g. All archives, monuments and museums of Nazi inception, or which are devoted to the perpetuation of militarism, will be taken under your control and their properties held pending decision as to their disposition by the Governing Body.

f. You will make special efforts to preserve from destruction and take under your control records, plans, books, documents, papers, files, and scientific, industrial and other information and data belonging to or controlled by the following:

(1) The central German Government and its subdivisions, the offices of the Reichstatthalter, the former Austrian state and its subdivisions, German and Austrian military organizations, organizations engaged in military research, and such other governmental agencies as may be deemed advisable;

(2) The Nazi Party, its formations, affiliated associations and supervised organizations;

(3) All police organizations, including security and political police;

(4) Important economic organizations and industrial establishments including those controlled by the Nazi Party or its personnel;

(5) Institutes and special bureaus devoting themselves to racial, political, militaristic or similar research or propaganda.

6. Elimination of pre-Nazi Fascist Influences:

a. You will remove and exclude from the positions enumerated in sub-paragraph 5 g above all persons who took an active and prominent part in the undemocratic measures of the pre-Nazi Fascist regime or in any of its para-military organizations such as the Heimwehr and the Ostmarkische Sturmabteilungen.

b. You will prevent the revival of any organization seeking to restore the pre-Nazi Fascist regime.

7. Suspected War Criminals and Security Arrests:

a. You will search out, arrest, and hold, pending receipt by you of further instructions as to their disposition, Adolf

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Hitler, his chief Nazi associates, other war criminals, and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes.

B. All persons who if permitted to remain at large would endanger the accomplishment of your objectives will also be arrested and held in custody until their disposition is otherwise determined by an appropriate semi-judicial body to be established by you. The following is a partial list of the categories of persons to be arrested in order to carry out this policy:

- (1) Officials of the Nazi Party and its formations, affiliated associations, and supervised organizations, down to and including Local Group Leaders (Ortsgruppenleiter) and officials of equivalent rank;
- (2) All members of the political police, including the Gestapo and Sicherheitsdienst der S.S.;
- (3) The officers and non-commissioned officers of the Waffen S.S. and all members of the other branches of the S.S.;
- (4) All General Staff Corps officers;
- (5) Officials of the police holding a rank or equivalent positions of authority, above that of Lieutenant;
- (6) Officers of the SA holding commissioned rank;
- (7) The leading officials of all ministries and other high political officials down to and including urban and rural Bürgermeister and officials of equivalent rank, and those persons who have held similar positions, either civil or military, in the administration of countries occupied by Germany;
- (8) Nazis and Nazi sympathizers holding important and key positions in (a) national and Gau civic and economic organizations; (b) corporations and other organizations in which the German Government or subdivisions have a major financial interest; (c) industry, commerce, agriculture, and finance; (d) education; (e) the judiciary; and (f) the

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press, publishing houses and other agencies disseminating news and propaganda. It may generally be assumed in the absence of evidence to the contrary that any persons holding such positions are Nazis or Nazi sympathizers;

(9) All judges, prosecutors and officials of the People's Court (Volksgerichtshof), Special Courts (Sondergerichte) and other extraordinary courts created by the Nazi regime;

(10) Any national of any of the United Nations or associated states who is believed to have committed offenses against his national law in support of the German war effort;

(11) Any other person whose name or designation appears on lists to be submitted to you by the JCS or whose name may be notified to you separately.

If in the light of conditions which you encounter in Austria you believe that it is not immediately feasible to subject certain persons within these categories to this treatment, you should report your reasons and recommendations to your Government through the Joint Chiefs of Staff. If you believe it desirable, you may postpone the arrest of those whose cases you have reported, pending a decision communicated to you by the Joint Chiefs of Staff. In no event shall any differentiation be made between or special consideration be accorded to person arrested, either as to manner of arrest, or conditions of detention, upon the basis of wealth or political, industrial, or other rank or position. In your discretion you may make such exception as you deem advisable for intelligence or other military reasons.

B. Demilitarization:

B. In your zone you will assure that all units of the German armed forces including para-military organizations are dissolved as such and that their personnel are promptly disarmed and controlled in accordance with the policies and procedures set forth in the Instrument of Unconditional Surrender of Germany or in

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other directives which may be issued to you. Prior to their final disposition you will arrest and hold all military personnel who are included under the provisions of paragraph 7. Subject to military considerations and priority to be accorded repatriation of United Nations nationals, the Governing Body should cooperate with the Control Council for Germany in arranging the early repatriation or other disposition of German members of the German armed forces, including para-military organizations, found within Austria. The two Allied agencies should likewise concert the prompt return to Austria of Austrian members of the German armed forces found within Germany, except those held as active Nazis, suspected war criminals, or for other reasons.

h. The Governing Body should proclaim, and in your zone you will effectuate, the total dissolution of all military and para-military organizations together with all associations which might serve to keep alive militarism in Austria.

i. All persons who have actively supported organizations promoting militarism or who have been active proponents of militaristic doctrines will be removed and excluded from any of the categories of employment listed in sub-paragraph 5 g.

j. You will seize or destroy all arms, ammunition and implements of war and stop the production thereof.

9. Police:

With the exception of the Kriminalpolizei (Criminal Police), all elements of the Sicherheitspolizei (Security Police), S.G., Geheim Staatspolizei (Gestapo), and the Sicherheitsdienst der S.G. will be abolished. Criminal and ordinary police will be purged of Nazi personnel and utilized under the control and supervision of the military government.

10. Administration of Justice:

a. All extraordinary courts, including the Volksgerichtshof (People's Court) and the Sondergerichte (Special Courts), and all courts and tribunals of the Nazi Party and of its formations,

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affiliated associations and supervised organizations will be abolished immediately.

b. All ordinary criminal, civil and administrative courts, except those previously re-established by Allied authority, will be closed. After the elimination of all Nazi or other objectionable features and personnel you will permit those which are to exercise jurisdiction within the boundaries of your zone to resume operations under such regulations, supervision and control as you may consider appropriate. Courts which are to exercise jurisdiction over territory extending beyond the boundaries of your zone will be reopened only with the express authorization of the Governing Body and under its regulation, supervision and control. The power to review and veto decisions of German and Austrian courts shall be included within the power of supervision and control.

11. Political Prisoners:

Subject to military security and to the interests of the individuals concerned, you will release all persons found within your zone who have been detained or placed in custody on grounds of race, nationality, creed or political opinion and treat them as displaced persons. You should make provision for the review of convictions of alleged criminal offenses about which there may be substantial suspicion of racial, religious or political persecution, and in which sentences of imprisonment have not been fully served by persons imprisoned within your zone.

12. Reconstitution of an Administrative System:

a. As soon as Nazi and fascist influences have been eliminated from public offices in Austria, the reconstitution of Austrian administrative agencies shall be carried out in such a way as not to prejudice the political and constitutional future of Austria. The Governing Body should be responsible for the early establishment of such nationwide administrative and judicial machinery as may be required to facilitate the uniform execution of its policy throughout Austria, to ensure freedom

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of transit and communication to and between the separate zones of occupation, and to lay the foundation for the restoration of an Austrian national administrative system. Administrative officials with powers extending throughout Austria should be appointed only by or under the authority of the Governing Body.

b. The formal abrogation of the Anschluss (Act of March 13, 1938) will not be considered as re-establishing the legal and constitutional system of Austria as it existed prior to that event. Such portions of earlier Austrian legislation or Reich legislation relating to Austria may be retained or restored to force as is deemed appropriate for the purposes of military government and the reconstitution of Austria on a democratic basis. In so far as it may prove desirable to utilize constitutional laws for Austrian administration, suitable provisions of the Austrian Constitution of 1920, as amended in 1925 and 1929, should be applied.

c. You will assure the severance of all connections between Regional (Gau) and local agencies on the one hand and Reich administrative agencies on the other, and will reconstitute Austrian Provincial (Land) and local administration at the earliest possible moment. You may utilize such agencies of the present regional and local administrations as may be deemed useful.

13. Restoration of Regional and Local Self-Government:

As a member of the Governing Body, you will urge the restoration of regional and local self-government throughout Austria at the earliest possible moment. In the absence of agreement, you will facilitate the holding of elections to local and regional public office within your zone. If prior to or during occupation, local and regional popular councils or similar organs appear, they may be granted temporary recognition pending approval by the Governing Body and be utilized in administration in the event that they possess popular support and are free from Nazi or fascist sympathizers and affiliations.

14. Establishment of Independent Austrian Government:

The Governing Body should, and in your zone you will, make

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it clear to the Austrian people that the Allied Powers do not intend through military government to appoint or establish a national government for Austria but will aid the Austrian people themselves to prepare for the election of a national assembly by democratic means. The Austrian people will be free to determine their own form of government provided the new regime be democratic in character and assume appropriate internal and international responsibilities and obligations.

15. Political Activity and Civil Rights:

a. At the earliest possible moment you will permit such political activity and organization by democratic groups as neither threatens military security nor presents substantial danger of public disorder nor engenders suspicion and disunity among the United Nations.

b. You will prohibit the propagation in any form of Nazi, fascists, militaristic, and pan-German doctrines.

c. To the extent that military interests are not prejudiced and subject to the provisions of the two preceding subparagraphs and paragraph 16, you will permit freedom of speech, assembly, press, association, and religious worship.

d. For purposes of military government you may consider as Austrian citizens all persons who held Austrian citizenship on or before March 13, 1938, or who would have automatically acquired citizenship by operation of the law of Austria in force on March 13, 1938. The acts of July 30, 1925 and August 16, 1933 should not be considered as depriving of citizenship Austrians who have entered the service of foreign states or who have taken up arms against the Reich since 1938. German laws purporting to affect Austrian citizenship should be ignored.

16. Public Relations and Control of Public Information:

As a member of the Governing Body you will endeavor to obtain agreement for uniform or coordinated policies with respect to (a) control of public information media in Austria, (b) accrediting of foreign correspondents, (c) press censorship, and (d) issuance of official news communiques dealing with matters within

TOP SECRET

the jurisdiction of the Governing Body. U.S. policies in these matters will be sent to you separately and you will be guided by these in your negotiations in the Governing Body.

17. Education:

a. You will initially close all schools and universities except those previously re-established by Allied authority. The closure of Nazi educational institutions, such as Adolf Hitler Schulen, Napolas and Ordensburgen, and of Nazi organizations within other educational institutions, will be permanent.

b. A coordinated system of control over Austrian education and an affirmative program of reorientation will be established designed completely to eliminate Nazi, fascist and militaristic doctrines and to encourage the development of democratic ideas.

c. You will permit the reopening of elementary (Volksschulen) middle (Hauptschulen), and vocational (Berufsschulen) schools at the earliest possible date after Nazi and other objectionable personnel has been eliminated. Textbooks and curricula which are not free of Nazi, fascist and militaristic doctrines shall not be used. The Governing Body should assure that programs are devised for the early reopening of secondary schools, universities and other institutions of higher learning. After Nazi and other objectionable personnel and features have been eliminated and pending the formulation of such programs by the Governing Body, you may formulate and put into effect an interim program within your zone and, in any case, you will encourage the reopening of such institutions and departments which offer training which you consider immediately essential or useful in the administration of military government and the purposes of the occupation.

d. It is not intended that the military government will intervene in questions concerning denominational control of Austrian schools, or in religious instruction in Austrian schools, except in so far as may be necessary to ensure that religious instruction and administration of such schools conform to such Allied regulations as are or may be established pertaining to

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Enclosure

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purging of personnel and curricula.

18. Religious Affairs:

a. The Governing Body should leave to the Austrian churchmen of the respective faiths the revision of the constitutions, rituals or internal relationships of purely ecclesiastical bodies.

b. You will protect freedom of religious belief and worship.

c. You will refrain from intervening in matters concerning religious instruction in schools, the establishment or continuation of denominational schools and the re-establishment of ecclesiastical control of any publicly supported schools.

d. You will take necessary measures to protect churches, shrines, church schools, and other ecclesiastical property from damage and from any treatment which lacks respect for their religious character.

e. You may permit religious bodies to conduct appropriate youth, sport, and welfare activities and to receive contributions for such purposes.

f. Subject to the provisions of paragraph 15, you will permit the establishment or revival of religious periodicals and the publication of other religious literature.

19. Treatment of Displaced Persons and Refugees in Austria:

a. Subject to any international agreements and to the agreed policies of the Governing Body, you will undertake the repatriation, return to former residence or resettlement of displaced persons who are (1) nationals of the United Nations and of neutral states, (2) stateless persons, (3) nationals of enemy or former enemy countries who have been persecuted by the enemy for reasons of race, nationality, creed or political opinion, (4) nationals of Italy, as rapidly as military considerations and arrangements with their respective governments permit. Due consideration will be given to the wishes of the individuals involved, and preference will be accorded to nationals of the United Nations and persons freed from concentration camps or other places of detention.

b. You will establish or maintain centers for the assembly and repatriation, resettlement or return of the foregoing displaced persons. Subject to the general control and responsibility of

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military government, existing Austrian agencies will be required to maintain essential supply and other services for them, including adequate food, shelter, clothing and medical care.

d. Subject to your general control, you will hold existing Austrian agencies responsible for the care and disposition of refugees and those displaced persons who are nationals of Germany or former enemy countries not otherwise provided herein. You will facilitate their repatriation or return, subject to whatever control you may deem necessary, as rapidly as military considerations and appropriate arrangements with authorities in their respective home countries permit.

e. Subject to agreed policies of the Governing Body, you will determine the extent to which UNRRA, the Inter-Governmental Committee on Refugees, or other civilian agencies will participate in handling displaced persons and refugees.

f. You will accord liaison on matters connected with displaced persons to representatives of each of the other Occupying Powers accredited thereto by their respective Commander in Chief and to representatives of any of the United Nations and neutral states and of Italy accredited thereto by the Governing Body or other competent authority. You will arrange for such representatives to have access to displaced persons who are nationals of their countries and are authorized to permit them to use the facilities of their governments for purposes of repatriation.

g. The term "displaced persons" includes (1) non-Austrian civilian nationals who have been obliged to leave their own countries or to remain in Austria by reason of the war, (2) stateless persons, and (3) persons who have been persecuted by the enemy for reasons of race, nationality, creed or political opinion. The term "refugees" includes Austrian civilian nationals within Austria who are temporarily homeless because of military operations, or are residing at some distance from their homes for reasons related to the war.

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Enclosure

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20. Return of Austrian Civilians to Austria:

In accordance with military considerations and appropriate arrangements with authorities in sending countries, you will cooperate in rapid repatriation of Austrian civilian nationals outside Austria, exclusive of active Nazis and persons suspected of having committed war crimes or held for other reasons.

21. The Removal of German Officials and Civilians from Austria:

a. All German officials, members of the Nazi Party who were German nationals prior to March 13, 1938, Germans who entered Austria after that date and other Germans directly connected with the Nazi exploitation of Austria, except those whom it may be desirable to hold for security or other reasons, should be expelled from Austria. The Governing Body should consult with the Control Council in Germany regarding the removal to Germany of such persons. Removal will be effected at the earliest time consistent with the availability of transport facilities and with the prospect of orderly absorption into Germany.

b. Subject to instructions issued by the Governing Body in accordance with the provisions of the subparagraph a above, you will in your zone take all practicable measures to facilitate and expedite the removal to Germany of all German officials and of German citizens to be repatriated.

22. Diplomatic and Consular Officials and Properties:

All diplomatic and consular officials of countries with which any one of the United Nations has been at war since December 31, 1937 will be taken into protective custody and held for further disposition. The diplomatic and consular property and records belonging to such countries or governments and to their official personnel will be seized and secured if not found in the custody of a protecting power.

23. Arts and Archives:

Subject to the provisions of paragraph 5 above, you will make all reasonable efforts to preserve historical archives, museums, libraries and works of art.

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Enclosure

Regraded Unclassified

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 27 June
1945TO Secretary Morgenthau
FROM J. W. Penle

Attached, for your files, is a copy of the memorandum sent to the President by Mr. Grew on the Harrison mission, together with a copy of the letter to Mr. Harrison which the President signed.

Mr. Harrison is scheduled to leave tomorrow morning, Thursday, June 28.

JW Penle

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June 21, 1945

MEMORANDUM FOR THE PRESIDENT

Subject: Mr. Earl G. Harrison's mission to Europe on
refugee matters

Pursuant to a suggestion by the Secretary of the Treasury, the Department of State had directed Mr. Earl G. Harrison, this Government's representative on the Intergovernmental Committee on Refugees, to proceed immediately to the liberated countries of Europe and to Germany to ascertain the needs of stateless and non-repatriables, particularly Jews, among the displaced persons in Germany and to what extent those needs are being provided at present by military authorities, governments, international, national or private organizations. Mr. Harrison has also been directed to determine in general the views of the refugees with respect to their future destinations.

The majority of displaced persons possessing the nationality of a United Nations Government are being returned to their home countries rapidly by SHAEF. Pending such return they are represented by liaison officers of their respective governments attached to SHAEF.

The non-repatriables consist primarily of the Jewish survivors of Nazi persecutions and of other groups such as Polish and Baltic nationals whose return to their countries is delayed for political reasons. They are without official representation at SHAEF, lack communication facilities with friends and families, and are without guidance as to their future. Private groups in this country interested in these refugees are pressing urgently for information concerning their present situation and plans for their care. Agencies of the Federal Government require this information in order to deal effectively with the problem through military channels and the international organizations in which this Government participates as a member.

Mr. Harrison's mission has been approved by SHAEF. An expression of your interest will facilitate the mission and reassure interested groups concerned with the future of the refugees that positive measures are being undertaken on their behalf. Attached is a letter for your signature addressed to Mr. Harrison expressing such interest, if this action meets with your approval. I shall be glad to see that the letter is sent to Mr. Harrison in Europe.

Enclosure:
To Mr. HarrisonJOSEPH C. GREW
Acting Secretary

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My dear Mr. Harrison:

I am advised by the Department of State that you are to proceed abroad to inquire into the needs of stateless and non-repatriable refugees among the displaced persons in Germany and to determine the extent to which those needs are now being met by military, governmental and private organizations. It is important to the early restoration of peace and order in Europe that plans be developed to meet the needs of those who for justifiable reasons cannot return to their countries of pre-war residence.

I wish you every success in your mission and will be interested to receive your report upon your return.

Very sincerely yours,

Mr. Earl G. Harrison
2301 Packard Building
Philadelphia 2, Pennsylvania.

6/28 - Photostat sent to Mr. O'Connell

ALVIN W. BARKLEY, KY.
 TOM CONNALLY, TEN.
 JAMES W. EASTLEY, N. C.
 ROBERT FLORES WYKE, VA.
 TONY S. GARDIN, D. C.
 JEFF P. GURFEY, PA.
 GEORGE D. JOHNSON, CALIF.
 GEORGE L. KAGLOFFER, MD.
 ROBERT W. LARSEN, ILL.
 BRUCE W. MCKINLEY, CONN.

ARTHUR H. VANDERBILT, N.Y.
 ROBERT A. TAYLOR, MISS.
 JOHN THOMAS, CONN.
 JOHN RUTLAND, MASS.
 EUGENE D. McLELLAN, CALIF.
 OWEN BRIDGEMAN, N.Y.
 HAROLD J. McNEILL, N. CALIF.
 ALBERT M. THOMAS, N. J.

CONSTANCE A. ROBERTSON, CLARK

United States Senate

COMMITTEE ON FINANCE

June 27, 1945

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

PERSONAL

Dear Henry:

I thank you for your letter of June 26th transmitting copy of Senator Willis' letter addressed to you and your answer thereto.

I think you have made the proper answer to this letter.

Sincerely yours,

Walter George

Second Draft - Coca Cola program - 51

June 27, 1945

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~~We are in a time of exultation and expectancy.~~ The world stands today in something like the situation of an individual who has survived a painful and dangerous operation - who knows that pain and danger remain ahead of him, but who knows, too, that he will triumph over them, that he will be, in a sense, reborn, and that a new life lies before him.

The total victory we sought in Europe has been won. ~~And the ugly cancer of Fascism has been cut out of the body of mankind.~~ It is fitting, of course, that we should celebrate ^{it's} ~~this victory.~~ It is fitting that we should pay tribute, as we have done during this past week, to General Eisenhower and to others who have been the architects of victory, and who are symbols of the collective heroism of the millions of young Americans they led into battle.

It is a time to ^{it's} ~~celebrate~~ ^{rejoice}; but it is not a time to pause or to falter. Millions of young Americans must still go into battle on the islands and in the waters of the Pacific. For them, there is no rest or respite in this conflict. And ~~for us there can be no rest or respite until their job - and ours - is done.~~

Our job, of course, is to give them the fullest measure of support within our power. The Seventh War Loan Drive is one ~~test~~ test of this support. Let us make it an overwhelming demonstration to the ^{it's} ~~men~~ in combat that we, at home, are with them in full faith. 162

Cora Cole Show First Draft - 4/7/45

We are in a time of exultation and expectancy. The world stands today in something like the situation of an individual who has survived a painful and dangerous operation - who knows that pain and danger remain ahead of him, but who knows, too, that he will triumph over them, that he will be, in a sense, reborn, and that a new life lies before him.

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Our job, of course, is to give them the fullest measure of support within our power. The Seventh War Loan Drive is one of test of this support. Let us make it an overwhelming demonstration to the men in combat that we at home are with them in full faith.

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Our faith and our support demand something more. They demand preparation for the kind of world we hope to win. And in this realm, too, we have cause for celebration. We have begun at last to chart the new life that lies before us.

At San Francisco, just a few days ago, the statesmen of many nations succeeded in forging a constitution for the world. It is a constitution which gives hope that the terrible blight of war will not fall upon us again. It is a constitution which gives promise that men, and the governments under which they live, will seek from now on to compose their differences and solve their common problems in amity and cooperation.

We mean to do the same in the field of economic affairs. The agreements reached at Bretton Woods by the Representatives of forty-four nations, which have already been approved by our own House of Representatives and now await action by the Senate, afford a mechanism by which men can stamp out some of the basic causes which have brought them into conflict with one another.

America's intention to take part in cooperative solution of the world's economic problems was made clear the other day

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when the Congress of the United States voted to extend the Reciprocal Trade Agreements program. We have given real assurance to people everywhere that we shall do our share to broaden the flow of friendly commerce among the nations of the earth.

Taken together, these achievements - the San Francisco charter, the Bretton Woods Agreements, and the Reciprocal Trade Pacts - form a pattern for the future. Together they point to a new horizon. Slowly, the fog which has shrouded our view is lifting. We have reason to celebrate - and to hope - and to work steadfastly for a brighter life that lies ahead.

Green Meadows
Hamilton, Massachusetts
27 June 1945

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

My dear Mr. Secretary:

Thank you very much for your kind letter of June 11th. I am certainly glad that anything I said could have been useful in promoting the Seventh War Loan Drive.

With warm personal regards, I am

Most sincerely,

G. S. Patton, Jr.

G. S. PATTON, Jr.
General, USA

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TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE
June 27, 1945

TO Secretary Morgenthau
FROM Charles S. Bell *CSB*

This is a preliminary report on the four Generals.
Supplemental information is being gathered.



OFFICE OF
CHIEF COORDINATOR

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TREASURY DEPARTMENT
TREASURY ENFORCEMENT AGENCIES

WASHINGTON

June 26, 1945

TO: Mr. Charles S. Bell
FROM: M. L. Harney

This is a preliminary report from data appearing in income tax returns on your request for information on the commercial background of the four generals whose names were shown on photostatic abstracts furnished by the War Department.

MILLER GRIEVE WHITE

No income tax returns could be located, and the District Coordinator at Atlanta, Georgia, has been asked for a report on General White.

RAY McLAIN

Income tax returns for the years 1936 to 1939, inclusive, for Ray McLain, 101 First National Bank Building, Oklahoma City, Oklahoma, were found. These show General McLain to have been president of the American-First Trust Company. For this his compensation appears to have been \$5,600 per annum. Other income including National Guard pay gives him total income figures ranging from over \$8,000 to over \$10,000 per annum. The taxpayer is married and has several dependents. It does not appear that any question has ever been raised regarding General McLain's income tax returns. Further information is being obtained from the field about General McLain.

SUMNER DE LEON LOWRY, JR.

Income tax returns for the years 1936 to 1939,



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inclusive, have been located for Santer L. Lowry, Jr., Greenleaf Building, Jacksonville, Florida. These returns show that during those years General Lowry was chairman of the Board of Directors, Gulf Life Insurance Company, Jacksonville, Florida, and received a salary of \$10,000 a year. General Lowry received income in the form of dividends, interest, and capital gains which raised his total income to from \$10,000 to \$15,000 a year. He is the father of two minor children. It does not appear that any question has ever been raised regarding General Lowry's income tax returns. Further information is being obtained from the field about General Lowry.

ROBERT SPRAGUE BEIGHTLER

The income tax returns for the years 1936 to 1940, inclusive, for General Beightler show that he resided at 1765 King Avenue, Columbus, Ohio, and was in the contracting business, apparently doing earth moving or highway building. The revenue agent's report for the year 1939 shows General Beightler to be the State Highway Director for that year, in addition to his contracting business. His total yearly income ranged from \$4,000 in 1936 to over \$32,000 in 1939. In 1940 it dropped back to about \$22,000. In addition to income from his contracting business, General Beightler had a substantial income (in the neighborhood of \$3,000 annually) from dividends on stocks and interest on corporate bonds. Examination of General Beightler's income tax returns by revenue agents show income tax deficiencies as follows:

1936	\$ 712.54	1938	\$2,424.62
1937	\$1,215.51	1939	\$1,312.54
1940	no deficiency		

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These deficiencies were caused by an understatement of his partnership income of from five to ten thousand dollars a year, and also understatements of income from dividends and interest. There were no overstatements of income in any instance. In order to gather more information regarding the reason for the understatement of partnership income, request has been made for the partnership returns. Also information is being obtained in the field concerning General Beightler.

M.L.H.

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June 27, 1945

H.M.JR: I talked to Harry Hopkins and suggested that he see Mr. Weisgal and Mr. Schwartz of the JDC, and he said that he would like to see them but not for a day or two. He would call me.

6/22 - Photostat sent to Numan, O'Connell,
Fussell and Fehle.

RATION

WASHINGTON 25, D. C.

June 27, 1945

Office of the Administrator

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

Dear Mr. Morgenthau:

I have your letter of June 22 regarding the program which the Treasury Department and this office are embarking upon for stamping out the black market.

You indicate that you have asked the Commissioner of Internal Revenue to send special instructions to his field offices with respect to this program. I have asked George Monckarsch, who is Deputy Administrator for Enforcement, likewise to notify our field offices of the program.

Further, Mr. Rogers has already talked to Edwin Fussell and will set up a meeting to discuss the public relations aspects of the problem. I have suggested that Mr. Robert Brooks, Deputy Administrator for Information, also attend this meeting.

I am grateful to you for your interest and full cooperation. All of us here feel that there are great opportunities to make progress against those who are dealing in black markets.

Sincerely,



Chester Bowles
Administrator

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READING COPY OF SECRETARY'S SPEECH
ON COCA COLA PROGRAM -

June 27, 1945

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The world stands today in something like the situation of an individual who has survived a painful and dangerous operation - who knows that pain and danger remain ahead of him, but who knows, too, that he will triumph over them, that he will be, in a sense, reborn, and that a new life lies before him.

The total victory we sought in Europe has been won. It is fitting that we should pay tribute, as we have done during this past week, to General Eisenhower and to others who have been the architects of victory, and who are symbols of the collective heroism of the millions of young Americans they led into battle.

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It is a time to rejoice; but it is not a time to pause or to falter. Millions of young Americans must still go into battle on the islands and on the waters of the Pacific.

Our job, of course, is to give them the fullest measure of support within our power. The Seventh War Loan Drive is one test of this support. Let us make it an overwhelming demonstration to the men in combat that we, at home, are with them in full faith.

Our faith and our support demand something more. They demand preparation for the kind of world we hope to win. And in this realm, too, we have cause for celebration. We have begun at last to chart the new life that lies before us.

- 3 -

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At San Francisco, just yesterday, the statesmen of many nations succeeded in forging a constitution for the world. It is a constitution which gives hope that the terrible blight of war will not fall upon us again. It is a constitution which gives promise that men, and the governments under which they live, will seek from now on to compose their differences and solve their common problems in friendship and cooperation. Franklin Roosevelt's vision, carried forward under the leadership of President Truman, is beginning to find its realization.

- 4 -

We mean to do the same in the field of economic affairs. The agreements reached at Bretton Woods by the representatives of forty-four nations, already approved by the House of Representatives, afford a mechanism by which men can stamp out some of the basic causes which have brought them into conflict with one another.

America's intention to share in solution of the world's economic problems was made clear the other day when the Congress of the United States voted to extend the Reciprocal Trade program.

- 5 -

We have given assurance to people everywhere that we shall do our part to broaden the flow of friendly commerce among the nations of the earth.

Taken together, these three achievements - the San Francisco charter, the Bretton Woods Agreements, and the Reciprocal Trade Pacts - form a pattern for the future. Together they point to a new horizon. Slowly, the fog which has shrouded our view is lifting. We have reason to celebrate - and to hope - and to work steadfastly for a brighter life that lies ahead. The investment that millions of Americans - 85 million of them - have made in war Bonds is an investment in that new life.

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June 27, 1945

Ed Fussell

Secretary Morgenthau

Do you think it would be a good idea to give
Chairman Cannon's remarks about me in the same kind of
a circulation we have to Congressman Wright Patman's
letter? Please talk to me about it. *This is to*

be included in Times article

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June 27, 1945

Ed Fussell

Secretary Morgenthau

I would like for you to come and see me at 10:00.

Finished

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June 27, 1945

Randolph Feltus

Secretary Morgenthau

I would like to see you this morning at 10:00 and I also want you to be thinking about the possibilities of spending considerable time on this tax evasion drive. Please talk to me about it. *F. Mitchell*

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June 27, 1945

Joe O'Connell
Ed Russell

Secretary Morgenthau

Would you please go over the various cases that I've mentioned in my press conferences and let me know what progress we are making in each case? I should have a report on that by early next week or sooner, if possible.

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June 27, 1945

Ed Russell

Secretary Morgenthau

I wish that you and Joe O'Connell and John Pehle would go over this week's report of black market tax evasion. I don't see why amongst those things we can't talk about that inheritance tax evasion as well, showing that it isn't just black market. Anyway, I would like for the three of you to go over it and talk to me about it today in preparation for my press conference on Thursday. *File*

CC: J. O'Connell
J. Pehle

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June 27, 1945

Mr. Charles Bell

Secretary Morgenthau

I understand that Mr. Feltus' secretary is going overseas. Would you please see that he gets a very competent lady to assist him. *Finished*

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June 27, 1945

Dan Bell

Secretary Morgenthau

Robert Hannegan wants to know why the Post Office cannot sell traveler's checks the way banks do. Would you look into it and let me know?

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June 28, 1945

C. S. Bell

Secretary Morgenthau

Please talk to me about the three girls who went to work for John Sullivan from the Treasury.

Finished

June 27, 1945

Mr. Gaston

Secretary Morgenthau

I am attaching a letter from Representative Sabath. If I remember correctly McKeough was a very good member of the Ways and Means Committee, and was very helpful to the Treasury but I wish you would check me on this. If McKeough is looking for a job, I should think that we could use him in the Treasury.

Gaston's memo in 4/24/45

June 27, 1945

Ted Gamble

Secretary Morgenthau

Will you have Dave Levy see that whatever network I'm on tonight makes at least three announcements during the day that I am going to be on that network and the time I am going to be on the network? If you please. *Finished*

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date

June 27, 1946

TO Secretary Morgenthau
FROM Joseph J. O'Connell, Jr.

I see no reason why we should not be in a position to offer Judge Gilroy a legal position in the Bureau of Internal Revenue, probably in our New York office. Depending somewhat upon his qualifications for the type of work we have in the New York office, we could pay him somewhere between \$6,500 and \$7,500 a year, including overtime. Normally we would expect to have a look at the man before hiring him, and that could be done either by having him come here or go to New York and see Lesser.

If you wish to suggest it to Mr. Fitzpatrick, I might see him after lunch today and tell him generally what we can do.

Joseph J. O'Connell Jr.

Attachment

PAUL E. FITZPATRICK, CHAIRMAN
ALBERT L. WARD, SECRETARY
CARL SHERMAN, TREASURER
WILLIAM M. O'REILLY, CLERK

MURRAY HILL 6-9090

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DORIS L. BYRNE, VICE-CHAIRMAN
WILLIAM J. A. BLANCY, SERGEANT-AT-ARMS
WILLIAM J. O'BRIEN,
CHAIRMAN, LAW COMMITTEE

DEMOCRATIC STATE COMMITTEE
HOTEL BILTMORE
NEW YORK CITY

June 15, 1945

Dear Mr. Secretary:

I enjoyed very much my visit with you last evening in Poughkeepsie. And, again, let me say I thought your talk was excellent.

I am enclosing a biographical sketch of Judge J. Herbert Gilroy. I think a reading of his record will show the qualities of the man. I can recommend him most highly and anything you can do for him will be very helpful to us here in the State. Now that so many appointments have gone west of the Mississippi, it might be just as well to forget this fellow from California that Hannagan is suggesting.

With kind personal regards and all good wishes,

Sincerely yours,

Paul E. Fitzpatrick

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

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J. HERBERT Gilroy. 1925 BAKER AVE
UTICA, NY.

Former Supreme Court Justice J. Herbert Gilroy was born in Utica, New York, January 27th, 1888. He was educated in the Utica Public Schools and graduated with highest honors from Syracuse University, College of Law. While in college he was elected Vice-President of the Senior Council of Government Board and also senior class treasurer. He was a member of Phi Kappa Psi and Phi Delta Psi, legal fraternity. He enlisted in the United States Army during the 1st World War and was more than twenty-five years continuous service in the American Legion. He was for three years Onondaga County Adjutant of the American Legion and thereafter continued as a member of the executive committee of the county organization and he was county Judge advocate until 1930, when he became county commander of Onondaga County and at the expiration of the term he was again elected. He became the Judge advocate for Onondaga County. In 1932 Judge Gilroy was the chairman of the Onondaga County Civil Service Committee for the department of New York and thereafter served for a number of years as a member of the State Judicial Committee of said department. In 1935 he became Department Judge Advocate for the State of New York under the present National Commander, Albert A. Scheiberling, who at that time was department commander of the State of New York. He is at present a member of the State Department Committee for Nationalistic Affairs.

Judge Gilroy's legal experience consists of more than twenty years of private law practice, during which time he was succeeded by former Governor Alfred E. Smith for services as Commissioner under Public Officers Law. He is regarded as an authority on Municipal Law, having served four years as First Assistant Corporation Counsel and was later retained as Special Counsel by the City in important court litigation. Furthermore, he served as Corporation Counsel and has the unusual distinction of never having lost a case or any litigation in which the City of Utica was involved. He is also experienced in estate and tax matters having been attorney for the State Tax Department in Onondaga County. Subsequently he represented the public in the trial of many important cases before the Commission and in the Courts as Trial Counsel for the Public Service Commission, of the State of New York. During this period, from 1927 to 1931, he became familiar with the various duties involving regulatory commissions including engineering, taxation, traffic and combining property records, as well as, the trial of rate cases involving various types of public utilities.

In January, 1941 he was appointed Supreme Court Justice of the State of New York by Governor Herbert Lehman and was unanimously confirmed by the Senate. He presided at trial of Social Farm matters arising in the six counties comprising the Fifth Judicial District.

Cases were promptly decided. More than one thousand matters were determined by him and but a few appeals from his decisions were taken to a higher court. His determinations were affirmed in all but one case, wherein the Appellate Division held there was a question of fact for a jury trial.

90
He received the overwhelming endorsement of his native city in the November, 1941 election, carrying 86 out of 71 election districts by substantial pluralities, or a total plurality of fifteen thousand and he also carried the County of Onondaga by about nine thousand plurality.

He has now resumed the private practice of his profession with offices at 36-37 Insurance Building, Utica, New York.

He is a widower and has three children, Donald James H. Gilroy, Jr., U.S.N.R., naval flyer, now pilot in the South Pacific on Martin Mariner T.B.M. 4; a graduate of Syracuse University; Marianne E. Gilroy, a teacher at College of St. Rose, Albany, New York; and Robert J. Gilroy, now completing his freshman year at Syracuse University.

From his activities in the American Legion, the Democratic Party, and the practice of his profession, where his standing is of the highest, he is well known throughout the State of New York.

PRECISION

TRADE MARK

MICROSTAT

REG. U. S. PAT. OFF.

MICROFILM

ROLL NO.

12"

DEMOCRATIC STATE COMMITTEE
HOTEL BELMORE
New York City



GRAND
AN

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

12

91

26

20 June 1946

Dear Mr. Fitzpatrick:

Thank you for your letter of 15 June 1946,
and for your pleasant comment on my speech at
Foughthampten.

I am glad to have the material that you
sent me and shall look into the matter about
which you write.

With cordial regards,

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Paul H. Fitzpatrick,
Chairman, Democratic State Committee,
Hotel Milmore,
New York, New York.

OKY/cbs

State of New York
Court of Appeals.



Irving Lehman
Chief Judge

36 West 44th Street
New York 18
June 20th, 1945

My dear Henry,

Pursuant to our conversation of this morning, I immediately telephoned to Mr. Warnick Kernan concerning Judge Gilroy. Mr. Kernan is the leading lawyer of Utica. Indeed, I think that for twenty years or more he has been the outstanding Democratic lawyer upstate. Both Judge Cardozo and I tried unsuccessfully to obtain his consent to accept a nomination to our Court in 1926. Mr. Kernan tells me that he knows Gilroy very well and has entire confidence in his integrity and honesty. His associations with Mr. Gilroy have been very close. Gilroy's father was a trained nurse who took care of Kernan's father during the last four years of Kernan Sr.'s life, serving with devotion and skill which Warnick Kernan says were beyond praise. When Judge Gilroy graduated from the law school he worked for three or four years in the office of Kernan's firm. Later he became associate counsel to the Public Service Commission under Gay H. Brown, Counsel to the Commission. He resigned that position to accept an appointment to the Supreme Court of New York but was defeated the following year. Though he has never had an extensive private practice in Utica he has a fine reputation there. Warnick Kernan considers him an able lawyer, rather easy-going, not very independent in politics, but as I have said of unquestionable integrity. Very confidentially Mr. Kernan added that the only possible reservation he might have about Gilroy is that he does not like to hear the alarm clock in the mornings.

I then asked Gay H. Brown, the Counsel to the Public Service Commission under whom Mr. Gilroy served, to give me a confidential appraisal of Gilroy's ability. Mr. Brown informed me that in his opinion Gilroy is a man of high character and excellent legal ability, but confirming Warnick Kernan's opinion he added that he was "not very ambitious". I asked him whether that meant that Gilroy was somewhat indolent, and he said "Exactly". Both Kernan and Brown agreed, however,

that they would recommend Mr. Gilroy highly in every other respect. Of course I did not tell either of them the nature of the position for which he was being considered. So far I have not been able to think of any other suitable man. I have found that a salary of \$10,000, or even more, subject to an income tax, is not very attractive to any lawyer of really outstanding ability. Thousands of lawyers of mediocre ability (and that includes a full nine-tenths of the profession) will be glad to accept much smaller salaries, but any lawyer of really great ability can, I am told, earn several times that amount even in small cities.

I am very happy to hear that Elinor is doing so well. Will you give her our love?

Affectionately,

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

94

FEDERAL RESERVE BANK
of New York

June 27, 1945

CONFIDENTIAL

Dear Mr. White:

I am enclosing our compilation for the week ended June 20, 1945, analyzing dollar payments and receipts in official British, French, Canadian, and Australian accounts at the Federal Reserve Bank of New York.

Very truly yours,

H. L. Sanford,
Assistant Vice President.

The Honorable Harry D. White,
Assistant Secretary of the Treasury,
Washington 25, D. C.

Enclosures 2

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TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

June 29, 1945

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended June 20, 1945, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

W.S.

Reports and Analysis Division

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

Week Ended June 20, 1945.

Strictly
Confidential

PERIOD	CANADIAN (and Canadian Government)				COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)			
	DEBITS		CREDITS		DEBITS		CREDITS	
	Total	Transfers to Official British A/C	Total	Proceeds of Gold Sales	Total	Transfers to Official British A/C	Total	Proceeds of Gold Sales
War Years (a)	Debits	Others	Debits	Credits	Debits	Others	Debits	Credits
First	323.0	16.6	306.4	204.7	312.7	20.9	291.8	181.7
Second	460.4	-	460.4	246.2	3.4	123.9	88.1	1.6
Third	525.8	0.3	525.5	566.3	108.6	7.7	360.0	40.5
Fourth	723.6	-	723.6	958.8	47.1	170.4	741.3	235.2
Fifth	849.3	1.0	848.3	958.5	38.1	61.4	879.0	289.3
1944								
September	74.5	0.1	74.4	91.8	-	50.4	41.4	17.7
October	24.1	-	24.1	84.2	-	7.2	48.8	10.1
November	30.8	-	30.8	53.7	-	2.9	50.8	14.0
December	41.5	0.7	40.8	42.7	-	-	22.7	8.3
1945								
January	35.1	-	35.1	91.6	10.0	11.3	50.3	36.5
February	27.8	-	27.8	103.7	-	4.9	99.0	76.1
March	23.5	-	23.5	62.4	-	6.2	56.2	38.9
April	28.1	0.5	27.6	70.8	-	11.1	59.7	62.4
May	84.4	-	84.4	104.3	-	2.6	101.7	19.2
June	-	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-	-
Week Ended								
May 29, 1945	5.2	-	5.2	9.0	-	-	9.0	3.8
June 6, 1945	1.5	-	1.5	32.1	-	-	32.1	30.6
June 13, 1945	1.0	-	1.0	12.5	-	-	12.5	9.5
June 20, 1945	1.5	-	1.5	35.4	-	-	(c) 35.4	31.5

Average Weekly expenditures for

First year of war 6.2 million.
 Second year of war 8.9 million.
 Third year of war 10.1 million.
 Fourth year of war 13.9 million.
 Fifth year of war 16.1 million.
 Sixth year of war (through June 20, 1945) 8.7 million.

- (a) For monthly breakdowns see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 2, 1944.
 (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (c) Includes \$ 7.3 million deposited by War Relocation Authority, Ltd., and \$ 14.8 million received from New York agents of Canadian chartered banks.
 (d) Reflects net change on all dollar holdings payable on demand or maturing in one year.
 * And \$13.0 million transferred from Official French account in this market.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (h) Transactions for account of Caisse Central de La France D'Outre-Mer included for first time in week ended December 6, 1944.
- (i) Includes \$ 5.1 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$2.0 million in connection with the expenses of our armed services abroad.
- (j) Includes \$7.5 million transferred to account at this bank of Banque Algerie Tresorerie Afrique Nord.

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

Week Ended June 20, 1945.

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)					BANK OF FRANCE (Caisse Central) (h)				
	DEBITS		CREDITS			DEBITS		CREDITS		
	Total	Gov't Expenditures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Total	Gov't Expenditures (a)	Transfers from Official Australian Account	Other Credits (c)	Total Credits (e)
War Years (g)	Debits					Debits				
First	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0
Second	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2
Third	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9
Fourth	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3
Fifth	1,197.7	300.4	61.4	835.9	1,369.6	-	-	253.0	1,116.6	+ 171.9
1944										
September	151.0	19.9	50.4	80.7	56.5	-	-	1.0	55.5	- 94.5
October	127.9	21.0	7.4	99.5	54.7	-	-	1.0	53.7	- 73.2
November	74.2	45.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9
December	80.4	21.9	-	58.5	91.6	-	-	-	91.6	+ 11.2
1945										
January	148.9	98.7	31.3	18.9	54.2	-	-	-	54.2	- 94.7
February	41.4	16.7	4.9	19.8	80.5	-	-	-	80.5	+ 39.1
March	79.2	40.3	6.2	32.7	75.2	-	-	-	75.2	- 1.9
April	66.6	25.9	11.1	29.6	62.6	-	-	-	62.6	- 4.0
May	78.6	39.5	2.6	36.5	79.3	-	-	-	79.3	+ 2.7
June										
July										
August										
Week Ended										
May 29, 1945	10.7	1.1	-	9.6	5.5	-	-	-	5.05	- 5.2
June 6, 1945	10.5	4.1	-	6.4	9.9	-	-	-	9.9	- 0.6
June 13, 1945	6.4	1.6	-	4.8	58.5	-	-	-	58.5	+ 52.1
June 20, 1945	8.8	1.0	-	7.8	11.7	-	-	-	(1) 11.7	+ 2.9
Average Weekly Expenditures Since Outbreak of War										
France (through June 19, 1940)	\$19.6 million									
England (through June 19, 1940)	\$27.6 million									
England (through June 20, 1940 to March 12, 1941)	\$54.9 million									
England (since March 12, 1941)	21.4 million									

See attached sheet for footnotes.

Reports and Analysis Division

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

RECEIVED
DIVISION OF
CENTRAL SERVICES

MP-744 1945 JUN 28 AM 8 38

DC/L
LIAISON

PLAIN

Rome

Dated June 27, 1945

Rec'd 2:49 p.m.

Secretary of State

Washington

1762, 27th

FOR HILTON STEINBACH WERTHA NEW YORK FROM BENJAMIN
BROCK JDC ROME 2.

David Grunspect safe living Via Castiglione 13
Bologna. Needs assistance money parcels.

KIRK

DU

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

RECEIVED
DIVISION OF
CENTRAL SERVICES

1945 JUN 28 AM 8 39
MS-755

DC/L
LIAISON

PLAIN

Rome

Dated June 27, 1945

Rec'd 4:25 p.m.

Secretary of State,
Washington.

1761, 27th.

FOR ADOLPH GRUNSPECTH MD 520-522 WEST 183rd STREET
NEW YORK FROM BENJAMIN BROCK JDC Rome.

1. David Grunspect safe living Via Castiglione 13
Bologna needs assistance money parcels.

KIRK

1945

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

RD-832
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

Dated June 27, 1945

Rec'd 5:55 p.m.

Secretary of State

Washington

3327, June 27, 11 p.m.

O'DWYER WRB FROM MCCLELLAND.

LEST'S 2982, June 1 and telephone conversation
June 22 with Florence Model.

According to most recent info obtained from SHAEF
it will not be possible evacuate first group of approx
700 Bergen-Belsen and Theresienstadt refugees from
Switzerland to southern Italy before mid-July. They will
probably go overland.

SHAEF hopes be able dispatch second group of 700
certificate holders directly to Palestine toward end
of July.

RB

HARRISON

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

CABLE TO AMERICAN LEGATION, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

Reference your 3387 of June 22.

You are hereby authorized to turn over to Julius Klier unpaid balance
of 72,809.45 Swiss francs you are now holding for Friends of
Lambsburg.

THIS IS WRB BERN CABLE NO. 529

1015 a.m.
June 29, 1945

Miss Ripple (for the Sec'y), Colm, Model, Hutchinson, McCormack, Files.

Model

6/27/45

June 28, 1945
9:49 A. M.

103

Mr. D. W.

Bell:papers to sign. I want to get out to the bank - circulars and so forth.

HMJr: I'll see you in a little while. I've got Judge Rosenman on the way over.

B: Well, anytime this morning. I just wanted to get them out to the Federals.

HMJr: Yeah.

B: As a matter of fact

June 28, 1945
10:30 A. M.

104

Mr. Charles

Bell: Good morning, Sir.

HMJr: Charlie, until the war with Japan is over I'm opposed to any reduction in working hours of Government employees.

B: All right, sir.

HMJr: And, after all, there are no hours for the boys over in the Pacific.

B: All right, sir.

HMJr: I think it would be very bad.

B: Well, then, we'll just tell the Budget that the Treasury was to continue on the regular hours of 48 until the war with Japan is over.

HMJr: That's what I wish you would tell them.

B: O. K., sir.

HMJr: That's me.

B: Right.

June 28, 1945 105
10:38 A. M.

HMJr: Coyne.

Mr. Robert
Coyne: Good morning, sir.

HMJr: Good morning. I wish you would come over to my
chart room, I want to go over the latest bond figures.

C: All right, sir.

HMJr: Are you in a meeting now?

C: I am, but I'll be out in five minutes.

HMJr: Well, can you be over here say by eleven o'clock?

C: Yes, sir.

HMJr: And bring that statement along with you that Gamble
said he wrote out.

C: All right, sir, I will.

HMJr: I'll see you at 11 in the chart room.

C: Eleven A.M. Yes, sir.

HMJr: A.M. - yeah, what are you doing at P.M.?

C: Righto.

HMJr: All right, bye.

C: Bye.

June 28, 1945 106
11:50 A. M.

Judge Sam
Rosenman: Henry.

HMJr: Yes.

R: Are you alone?

HMJr: Yes.

R: I just wanted to tell you I was talking with
Charlie Ross on other things and I asked him
about this business, and he said there was a
press conference about it. I asked him whether
that would take effect immediately, and he said
yes, that Grew would continue as Acting.

HMJr: Yeah. You mean there was a press conference about
the succession.

R: No, the whole -- they had a big press conference
out there.

HMJr: Yesterday.

R: Yeah.

HMJr: Oh, yes.

R: And they asked him about....

HMJr: I saw that. About my - about whose resignation?

R: They asked him whether Stettinius' resignation was
to take effect immediately upon his acceptance and
he said yes.

HMJr: Yeah.

R: I didn't see that in the paper, did you?

HMJr: Yeah, I saw the whole thing. Then he asked him about
me.

R: Oh, well, I didn't - what paper did you see?

HMJr: That was in the Post. It was an early edition of the
Post. It was in the Post. He said no, I was not
resigning, and then they said later he volunteered and
that goes for Mr. Ickes, too.

R: Well, apparently he's thought through that immediately
thing, then, because it was called to his attention.

- 2 -

HMJr:

R:

HMJr:

R:

HMJr:

R:

Right. He had not thought it through.
No, I said apparently he did because it was called
to his attention, and he said yes, immediately.
Well, that is very kind of you to let me know.

All right.

Thank you.

Bye.

June 28, 1945
3:00 p.m.

BRETTON WOODS

Present: Mr. Luxford
Mr. White
Mr. Bernstein
Mr. O'Connell

H.M.JR: Get Coe to tell about a very interesting
conversation I had with Clayton. (Secretary holds
telephone conversation with Elmer Davis, as follows:)

June 28, 1945
3:00 P. M.

109

HMJr: Hello.

Operator: Elmer Davis.

HMJr: Hello.

Mr. Elmer Davis: Hello, Henry.

HMJr: Elmer, you have observers over here at the Treasury when I have a press conference so I suppose you have them other places, and I wondered if I couldn't get some information.

D: Well, I trust so.

HMJr: There is a story in this afternoon's Washington News. The headlines are "Orders to Ike to Delouse the Reich." Then it goes along a lot about giving out the Directive to Eisenhower, see?

D: Yeah.

HMJr: And they've got a lot of information using my name in one and another, and I'd like to know which Department is pushing this.

D: Well, I'll try to find out certainly.

HMJr: Would you? I've got a...

D: Does it indicate that somebody has seen those famous documents?

HMJr: Yeah.

D: Well, that is very singular because as you know they've been held so god damn close that we've even had trouble getting hold of them. We had an early draft of 1067 to look over, and they made us give it back. We're having difficulty in getting a revised version now.

HMJr: Well, this is by Peter Eldson.

D: Yeah.

HMJr: And somebody has told him a lot.

D: Well, I'll see what we can find out about it.

- 2 -

110

HMJr: I have a press conference at four o'clock and they are going to ask me about it.

D: I see.

HMJr: Incidentally, the man that you sent over here is a very nice gentleman.

D: Well, I'm delighted to hear that.

HMJr: But if you could let me know something between now and four so I could prepare myself.

D: That's fine. We'll do our best.

HMJr: Thank you so much.

- 2 -

H.M.JR: I suddenly got this idea. Here they have this fellow in every one of my press conferences.

MR. LUXFORD: OWI?

H.M.JR: Yes. I said "observer." I felt like saying "spy." If they have one all over, why not let him find out, and you know his answer. He said, "That document is so confidential I haven't even been able to get hold of it." They have got practically the whole business.

MR. LUXFORD: That's State.

H.M.JR: Anyway, you wanted five minutes. I'm in a filthy humor.

MR. O'CONNELL: This morning the Committee had a hearing and it's continued tomorrow in Executive Session to ask Harry a few more questions which are on the ticker, incidentally, which you may have seen. Specifically, we were a little upset or disturbed, because we were afraid unless you would give Senator Barkley a little push and urge that the desirability of having the Committee vote down amendments and report the Bill out quickly, that the operation would be without any steam, because Wagner is absolutely futile, it seems to us, and we thought that a simple telephone call from you to Barkley would give him the cue, if he doesn't already have it.

H.M.JR: To what?

MR. O'CONNELL: Cue that speed, plus no amendments, particularly on the no amendment side, would be very desirable, and we hoped he would help us to that end. He has already said he expects the Bill to be reported to the Senate by Monday. So I don't think you need to put so much stress on speed as you do the desirability of not permitting amendments to the Bill at this stage. No amendments will involve a minimum of conferences. A substantial amendment will cause us a lot of trouble.

MR. LUXFORD: We had a caucus before the House, Executive Session. Wagner hasn't done anything like that and you couldn't

- 3 -

ask him to do it. He isn't equipped to handle it.

MR. WHITE: Before you decide on that you might be interested in this ticker.

H.M.JR: I saw that.

MR. WHITE: This is somewhat distorted. When Williams was up he strongly urged that what we've got to do is settle Britain's position. The question was asked of me, and I said I preferred to discuss the matter in Executive Session. I thought that they might like it better and I might be able to talk a little more freely on this point that Britain may or may not be in difficulties, and indicate briefly what they are, but I think we would be in a better position to wait a couple of years and see how she works out. But apparently they have--

MR. O'CONNELL: That Fulbright comment after the meeting is the thing that disturbed me. Isn't there a statement attributed to him there?

H.M.JR: Let me find out from Barkley. When is it planned to report the Bill out?

MR. O'CONNELL: Barkley's statement on the Floor of the Senate was he expected the Senate to receive the Bretton Woods legislation next Monday, which would mean Executive Sessions should be completed tomorrow and Saturday, but if you leave it to Wagner, it will be this time next week, because he just sits, and it's impossible even to talk to him. I think that you fellows would agree to that.

MR. LUXFORD: There isn't an Administration party line on no amendments. He isn't a strong enough man to say there won't be any amendments. He'll just take them if they start, unless somebody lays down a party line.

MR. WHITE: Fulbright has been substantially influenced by Williams, and Taft, and May.

H.M.JR: Have you talked to or consulted Acheson on this?

- 4 -

MR. WHITE: No.

MR. O'CONNELL: He wasn't there today. We haven't talked to him today. All it needs is a gentle push, and I don't know any place to get it other than Barkley. He's the most effective man on that Committee.

H.M.JR: There has never been any leadership. Barkley has never been a leader. That's what gave Byrnes his chance, because there hasn't been a leader there since I've been here. Patterson wasn't, Barkley wasn't, so Jimmie Byrnes had no competition. He made himself deputy leader. That's what gave Jimmie Byrnes his chance. There was no competition. Everybody was lazy and asleep, and so Jimmie Byrnes used to call the President and say, "This is a bad situation, don't you want me to look after it," and Roosevelt said, "Yes."

MR. O'CONNELL: Barkley is a shining light compared to the others, except Fulbright.

MR. WHITE: Wagner certainly just sits.

MR. LUXFORD: Downey is all right.

O'CONNELL: Who?

MR. LUXFORD: Downey is all right

MR. O'CONNELL: Downey is fine.

MR. LUXFORD: Murdock.

MR. O'CONNELL: They haven't more than eight or nine.

H.M.JR: On political requests, he has some beaux sometime.

MR. WHITE: Downey?

H.M.JR: Fulbright, or Fullboard, or something like that.

- 5 -

MR. LUXFORD: He's a good man to have on our side.

(Secretary holds telephone conversation with Mr. Biffle and Mr. Barkley, as follows:)

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MR. O'CONNELL: That's all right. Even if you don't have a formal caucus, that's a much smaller Committee, and all Barkley has to do is buttonhole a half dozen.

H.M.JR: Will you do me a favor?

MR. O'CONNELL: Yes.

H.M.JR: Damn it. A little later go up and see Biffle, see?

MR. O'CONNELL: Yes.

H.M.JR: And say, "Is there anything we could do to help?" Tell him that I told you about this thing, and then kind of gradually tell him what happened, see? Ask him would they like to have us around tomorrow morning a little earlier, and gradually tell him so he'll know, and that he, in turn, can push Barkley, see?

MR. O'CONNELL: Yes.

H.M.JR: That's the thing to do. Go up there and simply say, "Mr. Morgenthau is worried and I'm--" I don't know. Take Luxford with you, if you want to, and the two of you go up there and gradually unfold the story so that he'll see that I know Barkley. He's as lazy as hell himself. "And to see if you want us up there a little earlier. Is there anything we can do?" Gradually unfold a picture so that he, Biffle--because he's like that, Biffle is, and if Biffle says, "I'll see they get together tomorrow morning--I'll get them together a half hour earlier," it will be done.

MR. LUXFORD: Or Biffle can do it when they walk in his office, say, "Boys, no amendments."

H.M.JR: Something, but just kind of wait about on it. Get up there around four o'clock.

MR. O'CONNELL: I'll miss your press conference.

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

- 7 -

MR. O'CONNELL: There was one release on the tax matter the Commissioner is putting out at four. They're going to give the newspapermen here a release on aliens, but that's all right.

H.M.JR: I think this is more important than my press conference, because Biffle goes home early, and the whole point is if Biffle would say, "Look, you tell Morgenthau not to worry." You say I'm worrying about this, see? And don't let him know you're checking up on Barkley. The point is I asked you to be up there tomorrow morning, and where to meet, and where they meet beforehand. You know, you can say, "The Secretary is a little worried and nervous about it, so we're up here," and gradually get him to the point that he'll say, "Look, boys, I'll see they get together a half hour beforehand, and if he says it, he'll do it. Barkley will forget all about it. I've seen it happen again and again."

MR. WHITE: He got both points.

MR. O'CONNELL: Oh, yes. He's sensitive.

H.M.JR: Don't you think it's a good idea, Harry?

MR. WHITE: I think it's very good.

H.M.JR: Let Joe and Luxford go up there and you miss my press conference. It will be mostly on black market.

MR. O'CONNELL: Yes. I'd just as soon miss it. I'll be upset. (Laughter)

H.M.JR: I say, if you're here you'll try to stop me.

MR. O'CONNELL: That's right. It's usually too late to try to stop you, so I end up being slightly upset.

June 28, 1945
3:08 P. M.

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Mr. Leslie Biffle: Hello, Mr. Secretary.

HMJr: I was trying to get Senator Barkley, and when I couldn't I thought I would get another man.

B: Well, I'll put you in touch with a good man. He's right here with me.

HMJr: Oh, is he?

B: Right here - just a minute.

Senator Alvin Barkley: Hello.

HMJr: Alvin.

B: Yeah.

HMJr: Henry talking.

B: Yeah.

HMJr: I've just been talking to the boys who have been up on the Hill on Bretton Woods.

B: Yes.

HMJr: And they tell me that you have been most helpful.

B: Do they?

HMJr: Yes, sir.

B: Well, thanks very much, and thank them.

HMJr: I'll tell them that.

B: I haven't taken a lot of time, but I've tried to make my interjections pungent.

HMJr: Well, they've been most pungent.

B: Well, thanks very much.

HMJr: Alvin, we are hoping that there will be no amendments.

B: Well, that's what I think. I mean that is what I am for.

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HMJr: Well, now, as the leader up there, would you mind my raising the question of the possibility of a little get together so that our Democratic party will be one on that.

B: You mean with the Committee members.

HMJr: Yeah.

B: No, I don't want that. We'd have to do it pretty soon. We finished today with the hearing. I didn't stay until it was finished because I had to come over to the Senate.

HMJr: Yeah.

B: I don't know what Bob's idea is - when he is going to call me in the executive session.

HMJr: The boys told me tomorrow morning.

B: Has he? I told him I didn't think it was a good idea to try to vote today because we all had to come over to the Senate here at 12 o'clock. I think this - give these fellows that have got amendments, of course Taft will have some, let them offer them, then just vote them down.

HMJr: Yeah, but you'll have to have a little understanding with your fellow Democrats, won't you?

B: Yeah.

HMJr: And, can I talk very frankly to you?

B: Yeah.

HMJr: Unless you take the leadership, I'm afraid that Bob isn't well enough.

B: Well, Bob has his weakness there. He's not quite aggressive enough.

HMJr: That's it. There isn't a finer fellow....

B: Oh, no, no.

HMJr: But...

B: A little bit sensitive, too.

HMJr: I know.

- 3 -

B: About by-passing him, but that doesn't have to be done.

HMJr: No. Well, you are the leader.

B: I'll talk to him about it. If we are meeting in the morning, I don't know -- we've got a filibuster on over here.

HMJr: Yeah.

B: And I'll have to see what it looks like. We might get together before the committee tomorrow for a few minutes.

HMJr: Well, if they could because I know that the way you can do those things and how beautifully you've done them in the past.

B: Well, I'll get in touch with him.

HMJr: Thank you so much.

B: All right.

PRE-PRESS

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. Lynch
Mr. Shaeffer
Mr. Coyne
Mr. Pehle
Mr. Fussell
Mr. Feltus

H.M.JR: I didn't ask these boys the question, but what would you think, Herbert, if they said anything to me about being next in line? I thought I would say I was going to say a prayer tonight and an extra prayer for President Truman's health and I hope the rest would do the same.

MR. GASTON: I didn't understand what the newspapers meant by that, because I don't think it is true.

H.M.JR: It is, I am sorry.

MR. GASTON: I don't know when--

H.M.JR: It is. I have checked it officially with the White House.

MR. GASTON: You mean he is out?

H.M.JR: He is out as of yesterday; I have checked.

MR. GASTON: And there is no Secretary of State? I think if they should ask you, it is a perfectly proper response.

H.M.JR: If anything should happen, God forbid, to President Truman, I would be next. Now, I have checked it officially.

June 28, 1945
3:55 p.m.

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MR. GASTON: That would be a very proper response. That puzzles me that they should do it in that way, have a lapse.

H.M.JR: Very much in the room, I went over the whole thing with Judge Rosenman this morning.

MR. GASTON: That is quite interesting.

H.M.JR: There is no question about it.

MR. PEHLE: Why do you have to comment at all?

H.M.JR: I don't.

MR. PEHLE: If somebody asks, why--

H.M.JR: Just like--

MR. PEHLE: ...you could comment off the record.

H.M.JR: No, they kind of come in--I will make you a bet. They came in one time and addressed me as Mr. President or Mr. Vice President.

MR. PEHLE: Sure.

H.M.JR: Rosenman told his secretary, "I am going over to see the Vice President."

MR. GASTON: I think it is perfectly all right to kind of laugh and say, "I am saying an extra prayer for the President's health"--kind of laugh.

MR. BELL: That is a very good answer. I would just laugh it off.

MR. WHITE: Say, "For the President's safety," so there could be no misunderstanding.

H.M.JR: I am just going to laugh and say, "I am going to say a little extra prayer for the President tonight and hope you will do the same."

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MR. BELL: Why just tonight?

H.M.JR: A little extra prayer.

MR. GASTON: Say it very lightly, yes.

H.M.JR: No, unfortunately, Mrs. Morgenthau is more worried about it than her own health; she is worried sick about it.

MR. GASTON: I should think she would be.

H.M.JR: It is the most unusual thing in the world, and Rosenman said he was sure nobody thought about it. He said, "I accept your resignation now."

MR. GASTON: I read the letter-- this is perfect nonsense --in that little box, and then I read it and couldn't find any date of resignation.

H.M.JR: Now, as of the time he handed the letter to Stettinius--no, I checked it with Judge Rosenman. He doesn't want to know, and I don't want to know, but there is no question about it. Don't look at me like that; give me a new look. (Laughter)

MR. WHITE: We are liable to publish the book yet. (Laughter)

MR. BELL: You haven't any title on it, have you?

MR. GASTON: We have got a lot of ambition.

H.M.JR: You will be interested in this.

(Discussion off the record.)

MR. SHAEFFER: Mr. Secretary, Bill Flynn of the Times Herald, the one that kept the pot boiling on this Elliott Roosevelt thing, will be out here, I think.

H.M.JR: Good.

MR. SHAEFFER: He will be the oldest man in the room, with the exception of Crawford.

June 28, 1945
5:23 P.M. 123

HMJr: Hello.

Postmaster
General
Walker: Hello, Henry.

HMJr: Yes, sir.

W: That was grand of you to send me that citation and that very fine letter.

HMJr: Well, I meant it.

W: I want you to know I'm very, very appreciative. It was a gorgeous citation and the letter was even better.

HMJr: Well, that's fine.

W: The personal touch in the letter and I... you just couldn't have been nicer, Henry.

HMJr: Well, I thought....

W: You were very generous about it. That's a very fine statement there you know, going back to the origin of the nation.

HMJr: That's right. Well, it is something for your grandchildren.

W: It was very nice of you, and I want you to know I appreciate it. I know Hellie will too, I haven't - I'm taking it home to show it to her. That's going to find a spot right in my library, I'll tell you that, in a nice frame.

HMJr: Well, that's fine.

W: Thank you very, very much.

HMJr: Not at all, I meant it.

W: I wanted to write you, but I wanted to call you first.

HMJr: That's terribly nice, Frank.

W: Fine, Henry.

HMJr: Bye.

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THE WHITE HOUSE
WASHINGTON

June 28, 1945

Dear Henry,

I appreciate with all my heart the sentiments expressed in your note of the 25th which I found awaiting me on my arrival in Washington.

With best wishes always,

Sincerely yours,



The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

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June 28, 1945

Dear Taylor:

When I saw Senator Kilgore after his return from Europe he spoke of you and the assistance you had been to their Committee, saying that you were the most competent of all the government representatives he had met abroad. This was very high praise; I was glad to hear it, and I wanted you to know of it.

I am pleased with the way you have conducted the Treasury's affairs in London and wish you all success in the next period.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. William H. Taylor
U. S. Treasury Representative
American Embassy
London, England

FC:rd 6/28/45

✓
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June 28, 1945

Mr. Clayton told me today that he was very anxious to testify before the Kilgore Committee as he wanted to tell them all about IPCOG I. He got word from the President that he was not to testify. He said he was quite angry about it, and he went over to see Sam Rosenman to try to get him to appeal to the President to let him testify. Sam Rosenman spoke to the President Sunday, and the President said that he didn't want it discussed in advance of his going to the 3-Power Conference.

This evidently proves that the President has treated everybody the same as he has me about appearing before the Kilgore Committee.

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June 28, 1945

Personal

Dear Nathan:

Thanks so much for your letter of June 22nd. I certainly think that what Dr. Kingdon said in his broadcast will be most helpful in its reaction on Bob Wagner. This goes for your letter to him as well.

I saw Bob Wagner last night, and he seemed in an excellent humor. I am sure you had a lot to do with it.

The Bretton Woods legislation is making good progress in the Committee, and we hope to have it introduced early next week.

With kind regards,

Sincerely yours,

(Signed) Henry

Mr. Nathan Straus,
President,
WMCA,
1657 Broadway,
New York 19, New York.

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o **wmca**
INCORPORATED

America's Leading Independent Station

WMCA BUILDING, 487 BROADWAY, NEW YORK 19, N.Y. CIRCLE 8-4100

NATHAN STRAUS
President

June 22, 1945

Dear Henry:

I think that this excerpt
from Dr. Kingdon's broadcast the night
before last will interest you. *Copy of*
and Mr. Miller is in check As ever,

N.S.

Hon. Henry Morgenthau, Jr.
2029 Connecticut Ave. N.W.
Washington, D.C.

Encl.

Frank Kingdon 129
WMCA
June 20, 1945

Secretary of State Stettinius announced today that the United Nations Conference will adjourn next Tuesday, June 26, after hearing an address by President Truman. Prospects look bright now in the Senate for the Administration's whole international program, both political and economic. The Senate today passed and sent to the President for signature legislation extending the Reciprocal Trade Agreements Act for three more years, with added power for the President to cut tariff rates a further 50 per cent. This is a forward step toward balanced world trade in the future. The other peace-making trade measure now before the Senate is the Bretton Woods Agreement already passed by the House. It is now in the hands of the Banking and Currency Committee of which Senator Robert F. Wagner of New York is chairman. He is adding to the long list of distinguished services he has rendered the country by his bold and progressive leadership on this issue. Having done so much to bring security to the workers of this country, Senator Wagner is now helping to lay a firm economic foundation for the peace which General Eisenhower helped to win. We all get excited and write our Senators when they do something we do not like. It might be a good idea to let Senator Wagner know that we are behind him in his present fight for the Bretton Woods Agreements, so essential to the security of this country and the peace of the world.

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wmca
INCORPORATED

America's Leading Independent Station

WMCA BUILDING, 1432 BROADWAY, NEW YORK 14, N.Y. CIRCLE 9-1000

June 22, 1945

Copy
Dear Bob:

I think that this excerpt from Dr. Kingdon's broadcast the night before last will interest you.

The fine work that you are doing on behalf of the Bretton Woods Agreement is admired by all of your many friends.

We are looking forward to putting some of the debates in the Senate, in which you will lead, on the air in our program "The Halls of Congress".

With warm good wishes, as ever

Yours,

Nathan Straus

Hon. Robert F. Wagner
Senate Office Building
Washington, D.C.

Encl.

COPY

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 28, 1945

TO Secretary Morgenthau (For Action)

FROM Mr. Coo fc

The following is the present status of U.S. negotiations with the French on the "GI" program in France:

1. Two night clubs in the Paris area for the entertainment of U.S. soldiers have been provided by the French and are reported as being "great successes."

The French are still working out the details for the system of conducted tours for American soldiers.

Special gift shops will be established on July 1, selling to the American soldiers at special low prices. The French have formally and finally agreed to the tax abatement and tax refunds on PX purchases. Negotiations are still in progress for tax abatement to the American soldiers for purchases in private gift shops.

2. The French have agreed to make available 5½ billion francs (\$110 million) for troop pay adjustment for 1 year. Together with the War Department, we are studying the program for distributing these funds.

(a) The French have agreed to give 5½ billion francs for one year for the purpose. The French want to announce the program as a gift program. However, we want to justify the acceptance of the francs as an adjustment of troop pay. We are working out arrangements for the acceptance of the francs from French and the payment of 750 francs to each soldier stationed in France as a partial adjustment of troop pay. These arrangements have not yet been completely worked out.

(b) We have already agreed to consider this advance in the final adjustment under the Mendes-France letter of May 30, 1944.

(c) The French will bear the full financial burden, and no U. S. funds will be involved.

(d) Before final acceptance of any program, it is our understanding that the War Department will obtain the approval of the Bureau of the Budget, the Comptroller General, and the leaders of Congressional committees.

If you approve of the above features, we will proceed to work out the final details.

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June 28, 1945

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MEMORANDUM FOR THE FILES

Meeting in Secretary Morgenthau's Office
June 28, 1945
2:15 p.m.

Present: Secretary Morgenthau
Assistant Secretary Clayton
Mr. Glasser
Mr. Coe

Subject: Program of Foreign Financing

At the beginning of the session Mr. Clayton recapitulated what he had been saying to the Secretary: 1. UNRRA's inescapable job could not be performed unless the United States put up another \$1,350,000,000. (He said this appeared about the only hope for Italy); 2. Lend-Lease for the coming year was going to be in a bad way because of difficulties Crowley had gotten into on his appropriation; 3. The Western European job was not going to be nearly covered by lend-lease 3-C.

Thereafter the following subjects were touched upon at greater length:

Lend-Lease Appropriation. Crowley had asked for too little money. He had overestimated what he had by \$400-\$500 million. He had either forgotten about or otherwise neglected the \$350 million lend-lease transfer to UNRRA. The committee had cut him some and they had been angry at the way it was handled and refused to put it back. An effort would be made to have several hundred millions restored on the floor.

Over-All Program. Mr. Clayton said that the State Department had been estimating how much money foreign countries would require in the next six or seven years in order not only to rehabilitate themselves but also to modernize their equipment and develop some of the resources. The Department thought this was of the magnitude of \$25-\$30 billion. They thought that most of this would have to come from the United States.

They thought these matters might be met somewhat as follows:

- The World Bank could provide \$9 billion.
- If things went well private investment over the next dozen years might average a billion dollars a year. Perhaps as much as \$10 billion might be provided privately.
- The Export-Import Bank should provide \$7 to \$10 billions. Unless something like this took place recovery would be delayed and the kind of world we wanted would not come into existence.

- 2 -

Export-Import Bank. In accordance with this picture Mr. Clayton said that the Department had given serious consideration to increasing the capital of the Export-Import Bank to \$7-\$7 1/2 billion. He asked the Secretary what he thought of this. The Secretary inquired the status of the legislation. Mr. Clayton said it had just been introduced. The Secretary said that he had spent most of his time on domestic matters recently and the rest on Bretton Woods and that he had not thought about it. Mr. Coe said that he was in agreement with Mr. Clayton as to the general picture of world needs and thought that the problem was of the magnitude stated, but that Treasury discussions had favored a legislative program which would obtain this Government money more gradually. We doubted that Congress would delegate to the Executive the right to make multi-billion dollar loans to Britain, Russia and China. In the case of the Export-Import Bank some time should be allowed for the Bank to develop procedures and policies and make a good record, before requesting Congress to appropriate for a good many years in advance.

Mr. Clayton said that he felt that the Export-Import Bank would have to be thoroughly overhauled. For one thing its head should be a man of national prestige, who is accustomed to making big decisions. In response to the Secretary's question, Mr. Clayton said that although Wayne Taylor was a personal friend of his, he did not think he was the sort of man to handle the job when large and complicated financial and economic matters with foreign governments would have to be discussed and large sums of money allocated. He explained that it had been intended to give him a suitable post in the State Department, but none was available, and he therefore went into the Bank temporarily. It was expected that when the World Security Organization was set up there would be the proper kind of position for him in, say, the Social and Economic Council.

World Bank. Mr. Clayton felt that the World Bank might not be in a position to operate very extensively until 1947. He was much bothered by the fact that we had not yet worked out any dividing line between the policies which the World Bank would do and those which the Export-Import Bank would do. A number of suggestions had been made, but no policy was available which we could tell the Congress. The Secretary said that as soon as Bretton Woods was passed this was the kind of question which should be passed upon by the Financial Advisory Council. Mr. Clayton agreed.

Mr. Clayton said that these matters were urgent, and he thought that the decision on a still larger Export-Import Bank should be made very quickly. The Secretary said that he thought Bretton Woods was a matter about two weeks that in the meantime Treasury would discuss this matter and he thought they would be ready to decide within two weeks. Mr. Clayton agreed that nothing would be lost by such a delay.

France. Mr. Clayton said that he had been talking with the head of the French Industrial Mission here and he understood that the French figured they would have to spend a billion and a half dollars over and above 3-0 in order to modernize their plants so that they could really compete in world markets in their customary export fields. This was a

June 28, 1945

133

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- 3 -

sample of the kind of problem which had to be faced up to, since most of this business would either be done by the United States or no one.

U.S.S.R. Mr. Clayton said that it was curious that nothing had been heard recently from the Russians about the \$6 billion loan. The Secretary said that Harry Hopkins had told him that they did not raise this question with him. Mr. Clayton said it had also not been discussed at Yalta. In fact, he had not noticed any mention of the question to Harriman. However, there was no doubt that the Russians wanted the credit. He felt it would very likely come up at the discussions in Berlin. We were in no position to discuss anything but generalities on this and no real decisions had been made.

Poland. Mr. Clayton said that he had just finished a very interesting six-page telegram from Harriman about the needs and plans of Poland. They were inquiring about the possibility of an Export-Import Bank loan.

United Kingdom. Mr. Clayton said that the Department felt that \$2 1/2 to \$3 billion were required for the British in Phase III. He supposed the Secretary had noticed that John Williams thought that Bretton Woods could not move forward until a grant of about this size were given the British. The Department did not, of course, favor a grant. They were thinking of a loan of something like 2 1/2 percent for about 30 years. The State Department would further be willing to have a clause in the agreement whereby the British could be relieved of repayment during any particular year in which their balance of payments situation made this unduly difficult. They would be prepared to endorse this if they could get the British to agree to the following:

- Elimination of the sterling pool.
- Elimination of substantial changes in Empire preference.
- The settlement of the blocked sterling.
- Cooperation with us on other elements of a liberal trade program.

The Secretary said he did not know whether the British were prepared to go forward on the proposal of a loan for credit. Mr. Coe said we had had some indications that the British would prefer to settle their blocked sterling before they approached us for financial assistance. The British thinking was undoubtedly that they could drive a harder bargain with their creditors before they received U.S. financial assistance than they could afterwards. On the U.S. side there were some people who wanted the U.S. to extend financial assistance to the British in order that they could unfreeze more of the blocked balances and there were some who would object to this as an action which would mean U.S. assumption of British debts.

Mr. Clayton said he knew that the question of timing was by no means settled, but he thought that the sooner we got into discussion with the British and the more we learned of their thinking the better.

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Mr. Clayton said further that the State Department was pressing for a United Nations conference in January on commercial policy and that they hoped to negotiate the above matters with the British before such a conference. He was going to be in London following the meeting of the Big Three in Berlin. He intended to talk along these lines with the British. As he had previously told the Secretary, he would like to have Glasser there with him. He had learned that Glasser was going to be in London anyway for the UNCTAD meeting and, therefore, he was hopeful that Glasser could go over a little earlier in order that he could participate in the discussion with the British.

The Secretary said he had forgotten that Glasser was going to be in London for the UNCTAD meetings and that he wanted to cooperate with Mr. Clayton and he would discuss this matter again.

Action. The Secretary said that he had been busy with other matters and that he supposed Mr. Clayton did not expect an answer on these very interesting and very important matters today. Mr. Clayton said no but that he was anxious to get as close agreement between the State and Treasury as he could and as quickly as possible.

Next Meeting. The Secretary thought that Bretton Woods would be out of the way in a relatively short time. Meanwhile the Treasury had actively considered these matters. He thought that we should have a further meeting with Mr. Clayton next week—perhaps a luncheon—and that several of the people from each Department should join Clayton and himself. Mr. Clayton agreed.

FC
Frank Coe

AUTH: Postal Director, A. H. F.

INITIALS: *MA*DATE: *137*

28 JUN 1945

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

This is in further reference to your letter dated 16 May 1945, relative to the shipment of gold to China, and to the recent exchange of radios between the War Department and General Wedemeyer in which General Wedemeyer established an air priority for immediate air shipment of approximately 17 tons of gold to China. As the priority assigned gives preference over all other cargo or personnel, the Air Transport Command has stated that they will accept delivery of the gold as fast as it can be delivered to La Guardia Field. It is, therefore, recommended that the Federal Reserve Bank, New York, be requested to expedite delivery of the gold as General Wedemeyer has requested that the 17 tons arrive by the first week in July.

This will confirm the arrangements made through this office with Air Transport Command for shipment of the 17 tons of gold, details of which have been furnished by telephone to Mr. Lipsman's office.

It is understood that the total shipment which is held at the Federal Reserve Bank, New York, will consist of 17 lots as follows:

1. Lot No. 1 consisting of 8 kegs numbered CMC 1036 through CMC 1043, with a total weight of 1,917 pounds, displacing 8 cubic feet, with a total value of \$925,004.33.

Lot No. 2 consisting of 8 kegs numbered CMC 1044 through CMC 1051, with a total weight of 1,930 pounds, displacing 8 cubic feet, with a total value of \$931,686.66.

Lot No. 3 consisting of 8 kegs numbered CMC 1052 through CMC 1059, with a total weight of 1,913 pounds, displacing 8 cubic feet, with a total value of \$923,003.41.

Lot No. 4 consisting of 9 kegs numbered CMC 1060 through CMC 1068, with a total weight of 1,911 pounds, displacing 9 cubic feet, with a total value of \$916,298.43.

This document contains information affecting the national defense of the United States within the meaning of the espionage laws, Title 18, U.S.C., Sec. 793 and 794, and the transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

Continued.

Lot No. 5 consisting of 8 kegs numbered CMC 1069 through CMC 1076, with a total weight of 1,889 pounds, displacing 8 cubic feet, with a total value of \$910,930.69.

Lot No. 6 consisting of 11 kegs numbered CMC 1077 through CMC 1087, with a total weight of 2,456 pounds, displacing 11 cubic feet, with a total value of \$1,181,107.17.

Lot No. 7 consisting of 9 kegs numbered CMC 1088 through CMC 1096, with a total weight of 2,000 pounds, displacing 9 cubic feet, with a total value of \$961,537.74.

Lot No. 8 consisting of 9 kegs numbered CMC 1097 through CMC 1105, with a total weight of 1,977 pounds, displacing 9 cubic feet, with a total value of \$950,037.87.

Lot No. 9 consisting of 8 kegs numbered CMC 1106 through CMC 1113, with a total weight of 1,927 pounds, displacing 8 cubic feet, with a total value of \$930,791.78.

Lot No. 10 consisting of 9 kegs numbered CMC 1114 through CMC 1122, with a total weight of 1,948 pounds, displacing 9 cubic feet, with a total value of \$935,290.76.

Lot No. 11 consisting of 9 kegs numbered CMC 1123 through CMC 1131, with a total weight of 1,965 pounds, displacing 9 cubic feet, with a total value of \$944,216.91.

Lot No. 12 consisting of 8 kegs numbered CMC 1132 through CMC 1139, with a total weight of 1,927 pounds, displacing 8 cubic feet, with a total value of \$930,647.37.

Lot No. 13 consisting of 8 kegs numbered CMC 1140 through CMC 1147, with a total weight of 1,940 pounds, displacing 8 cubic feet, with a total value of \$937,626.66.

Lot No. 14 consisting of 8 kegs numbered CMC 1148 through CMC 1155, with a total weight of 1,775 pounds, displacing 8 cubic feet, with a total value of \$854,695.27.

Lot No. 15 consisting of 10 kegs numbered CMC 1156 through CMC 1165, with a total weight of 2,348 pounds, displacing 10 cubic feet, with a total value of \$1,133,618.25.

Continued.

Lot No. 16 consisting of 10 kegs numbered CBC 1166 through CBC 1175, with a total weight of 2,297 pounds, displacing 10 cubic feet, with a total value of \$1,108,177.97.

Lot No. 17 consisting of 10 kegs numbered CBC 1176 through CBC 1185, with a total weight of 2,316 pounds, displacing 10 cubic feet, with a total value of \$1,118,475.50.

2. Air priority number assigned to the shipments is US-CI-1-3940-PAT-June.

3. The Air Transport Command will accept delivery of the gold at La Guardia Field, New York, and has been requested to contact Mr. Peter Lang at the Federal Reserve Bank to supply instructions as to the exact time and place of delivery.

4. Each keg should be marked as follows:

Finance Officer
Headquarters
Base Section 2, SOS
Calcutta, India

For delivery to Mr. F. P. Ling, Manager
Bank of China
Calcutta, India

APR-US-CI-1-3940-PAT-June

The Air Transport Command has been requested in the shipment of the above kegs to keep each lot intact on one plane for insurance purposes and to limit the total amount on any one plane to \$5,000,000.

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

It is understood that arrangements have been made between the Federal Reserve Bank, New York, and the Revenue Traffic Division, ATC, New York, for the payment of the transportation costs included in the above shipments.

Sincerely yours,

R. P. HUEPNER
Brigadier General, USA
Acting Fiscal Director

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JUN 28 1945

Dear Sir:

The splendid cooperation received by the Treasury Department from Army Ground Forces has been a very great factor in the success of the Seventh War Loan. The "Here's Your Infantry" demonstrations which have appeared in more than 600 cities throughout the country have been of unprecedented help to our various local War Finance Committees in meeting and exceeding their quotas.

It would be appreciated if 15 units of "Here's Your Infantry" could be made available to the Treasury Department for use during the Eighth War Loan which is scheduled for this fall. It would be further appreciated if 100 ten-man weapon demonstration squads could be made available for particular use in the important agricultural areas of the country. These mobile squads would reach the smaller communities and would be extremely effective in bringing about a realization to those in the rural areas of the part played by the Infantry.

I want to extend my personal appreciation for your splendid support.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Commanding General
Army Ground Forces
Army War College
Washington, D. C.

YMS:CC
6-27-45

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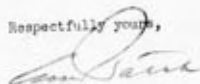
June 28, 1945

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

My dear Mr. Secretary:

May I thank you for your nice note
of June 19 and if my statement concerning the
War Loan Drive has had any effect, I am happy to
know that fact.

Respectfully yours,


A. M. Patch
Lieutenant General, U. S. Army

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 28,
1945

TO Secretary Morgenthau
FROM J. W. Pehle

I have reviewed the letters and wires received from the Collectors of Internal Revenue pursuant to your recent request for their report on the public reaction to the drive and requesting any suggestions for improvement.

The Collectors reported the public reaction on the whole to be very good. There was general approval of the information concerning the drive which has been given out from Washington. For example:

Fargo, North Dakota, reports:

"Public press and radio stations have given much publicity to Secretary Morgenthau's program and there seems to be wide interest by taxpayers in drive."

Wichita, Kansas, reports:

Public reaction gratifying. "254 amended and delinquent returns of various kinds disclosing a tax liability of approximately three-quarters of a million dollars received in this district since 1 June undoubtedly as result of investigations and publicity incident to the drive. Impetus has been added by fact Grand Jury now in session at Wichita attracting statewide attention to the tax evasion on part of illicit liquor and gambling operators. Three newspapers carrying editorials and stories daily which are increasing voluntary disclosures and leads for investigation."

On the other hand, many districts report a marked lack of local publicity. For example:

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Phoenix, Arizona, reports:

"Because no publicity so far has been given to investigations under way there has been no public reaction locally. Press releases to date have apparently produced no tangible results in this district."

Several districts point out that in order to be effective locally publicity must be issued locally to supplement national publicity. For example:

Cheyenne, Wyoming, suggests that Collectors in the various districts be authorized to prepare stories relative to the drive and featuring a local angle.

Denver, Colorado, suggests that publicity be localized as much as possible, adding: "Publicity from Washington very much reduced in volume and effect when it gets this far away."

The Collectors were generally in agreement that publicity is vital to the drive. For example:

Wichita, Kansas, reports:

"Continuation of well planned and well timed publicity vitally necessary."

Albuquerque, New Mexico, suggests additional press releases as these are needed."

Detroit, Michigan, reports:

Public reaction to this drive has been exceptionally good. Newspaper publicity extremely helpful.

Brooklyn, New York, suggests:

More publicity of a factual nature be obtained. For example: In a case where a meat dealer is found to be liable for additional tax of say one hundred fifty-eight thousand dollars due to sales above ceiling prices the Secretary should publicize the case, including the

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offender's name and address.

Birmingham, Alabama, apparently believes that the Washington publicity releases have been discontinued as nothing has been in the local papers for some time.

The reports contained the following significant suggestions:

1. More publicity should be given to the Treasury's ruling against no prosecutions where voluntary disclosure is made. For example:

Camden, New Jersey, reports that amended and delinquent returns are not being filed probably due to fear of prosecution. "If more voluntary disclosure desired publicity should give hint of more lenient treatment of cases involving voluntarily filed returns." Similarly, Brooklyn, New York, suggests that the Secretary consider announcing a period of grace for all persons who have understated their tax to voluntarily come forward.

2. It was suggested that publicity on rewards for information furnished would be helpful. (Cheyenne, Wyoming)
3. Several districts mentioned the importance of working out a procedure for examining safe deposit boxes. (Providence, Rhode Island and Cheyenne, Wyoming)
4. Life insurance companies should be obliged to furnish information on all cases in which currency is used as advanced premiums on life insurance single payment annuities and other similar cases. (Hartford, Connecticut)
5. There should be a much greater degree of co-operation between the Collectors' offices and the office of the revenue agents and special agents. This point was emphasized by a great many of the districts in various ways. For example: Several districts suggested that a fraud squad of experienced and qualified deputy

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collectors be organized in the Collectors' offices and that greater latitude should be given to the Collectors' offices in conducting field investigations. (Columbus, Ohio; Pittsburgh, Pennsylvania; Scranton, Pennsylvania; Birmingham, Alabama; Des Moines, Iowa)

Similarly, Jacksonville, Florida, suggests the possibility of the Agent-in-Charge and the Collector assigning a certain number of agents and deputies to the drive to operate under the general supervision of the Special Agent and thereby eliminate confusion and duplication of effort.

6. Several of the districts emphasized strongly the importance of speedy prosecution of one or more of the cases from their district in order to get the cooperation of the general public and proper publicity. For example:

Los Angeles, California, indicates that two black market fraud cases have been referred to the Bureau with recommendations for prosecution and suggests prompt action to stimulate the morale of the field forces, to accelerate voluntary disclosures and to reduce future evasions.

Jacksonville, Florida, points out that there are pending in Washington three or four "very flagrant cases" from this district which should be pushed.

7. Several of the districts report little progress to date. (St. Paul, Minnesota; Augusta, Maine) This suggests a meeting in Washington of representatives of the districts which are making no progress in order to ferret out the difficulty and get them on the right track.

8. Recruitment:

- (a) A number of the Collectors pointed out the difficulty of recruiting personnel for the Collectors' offices in view of the low

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salaries paid. For example:

Dallas, Texas, indicates that their service could be substantially improved by granting comparative grades with other agencies and preventing loss of employees who have been carefully and competently trained. This office says it is losing one competent employee right after another because of inadequate salaries.

The Collector at Birmingham, Alabama, reports that he is unable to recruit capable men at CAF-5, \$2,000 per annum, for the Collector's office.

- (b) Some of the districts are worried about a breakdown in the morale of the deputy collector force in view of advantages being offered in grade and salary to new personnel being recruited for the drive as compared with present salaries. An upgrading of the present salaries concurrent with the hiring of new employees is suggested. (Springfield, Illinois; Jacksonville, Florida)
- (c) One of the districts suggests that former agents should be released from the military service for this work. (Boston, Mass.)

9. General Comments:

Columbus, Ohio:

"Tax dodgers are like Japs they have to be dug out. It takes time to train deputies and agents. Effect of work now may bring results a year hence."

New York (3d dist.):

"Worst offenders have gone underground. During special tax drive bills of large denominations being sold at substantial discount and held out of regular banking transactions. Few delinquent or amended taxable returns voluntarily filed."

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Indianapolis, Indiana:

"Press reaction to banks giving information re currency transactions very unfavorable."

St. Paul, Minnesota:

"Just completed two weeks tour southern half State of Minnesota conferring with seven hundred sixty-five bankers different cities with very little comment or interest amongst this group pertaining to this tax drive."

Springfield, Illinois:

"I have found diplomatic publicity through the newspapers and by radio very effective. I have kept in constant touch with the deputies assigned to this job, warning them repeatedly that they must extend the utmost courtesy in making any and every inquiry and that under no circumstances must they be resentful when taxpayers protest against inquiry properly made."

"I have found it helpful to address civic clubs in a number of cities, explaining that this is not a drive against any individual or evil, and is based solely upon justice and equality in administration of the tax statutes. It is my conviction that the drive should proceed with constant stress being placed upon courtesy and impartiality."

J. M. M.

June 28, 1945

MEMORANDUM FOR THE SECRETARY:

RECRUITMENT REPORT - JUNE 27

	Actually on the job
Special Agents	76
Clerical Help for Intelligence. .	10
Collector's Offices (all types of help) . .	271
Revenue Agents	2
Total	359

We also have 288 persons signed up for work in various categories who are not yet on the job.

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June 29, 1945
9:15 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. Bartelt
Mr. Charles Bell
Mr. Luxford
Mr. O'Connell
Mr. Fussell
Mr. Haas
Mrs. Klotz

H.M.JR: I was asking Mr. Bell if he sent a memorandum around. I thought if it wasn't too great a hardship on anybody if he could be ready to be at work at nine, it would be helpful to me, seeing that I don't sleep so well, and particularly in view of the bargain with you. I think that most of you now are only on duty every fourth Saturday. Isn't that right, huh?

MR. O'CONNELL: Theoretically.

H.M.JR: So, if you could get here by nine--

MR. WHITE: It would be easier to suggest a way for you to sleep longer.

H.M.JR: What?

MR. WHITE: It would be easier if we could suggest a way that you could sleep longer.

H.M.JR: Some mornings I sit around here and wait until quite late. Is it a hardship to be here by nine?

MR. GASTON: Not on me, only on my neighbors.

MR. WHITE: It isn't a hardship, just an inconvenience.

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H.M.JR: Well--

MR. WHITE: We can do it.

H.M.JR: Well, it happens to be the working hours.

MR. WHITE: Nine to what? (Laughter)

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

H.M.JR: Nine to five-thirty.

MR. O'CONNELL: I get here three minutes after normally.

MR. WHITE: I trust you wouldn't want us to stick to the working hours.

H.M.JR: The morning end. Anyway, nobody has to be here. I am not asking anybody to punch a clock.

MR. LUXFORD: Nine-fifteen is more convenient for the car pools.

H.M.JR: See what you can do. As I say, we are not clock punchers, but we did that one other summer, didn't we?

MR. C.S.BELL: Yes. The car pools are the thing that upset the whole program here. They have to wait on other people, people that are working in the Department of Commerce, Supreme Court.

MR. WHITE: I come in with three other people. They all begin at nine-fifteen. That doesn't mean you can't do it, but I say it is inconvenient.

H.M.JR: It isn't a matter--I'm not issuing any orders, and if some mornings you are not here, you won't hear anything about it, see? But if those of you who can be here conveniently at nine, I would appreciate it if you would be. That's all. That's only a reasonable request, isn't it, Mr. Luxford and Mr. White?

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MR. WHITE: It doesn't solve the problem.

H.M.JR: Don't your people work at the Treasury?

MR. WHITE: No, none of them do. However, I can adjust myself. It isn't either insuperable or serious, but it's a matter of inconvenience. However, if you want us to be here at nine o'clock, I'm sure we can. You usually have been calling conferences at nine-thirty. Now, it very easily can be pushed up to nine-fifteen with no inconvenience.

H.M.JR: Nine-fifteen would be no inconvenience?

MR. WHITE: Nine-fifteen would be no inconvenience, but nine o'clock would be.

H.M.JR: Well, I'll settle for nine-fifteen. All right? Okay. Revise your order to nine-fifteen.

Now, we'll see Mr. Dan Bell, and Mr. Dan Bell, if you want to see anybody--(Laughter).

MR. WHITE: Dan gets here at eight o'clock.

MR.D.W.BELL: I'm working on daylight saving.

H.M.JR: All right.

(Discussion off the record.)

H.M.JR: Charlie? When John Pehle comes in we'll give him a little applause.

MR. LUXFORD: I'm sure he didn't know about it.

MR. WHITE: You didn't give him enough notice.

H.M.JR: Charles?

MR.C.S.BELL: In some cases we are sending wives to Europe to work for the Treasury. Dorothy Adler is going to Chungking with Sol Adler. Sol Adler married Dorothy

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Adler when she was Dorothy Richards about three months ago. I just thought you ought to know. We see no harm in it. We think it's good.

H.M.JR: I see no harm in it.

MR. D.W.BELL: She got married to go to Chungking.

MR. GASTON: That's the order. They've got to get married.

H.M.JR: What are you worrying about, Charlie? Is she going to be on Treasury payroll?

MR. C.S.BELL: Both of them, yes.

H.M.JR: That, I think, is wrong. I think you are starting something.

MR.C.S.BELL: Well, she is an economist and very good. She has been with Harry White a number of years, and just incidentally they were married here about three months ago.

H.M.JR: Before you let that one go into Foreign Service, check and see if there is any precedent for that.

MR.C.S.BELL: We can find out definitely, but I am sure there is.

MR. WHITE: This is new to me. I knew she was married, but I didn't think she was going to Chungking.

H.M.JR: Do you think it is good for Sol?

MR. WHITE: It's good for Sol. I don't know if it has ever been done. Of course, it makes a difference that she has been working here and married later. That is true--within the Department there are a number of such cases where they both continue to work for the same Department. It's true that in Treasury there are several such persons. Whether it is true abroad I don't know.

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H.M.JR: Well, Mr. White has his doubts, and I have my doubts when they go to Chungking. They say two can live the same as the price of four.

MR. WHITE: It is not the best place in the world right now, either, for a woman to go.

MR. LUXFORD: Let them make that decision.

H.M.JR: Do a little inquiring.

MR. C.S.BELL: All right.

MR. WHITE: If it has been done, I am in favor of it, but if it hasn't, I am not in favor of it.

MR.C.S.BELL: I think it has been done in the State Department.

H.M.JR: See if it has.

MR.C.S.BELL: You recall Stanley Prenosil.

H.M.JR: Over in War Bonds?

MR.C.S.BELL: Ted Gamble is proposing him for eight thousand, CAF-15.

H.M.JR: That is up to Gamble. It would be the first person who is a friend of Roosevelt, who is around the Administration, who has been promoted instead of being fired.

MR.C.S.BELL: He is doing a good job.

H.M.JR: Did you hear that?

MR. WHITE: I heard what you said, but I didn't hear the name.

H.M.JR: It is the first person who is a friend of Roosevelt in the Administration who has been promoted instead of being fired.

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MR. WHITE: I heard that, but I didn't hear the name.

MR. GASTON: Stanley Prenosil, a newspaper man who was one of the original cuff links of the crowd and worked in the Treasury for a couple of years.

H.M.JR: Well, it is a precedent, but--

MR. CHARLES BELL: Mr. Nunan would like to make Gallehan the Deputy Commissioner in Charge of Salary Stabilization. Burford has developed heart trouble and is going back to Texas and leaving that vacancy. Joe O'Connell and I are in accord on that. He is the most logical person.

MR. O'CONNELL: He has been Acting Deputy Commissioner in Charge of Salary Stabilization for six months, the operation itself.

H.M.JR: Does that function properly?

MR. O'CONNELL: It functions as well as you can expect that type of operation to function. It is the worst one we have.

H.M.JR: The telephone calls I get from businesses all say they can't get their salaries through.

MR. O'CONNELL: That is the test as to how effectively that job has been done.

H.M.JR: I want to pick the Deputy Commissioner, but on the rest of the thing, if you and Charlie recommend it, and Nunan, it is blood on your head if it doesn't work out.

MR. D.W.BELL: Is he Acting Deputy?

MR.C.S.BELL: He will be the Deputy.

MR. O'CONNELL: The Deputy in Charge of Salary Stabilization.

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MR. C.S.BELL: That program is going to last only about a year.

H.M.JR: I can't spend all my time checking these people, and if you fellows and Numan think it is all right, and then it doesn't work, it leaves me in a position where I can criticize.

MR. O'CONNELL: That's right.

H.M.JR: If it works, I'll say you boys picked a good man.

MR. D.W. BELL: This fellow is better than Burford and gets along with the outside public in my opinion better than Burford.

MR. C.S.BELL: That's all for me, sir.

H.M.JR: Daniel Bell?

MR. D.W. BELL: I have nothing.

H.M.JR: It is my fault now. I have got this thing on Chase on my desk. I'll try to clear it today or tomorrow.

Mr. White?

MR. WHITE: There is some difficulty about withdrawals by the present Polish Government, the so-called government in exile, some feeling on the part of people in foreign funds that the balances which that government has in this country, some of their accounts will be completely withdrawn if the other government is recognized. We are in consultation with the State Department, and what we are proposing to do is require a special license, so that would let any small amounts go through, but should a large amount go through, we will take it up.

You may hear some repercussions from that.

H.M.JR: I see by the papers that you are going to

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attend a secret session this morning.

MR. WHITE: Top secret.

H.M.JR: This three billion dollars.

MR. WHITE: That is what the report has made of it. It is a little distorted. It is Williams who said they ought to get three billion dollars lend-lease. They asked me whether it is essential in my judgment to help the British before we amassed the Fund. It was Williams point of view we don't need the Fund if we help Britain with three billion dollars. I said if it was satisfactory to them, I would prefer to discuss that at an executive session so I could give them a little more of the facts. They said they would prefer it, so the paper came out with that. I called Brand and discussed with him what would be all right to tell them.

H.M.JR: I heard both from Will Clayton and Herbert Lehman that our boys did all right before Senator Mead. I haven't had a chance to hear from them directly.

MR. WHITE: All I heard about it was that they didn't spend more than ten or fifteen minutes on their problem. They had about thirty or forty persons in town there and they tried to cover an enormous deal which couldn't possibly be covered in anything like the short time they had, and that the thing went very smoothly, but I don't know of any further details. Coe and Glasser went.

H.M.JR: Yes. Harry, make a note for yourself, will you, please, that what's his name, Will Clayton is trying to finagle it so that Glasser will be in London when he is there.

MR. WHITE: He is going to London. We agreed that Glasser is going to London. If somebody ought to go to Berlin, I have a good nomination, Harry White. I think it's important, and I think Treasury ought to be represented there, and if it is important enough for Assistant Secretary Clayton to go, certainly the Treasury ought to have

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somebody there on this Peace Conference and German business, and it seems to me that only next to yourself I can support your point of view and maybe help it along. But if we don't have it at that level, anybody who would be there would be under raps more or less, so I thought I'd throw that out for your consideration. I am being very selfless, Mr. Secretary.

I'd like to go, and if you think it is important to go, I'll go, but my liking to go is very secondary. I am not particularly keen on going to Germany, but if you think it is important, I'll go.

H.M.JR: Well, of course, the only thing I am worried about is if you go there, you will be so tired the next month when I go to Moscow.

MR. WHITE: I thought I'd rest up in Moscow after Berlin. That was the general idea. Well, I just thought-- I think Taylor ought to go.

H.M.JR: I have asked to see President Truman Tuesday. I have sent him a message. I was going to raise the question about who was going to go and who was going to give him all this information, see? I did have you in the back of my mind, so you needn't feel hesitant or bashful.

MR. WHITE: You will understand my bashfulness, I am sure.

H.M.JR: I am well acquainted with it.

MR. WHITE: I do think, irrespective of who goes, I think Treasury very definitely ought to play an official role in this sort of thing. It is predominantly a financial question, economic question. You haven't forgotten we agreed to let Glasser go to London.

H.M.JR: It reminded me of a six weeks old letter I forgot about.

MR. WHITE: On UNRRA.

H.M.JR: But we'll see. I don't know. Clayton agrees

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that this Advisory Committee on Bretton Woods is the top committee and should begin to function as soon as the bill has passed.

MR. WHITE: Well, Frank Coe has just got out a report. I've gone over it, and I think it is a very good report on what is to be done. He probably will want to give it to you sometime this morning.

H.M.JR: Any other suggestions for Mr. White? I said for not from.

MR. WHITE: No. I think that will do for today.

MR. LUXFORD: The other day I mentioned to you we are having trouble on the war criminal directive. Since then things have improved a good deal. Joe Friedman and Harold Glasser have been putting up a very good fight in the sub-committee of IPCOG, and the last document is one which from our point of view is one hundred percent better than the document we started with.

H.M.JR: I am glad to get that. Mr. MacLeish called me up and asked if he could come over to see me this morning; that he had to work, and he wanted to work at a higher level rather than on a committee level, on a directive on how to reeducate the Germans. I thought I would see him. It is the first time I have seen MacLeish since he has been in the State Department.

MR. WHITE: I have been told by friends that he wasn't quite happy there, but that has changed now.

H.M.JR: Well, you'll know better Monday.

MR. GASTON: It looks from newspaper stories as though you will have to work pretty fast if you want to see him while he is still in the State Department.

MR. WHITE: No, I don't think so.

MR. GASTON: You don't think so?

MR. WHITE: Not unless he takes some of the others off. If he takes MacLeish off, he'll have to take some of the others.

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H.M.JR: The most significant straw in the wind--what's his name only told me yesterday--was that Coe who said that Lauch Currie had said that the fact that Ben Cohen hadn't done any work since the first of January was conclusive evidence he was waiting for Mr. Byrnes to become Secretary of State, at which time he would go over and have an important job with him?

MR. O'CONNELL: Ben denies having any knowledge or information about what is going to happen in the State Department or to him personally.

H.M.JR: It is strange that he isn't doing anything.

When are you fellows going on the Hill?

MR. WHITE: At ten thirty.

MR. O'CONNELL: I have to meet with the Ways and Means Committee at ten o'clock. I only wanted to remind you that you wanted to mention to the nine-thirty group your discussion with Commissioner Numan about the relationship between the Bureau.

H.M.JR: Oh, very much in the group, I had a very satisfactory talk first with Mr. Hannegan of our political patronage and said that the thing should clear in the first instance through my office and not from Mr. Hannegan to any of the subordinates. We had a very satisfactory talk.

Then I was glad that Mr. Hannegan said he was quite satisfied to work on politics with Herbert Gaston. When he was over he called on Herbert Gaston, and then I had a long and satisfactory talk with Mr. Numan along the same lines and I think Numan seems to be sort of a new man who sits in, too.

MR. O'CONNELL: He is quite happy about the whole thing. He wasn't too comfortable about the situation he found himself in where he had to sort of deal with two bosses. He is quite pleased with that.

H.M.JR: He seems to be, and Numan made what sounded like a very reasonable request after I repeated myself four times. That was that these things work both ways, and any requests

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from the Office of the Secretary of the Treasury and those attached to it should go to him through Joe O'Connell, and the people had made a practice of asking for things from Internal Revenue and he wouldn't hear about it for a week or month afterwards, but he didn't tell me what he had in mind. I don't know what he had in mind. You thought it had to do with Ireys's office.

MR. O'CONNELL: At least one episode--I think the one that was probably freshest in his mind was Elmer's request about McKellar.

MR. GASTON: I think Norman Cann completely misunderstood that, because what I asked Elmer to get was some information from the files about this man Hale or Gale, or whatever it was, to get some personnel information about him.

H.M.JR: It was a reasonable request, I know that.

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

MR. WHITE: Mr. Secretary, while--

H.M.JR: Excuse me, what I am saying here in a very few minutes I think is very important from the Treasury standpoint, I mean, in regard to the political thing, that I continue to be the head and that there be no undercutting by anybody as long as I am here, and I have got that understanding with Hannegan.

I also had for lunch here the State Chairman of New York, Mr. Paul Fitzpatrick. I had a very good understanding with him, so I think the political thing is in hand and on a friendly basis. There is no resentment. But I was very, very direct, and very firm. You can't do more.

MR. O'CONNELL: I had a talk with Herbert and Fitzpatrick about Gilroy, and I doubt if we will have anything Gilroy will be interested in. But Fitzpatrick is satisfied. I have written him since and told him about the sort of people we need in connection with the expanded Penal Division in New York. After talking with him, he suggested I might tell him. He might have some suggestion. Now, I would like to be excused.

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(Mr. O'Connell leaves the conference.)

MR. WHITE: I know you are interested in the San Francisco charter. Would you prefer to have a memo giving the highlights and comparing it with Dumbarton Oaks, or would you like to set aside half an hour to go over the whole thing so you will know all the important details?

H.M.JR: I would like to do it verbally.

MR. LUXFORD: It might be worth while to have a whole group in, because I think everybody should be familiar with that document, and they might as well all be brought up to date at once.

MR. WHITE: We can take the group separately--either way.

H.M.JR: I will have White at nine-thirty Monday morning, July 1.

MR. WHITE: Nine-thirty?

H.M.JR: Ten-thirty. There won't be anything on the Hill that morning, will there?

MR. WHITE: I don't think so. They're having the executive session today.

H.M.JR: We can change it then all right.

MR. BARTELT: Mr. Secretary, I had a call from the Postmaster General's Office yesterday afternoon saying Mr. Walker was delighted with the citation you gave him.

H.M.JR: I had a call. You know, it is terribly funny. Walker got up at Cabinet and said he thought it was pretty funny that I, the Secretary of the Treasury, never said thank you, and so on, and he was sarcastic. I told Dan Bell to fix up one of these citations we have on war bonds--a sheepskin with the Treasury seal. I thought it was very funny, but Dan didn't know. I have had it on my desk for three days. I couldn't make up my mind. Sometimes these

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practical jokes don't go so well, but I thought it was very funny and very amusing. It was very impressive. And then with the help of Herbert Gaston I wrote a very flowery letter--oh, it was terrific. I got a telephone call that was the most wonderful and most touching thing. He took it seriously, and he is going to have it framed. He wants his grandchildren to see it and couldn't wait until his wife got home so he could show it to her. And if I had kidded him, I would have made an enemy for life.

MR. GASTON: Yes.

H.M.JR: And he thought it was the last word.

MRS. KLOTZ: That bears out my point about these practical jokes.

H.M.JR: Well, it went all right, but if I had started to kid him, I think he would have exploded.

MR. D. W. BELL: Originally we thought we would put something in the citation facetious, but--

MR. WHITE: It is well you didn't.

MR. D. W. BELL: We didn't think he would take it very well; Frank is pretty serious.

H.M.JR: Anything else?

MR. BARTELT: Mr. Secretary, I would like to suggest for your consideration the question of whether you might be willing to submit to the President the thought that he might want to endorse the Pay Roll Savings Plan in the Federal agencies.

H.M.JR: Not just now, I don't think.

I wrote White a memo and got him to write a letter to that business group up in New York.

MR. WHITE: We sent a telegram. You sent a telegram.

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MR. LUXFORD: They have one from Truman.

H.M.JR: How did they get the one from Truman?

MR. WHITE: We didn't know.

H.M.JR: Nobody in the Treasury had anything to do with it?

MR. WHITE: I don't know anything about it.

H.M.JR: I would like to do those things myself.

MR. LUXFORD: I didn't know about it until I heard about it just day before yesterday.

MR. WHITE: I don't know whether Feltus had anything to do with it, but I will find out.

H.M.JR: You will have a memo on your desk.

MR. WHITE: They were worried about whether they were going to get the Congressmen, and they said, "We have to, because we have a telegram from the President and one from the Secretary."

MR. D. W. BELL: Tobey went, didn't he?

MR. WHITE: They finally got some, but the caucus, the filibuster held them up. They expected to get the whole Committee, and they had three hundred businessmen. It was going to be Macbeth without Macbeth.

H.M.JR: Were there so many businessmen there?

MR. WHITE: There were supposed to be.

H.M.JR: He said three hundred.

MR. LUXFORD: Two or three hundred.

H.M.JR: Like the five hundred thousand people I spoke to in Central Park that dwindled to twenty-five hundred.

MR. WHITE: Yes.

(Discussion off the record.)

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MR. LUXFORD: I would only say this much, Mr. Secretary, that one of the reasons that organization was created was so that it could be detached from the Treasury. It was perfectly appropriate.

H.M.JR: Oh, if they did it direct, or if you or White did it, I would like to know about it.

MR. LUXFORD: No, we didn't.

H.M.JR: George?

MR. HAAS: I assume that the way we are dealing with the Bureau of Internal Revenue statistical matters is still all right.

H.M.JR: I don't know. Talk about it with Charlie Bell and O'Connell. I don't know how you are dealing, but check up. It is good to check up on yourself every twelve years.

MR. HAAS: I mean this new material.

H.M.JR: I still say check up every twelve years.

MR. HAAS: It could get us into trouble; it is a touchy subject.

H.M.JR: Check up with Joe.

MR. HAAS: Yes.

MR. FUSSELL: I have nothing, Mr. Secretary.

MR. D. W. BELL: Mr. Secretary, I think Eddy has another problem with UNRRA. We have had a request for an accountant to go over there and straighten out their accounts, and they want him to go to London, too, to their next conference. They always come to us when they get in trouble on their accounts. I understand they are in pretty bad shape. They want one of our top men, and, apparently, don't want anybody else.

MR. BARTELT: I think Governor Lehman might come to you direct.

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H.M.JR: Well, you should do it the way White does, get up and make a speech about yourself.

MR. WHITE: I hope you have more success.

MR. BARTELT: You see there has been appropriated about four hundred and fifty million dollars for UNRRA. The question now is whether the Treasury is interested in this problem enough to make available one of our best men to put the accounting system in shape. They would like to get Mr. Maxwell, who is head of the Bureau of Accounts.

MR. D. W. BELL: They would like to have him for six months.

H.M.JR: I thought they were talking about sending Eddy over.

MR. BARTELT: They want Maxwell to straighten out their accounting system here and go over to London.

H.M.JR: Will you tell me why Governor Lehman has to get the Treasury Department to straighten out his accounts after all his experience?

MR. BARTELT: They have been trying for six months to get somebody, and they have come to us as a last resort.

H.M.JR: Let Lehman come to me himself.

MR. D. W. BELL: That is the purpose of telling you he will come to you. I am against letting Maxwell go.

H.M.JR: Don't let him go.

MR. WHITE: Where is the chap you recommended a few years ago who went to China?

MR. D. W. BELL: Frese? We have him on a job in Chicago; he can't be spared. We are trying to find him a man, but they have set their mind on Maxwell.

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H.M.JR: I have a good man, General Carter.

MR. WHITE: He has been promoted to a major general, hasn't he?

MR. D. W. BELL: I don't know. Has he?

MR. WHITE: Yes, he is a major general.

H.M.JR: I bet in General Carter's organization you could find half a dozen--

MR. BARTELT: Haskins and Sells, I think.

H.M.JR: I'll bet there are at least six colonels from Haskins and Sells.

MR. BARTELT: We tried to get one man from General Carter to do this job, and he wouldn't release him.

H.M.JR: You name him. Under the arrangements Lehman has with General Marshall he can. Isn't that right?

MR. C. S. BELL: Johnson would be a good man.

MR. BARTELT: He is the man we recommended several months ago.

H.M.JR: They can get any man out of the Army. Who is Johnson?

MR. C. S. BELL: He used to be Eddy Bartelt's man.

MR. BARTELT: He heads up the New York Dependency Benefit Payment Office.

H.M.JR: That is well run.

MR. D. W. BELL: He is a full colonel now.

MR. BARTELT: We went to Carter, and Carter turned it down.

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H.M.JR: Tell him for me they should go see Stimson.

MR. D. W. BELL: Carter would have a stroke if they took Johnson.

H.M.JR: I will have a stroke if they take Eddy Bartelt. We are so thin on the top here; every time somebody goes it means that somebody else has to take on his responsibilities. That is why I am so jocular about some of these people going, but underneath I am serious. I want to be sure that anybody at this level who goes abroad can do a job. I am being serious. I am for his going, but I don't want him to go if what happened to you at San Francisco happens to him. It is silly to go to these meetings unless they make use of the valuable people I send, and I don't want to send valuable people unless they can make a contribution.

H.M.JR: Recommend Johnson to whoever is contacting you and tell them that if Governor Lehman wants him he should go see Stimson.

MR. BARTELT: I think that is a good suggestion.

H.M.JR: Are you through, Herbert?

MR. GASTON: I have been talking to Harry White about-- I think the time has come to send one of our Customs Attaches abroad in anticipation of trade opening up, and I thought we ought to start in with the head of the service and put him over in London. Kennedy is the man we planned to start with.

H.M.JR: He used to be in Germany.

MR. GASTON: He was in London the last thing. I think he was in Germany before. He is not the man who was in Germany last; that man died, you know.

H.M.JR: Did May die?

MRS. KLOTZ: Yes.

MR. GASTON: It involves some questions of what--yes, May is the man that died. He started to work for OSS.

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He was out there in training. It involves some questions about future representation we may have along the fiscal monetary line, possibly. Harry and I are trying to work out some method by which we can get him over there without--

MR. WHITE: ...without raising the issue.

MR. GASTON: Or closing the door against other kinds of representation later.

H.M.JR: Anything you two agree on is all right with me.

MR. GASTON: O.K.

The other thing is, if you don't have any objection, I would like to recommend an increase for Jim Maloney and make him CAF-15; that is eight thousand dollars base. He is really the fellow who is running the President's protection besides the outside work generally in Secret Service. That is all I have.

H.M.JR: Harry, if anything goes wrong this morning on the Hill regarding amendments, please step out and give me a call.

MR. WHITE: Oh, yes, we will keep you informed. You are hoping then that they will take them up.

H.M.JR: Well, I am hoping they are going to vote them down.

MR. WHITE: Yes. We will keep you informed right along in any case.

H.M.JR: If it doesn't go right, give me a ring, will you, please?

MR. WHITE: We will give you a ring either way.

June 29, 1945
10:07 A. M.

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HMJr: ... to Bretton Woods.

Mr. Harry
White: As to the -- when?

HMJr: When I sent that to you.

W: I don't think so, I have....

HMJr: Do you remember whether it was before you went to San Francisco.

W: Oh, yes.

HMJr: Yeah. It was before?

W: It was before. I don't remember even - but I think I can probably think it over and tell about when...

HMJr: Think it over sometime in the next day or two. I want to have another talk with you about it.

W: Yes. All right, I'll try to remember and I think maybe I can.

HMJr: If you can place it before or after San Francisco.

W: Well that I know now - I can place it before.

HMJr: Before.

W: Yes, but I'll try to remember approximately when it was and what the episode was. There was somebody else in the room beside myself and yourself, I'll try to remember.

HMJr: Could it have been Luxford?

W: I think it was Luxford and --Luxford anyhow and I think also somebody else, but I'll try to recall the whole episode.

HMJr: Thank you.

W: Bye.

June 29, 1945 /170
12:05 P.M.

HMJr: Hello. How are you?

Commissioner
Nunan: All right. How are you?

HMJr: All right. But listen that playboy story of mine got quite a play.

N: I didn't see that.

HMJr: The playboy of Broadway.

N: You are?

HMJr: I wish I were(Laugh).

N: (Laughs) No, I didn't see that story.

HMJr: I wish you would come and help me find out the good hot spots.

N: Yeah(Laugh) I'd like nothing better. I didn't see that story.

HMJr: No, well, it's in all the papers. Well, anyway you know who it is.

N: Yes, sir.

HMJr: And I just wanted to tell you as long as the papers seem so interested, why you might put a little pressure on the boys to hurry up on it.

N: All right, I'll do that.

HMJr: Now, would you have any objection if I asked Feltus - he's done a grand job for us on Bretton Woods' publicity - to have a look, he's up in New York for me, and sort of look over the public relations situation up there.

N: Fine.

HMJr: I'll tell you. I think I will send him over to see you, see?

N: Yes, sir. Joe O'Connell and I have an appointment with Leonard at 10:30, you know, Monday morning.

HMJr: I know, but I mean today.

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N: Oh, all right, I'll be here all afternoon.

HMJr: And then you might give him a letter to go up there so he might sort of drop in the District Collector's offices and just see how they handle the newspaper men.

N: Yes.

HMJr: And then he can make a report to you and me.

N: All right.

HMJr: When could you see Feltus?

N: Anytime this afternoon.

HMJr: Well, you name it.

N: What time will be agreeable to him?

HMJr: About 2:30?

N: 2:30 will be fine.

HMJr: At your office?

N: Yes, sir.

HMJr: Right.

N: All right, thank you.

June 29, 1945
12:05 P.M.

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HMJr: Ed, I've just made the suggestion to the Commissioner, and I'm sure it meets with your approval, Feltus is up in New York Monday...

Mr. Ed Fussell: Yeah.

HMJr: And I'm asking him with letters of introduction from Nunan, to drop in to the three collectors' offices and find out how they contact the press - what do they do.

F: Ahhm.

HMJr: See?

F: Yeah.

HMJr: And then make a report back to Nunan and to me.

F: Yeah.

HMJr: Is that all right with you?

F: Yeah, that's fine. Incidentally, Mr. Secretary, I hadn't told you yet, but we have cleared with Mr. Nunan a letter - a release which he is sending to collectors all over the country to get publicity on this recruitment drive.

HMJr: That's good.

F: And if that works all right, we are going to follow it up with other material, but Mr. Nunan thinks this material should be written out for the collectors so we know exactly what they are giving out.

HMJr: Well, I thought it would be good if Feltus would just drop in and see how they contact the press.

F: Yeah, I think it would be a very desirable thing.

HMJr: Right.

F: Thank you very much.

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The Secretary's telephone conversation with Mr. Bob Wagner to be inserted on page 13.

The Secretary's telephone conversation with Senator Murdock to be inserted on page 15.

June 29, 1945
3:30 p.m.

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BRETTON WOODS

Present: Mr. D. W. Bell
Mr. Luxford
Mr. White
Mr. Bernstein
Mr. O'Connell
Mrs. Klotz

H.M.JR: Sit down.

MR. LUXFORD: Yes, sir.

H.M.JR: You sent a message to me. Has something gone wrong?

MR. WHITE: Yes, sir. It didn't go wrong, but Senator Murdock made the request as to why the Treasury should not use the monetized silver of the silver which is now free in the Fund. He said it was a billion and a half. We pointed out it was much less. He said whatever it is he was strongly in favor of using it as part of our contribution. He asked me whether there was anything in the articles of agreement, or anything in the Bill which would have to be changed in order to do that, and I said no, and then he said, not only did he ask why, but he said he was going to make an issue of it.

H.M.JR: I got this over the telephone, so I'm familiar with it.

MR. WHITE: Did you?

H.M.JR: You have a very good system up there. They kept me posted.

MR. WHITE: I told them to keep you posted. Now, I said when they asked me why--I didn't have a good answer--it was very evident I didn't have a good answer.

H.M.JR: Tsk, tsk. Put that down.

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MR. WHITE: And the reason was--

H.M.JR: Why didn't you tell them the sandwich story?

MR. WHITE: I forgot to tell them that. I told them another story before the meeting.

MR. BERNSTEIN: Don't tell that one now.

MR. WHITE: I didn't have a good answer because I don't think there's a good answer. And then I said I thought in our reporting it to the Secretary that he might be helped, he would be, if I were able to tell him what the views of the various members of the Committee were. We talked that over and that's what we decided to tell them, whereupon Milliken said he's with Murdock.

MR. O'CONNELL: Bankhead.

MR. WHITE: Bankhead said he's with Murdock.

MR. O'CONNELL: Butler.

MR. WHITE: Butler and Downey were both with Murdock.

MR. O'CONNELL: McFarland.

MR. LUXFORD: Fulbright, Milliken, Bankhead, McFarland, Butler, Downey.

MR. WHITE: And Taft started asking some questions. So I said, "Do I understand--I didn't get Mr. Taft's views on this particular problem." So, he refused to answer.

H.M.JR: He refused to answer?

MR. O'CONNELL: He said he wasn't stating his views.

MR. LUXFORD: He pointed out there was as much security behind the silver certificate as the twenty-five percent security behind gold.

MR. WHITE: The silver dollar has forty cents worth of silver.

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MR. O'CONNELL: Even Wagner indicated some sympathy.

MR. WHITE: They asked Wagner if he was going to be with them, and he said, "Maybe I'll go along."

H.M.JR: This was in an executive session?

MR. WHITE: Yes. But Murdock made it very clear that he was going to make an issue of this thing on the floor. In other words, he was implying that he would, if we wouldn't do this. Then the silver Senators might vote against it. You remember Senator Thomas who appeared there. When he appeared there several days ago with two amendments his final parting shot when he left--

H.M.JR: Of Utah?

MR. LUXFORD: Oklahoma.

MR. BERNSTEIN: Oklahoma--Special Silver Committee Chairman.

MR. WHITE: His parting shot was "And there are," I think he named thirty, am I correct?

MR. BERNSTEIN: "Twenty-four signed a statement that went to Bretton Woods and forty-eight Senators are interested in this."

MR. WHITE: In silver. He said, "I want you to know I'm Committee Chairman," because he didn't feel he was getting a favorable response.

MR. BERNSTEIN: He has an amendment to the Bill providing for that same thing.

MR. LUXFORD: Murdock's proposal requires no amendment even of the Bill.

MR. O'CONNELL: He wants Treasury to tell him they're willing to monetize free silver.

MR. LUXFORD: He won't touch the Bill at all.

H.M.JR: What does that mean?

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MR. O'CONNELL: Issue silver certificates against the three or four hundred ounces of silver we have in the Treasury.

H.M.JR: What?

MR. O'CONNELL: Issue silver certificates against the free silver that's now in the Treasury.

H.M.JR: Just issue silver certificates?

MR. O'CONNELL: It would mean three hundred million dollars' worth of silver certificates.

MR. WHITE: It might be more.

MR. O'CONNELL: We've got seven hundred thirteen million ounces of free silver, and if you take out the amount we need to reserve for coinage and a couple of hundred million ounces for lend-lease, if you're looking ahead a year or so, you have only two or three hundred million ounces of silver left. Murdock knows it is no immediate thing. It would not mean issuing many silver certificates, but he wants a statement from the Treasury Department which would have the implication that in the long run, when you're getting a lot more silver, and there is a lot more free silver in the Treasury, he wants a promise that we'll monetize silver as it comes in the Treasury.

MR. WHITE: He didn't ask for that. He asked that we would monetize the silver--we would monetize now. He would use that later.

MR. O'CONNELL: He's not concerned about the amounts, and you know what he needs.

H.M.JR: This is a time I can make a deal with you boys.

MR. O'CONNELL: If someone would give me a good reason for not doing it, I would appreciate it.

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MR. WHITE: He had a very good reason for why you should do it.

MR. LUXFORD: He was very effective in saying why should we be paying this when there's silver laying here you haven't issued an obligation against? He just had the Committee, all of them, going right along with it. You had Bankhead speaking right up.

MR. O'CONNELL: There may be an answer. Obviously, we didn't give them any.

MR. WHITE: If there is an answer, I didn't give it to them because I was wholly in sympathy with them. There's no answer to why we don't do it now. He's not asking for silver dollars.

MR. O'CONNELL: No. With the Thomas amendment out of the way--

H.M.JR: Is it?

MR. O'CONNELL: It has been repealed.

H.M.JR: When?

MR. O'CONNELL: With the Gold Reserve Act.

H.M.JR: Was it? There wasn't one single editorial on it.

MR. O'CONNELL: It was all mixed up with the reduction of the gold reserve.

MR. WHITE: There was some mention about it as one of the good things.

H.M.JR: The three billion dollar Thomas currency thing has been repealed?

MR. O'CONNELL: That's right. And that, I think, is possibly a reason--at least the existence of that was, as I understand it, used as one of the reasons for not monetizing the silver.

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(Mr. Bell enters the conference.)

H.M.JR: "Hi, ho, Silver." (Laughter) Wait until you hear it.

MR. BELL: You've done pretty well to keep it out this long. (Laughter)

MRS. KLOTZ: That's pretty good.

H.M.JR: Hi, ho, silver. Let him have it.

MR. WHITE: Well, the Senators in the Banking and Currency Committee, most of them, lead by Murdock, are insisting that the Treasury issue monetized silver as part of their contribution to the Fund, which is not saying they want to monetize the silver, free silver, which is in a fund, or in the Treasury, or such part of it as we regard as free silver. We explained to him that a substantial part of it would be needed for future coinage. He was interested in the principle of the thing. He didn't see why we should continue to bother to pay interest when we had silver that could be monetized, and he said they were going to make--if he doesn't get a promise or statement from the Treasury, that it's going to do this--he's going to make an issue of it on the floor.

H.M.JR: Do you know if this will satisfy Elmer Thomas?

MR. WHITE: I think it will, because the only two things that Elmer Thomas recommended is one like this, and the other, which we can show him, is already taken care of in the Bill.

MR. LUXFORD: Make a deal with Murdock.

MR. WHITE: I think I can make a deal with Murdock in which he'll assure you you can get all the silver Senators.

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MR. LUXFORD: He might even make Milliken put him in an impossible position for voting against it.

H.M.JR: Do you want to say something, Dan?

MR. BELL: Not yet.

MR. WHITE: If Murdock were to ask Milliken, "Would you vote for it if we got this silver," Milliken is in a kind of a spot.

H.M.JR: I tell you what. This is what my horseback opinion is, subject to the advice of the Under Secretary who's going to handle this.

MR. WHITE: I think you ought to handle this particular one with Murdock directly, by yourself. Don't you think so?

MR. LUXFORD: Ask him down. He has been doing a wonderful job for us.

MR. BERNSTEIN: He did a good job today for us.

H.M.JR: I wasn't going to, but I'll see. Were they going to come to a vote on this?

MR. WHITE: They said Monday morning.

H.M.JR: Where's Murdock from?--Is Murdock from Idaho?

MR. O'CONNELL: Utah.

MR. BELL: Are you sure? One said Idaho and one said Utah.

MR. O'CONNELL: Utah.

MR. BELL: That's what I think.

H.M.JR: Well, it only takes a minute to look it up. I can't afford to be wrong.

MR. WHITE: He has been most helpful, certainly the most helpful.

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MR. BERNSTEIN: He was wonderful.

MR. O'CONNELL: He understands we don't want any amendments. He started to suggest an amendment in connection with financing provisions and I told him we don't want amendments, so he immediately stopped suggesting amendments and turned around. So, generally, he's all right.

MR. LUXFORD: The beauty of it is we'll be writing our own ticket. They won't go writing the Bill and forcing us.

MR. BELL: It's inflationary.

MR. BERNSTEIN: No, only a subject for the purchase of more securities by the Federal Reserve Bank.

MR. BELL: That's inflationary.

MR. BERNSTEIN: Do you want to stop now, Mr. Bell?

MR. BELL: No. This is inflationary and will be so interpreted by Spahr and all the rest of them, but it isn't much money.

MR. LUXFORD: Two or three hundred million dollars.

MR. BELL: A couple of hundred million.

MR. LUXFORD: You've got Fulbright, Murdock, Bankhead, Butler, McFarland, and Wagner. I don't see what you want to fight about.

MR. BELL: It isn't much money. I'd like to get rid of that other coinage you remember you created one time in a speech.

H.M.JR: What's that?

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MR. WHITE: I'm sorry, Mr. Secretary, we both didn't think fast enough. I think you ought to talk to Wagner first. Tell him what you want to do, because he's--

MR. LUXFORD: He's the leader.

H.M.JR: What did they say? They want to remonetize the silver?

MR. WHITE: Monetize.

MR. BELL: You've got about three hundred million dollars worth of silver bullion carried on our statement at cost value of about fifty-two or fifty-three cents.

H.M.JR: How long have we had it there?

MR. BELL: Since the start of Silver Purchase Act and it has been piled up and from three million to six million has been turned to industries.

MR. WHITE: At one time we could have monetized one billion and a half.

MR. BERNSTEIN: We had close to thirteen hundred million ounces.

H.M.JR: What would happen? Would the billion go out or would it stay here or what?

MR. BELL: We would have to issue silver certificates, fives and tens, and they will be substituted for Federal Reserve Notes. I need a little silver anyhow to take care of yellow seal currency they're going to disburse to the boys coming out.

H.M.JR: You need silver certificates?

MR. BELL: I've asked the Feds to hold out paying silver certificates so I could get one hundred million dollars free silver to meet this payment of the Army. I've got about fifty.

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MR. WHITE: Senator Taft is a very, very shrewd man. My estimate of his ability has risen.

H.M.JR: You're telling me?

MR. WHITE: No, but I just commented. He is shrewd.

MR. BERNSTEIN: He is feeling sorry for himself.

H.M.JR: Was it embarrassing when they asked about payment of pamphlets, and so forth?

MR. WHITE: No, because Radcliffe said it was quite proper, and what did they expect?

MR. LUXFORD: It didn't create any impression at all.

MR. WHITE: Taft thought we were distributing millions and he wanted to know the figure, and I said I imagine it was three hundred thousand.

MR. LUXFORD: He's on his way over to his office. (Wagner).

H.M.JR: His office said he's still on the Floor.

MR. LUXFORD: He hasn't told them yet.

MR. WHITE: One embarrassing moment was when they asked about distribution of literature and Mr. Bernstein said not only do we distribute propaganda--they wanted to know if we distributed any propaganda for the other side. Bernstein said we're the second largest distributors, which is true, of the reports of the American Bankers Association and the New York State Bankers. We're the second largest. They are first and we are second. I was scared to death they were going to ask him how much.

MR. BERNSTEIN: Two hundred. (Laughter)

MR. LUXFORD: Better shoot off a couple hundred today.

MR. BERNSTEIN: We just ran out of New York State bankers reports and we ordered fifty more, Mr. Secretary.

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MR. O'CONNELL: That isn't going to cause any trouble. I told him.

MR. BERNSTEIN: He said he had no objection to the articles of agreement. They account for half of our expenditure on the four pieces of literature we have published and they cost sixteen times as much as the pamphlets that were substituted for them and they're more informative--the little pamphlets.

MR. WHITE: None of the Senators seemed to be disturbed about that. He's going to make something known on the Floor.

H.M.JR: Do you think they'll vote on this tomorrow?

MR. WHITE: Monday. I don't see how they can stop. They have dragged this thing out as long as they can.

H.M.JR: Mr. Truman makes his appearance at one o'clock Monday.

MR. WHITE: This meeting is in the morning.

H.M.JR: Oh, in the morning.

MR. WHITE: The way Senator Wagner operates! They wanted to have a meeting that afternoon. He said how about three o'clock? Taft said, "I can't, I have Republican caucus at three o'clock." So Wagner said, "Is that important?" He said, "Yes, somewhat." He didn't think he could get through by four. They called it off instead of Wagner saying, "Make it four if he's there or if he isn't there."

H.M.JR: He's not that kind of fellow. Do you think they'll vote it out tomorrow?

MR. WHITE: Monday.

MR. O'CONNELL: They're not having a meeting tomorrow. Tomorrow is Saturday.

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H.M.JR: Is Wagner going home?

MR. WHITE: He skipped tomorrow completely.

MR. O'CONNELL: None of the committees are going to meet tomorrow.

MR. LUXFORD: There's a Foreign Policy Committee meeting tomorrow morning.

MR. O'CONNELL: That's right.

H.M.JR: You fellows--do you want to wait on this?

MR. LUXFORD: It would be helpful to go down there. There's a prima donna--

H.M.JR: I think so.

MR. LUXFORD: ... registered down there.

MR. WHITE: Tell him the Secretary is trying to get in touch with him.

H.M.JR: If I don't get him by the time you get up there, tell him I'm trying to get him.

MR. O'CONNELL: When the Secretary talks to Murdock it seems we ought to get a quid pro quo. One of the things we ought to do is get Murdock to understand and try to push for the Bill Monday. I think if you're going to do anything for him at all, we ought to get some active support.

H.M.JR: I wouldn't do it the way you fellows are doing it at all. I'd do it through Biffle.

MR. WHITE: We didn't tell him anything.

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H.M.JR: Instead of Wagner, I'd do it through Biffle.

MR. O'CONNELL: I'd be afraid to by-pass Wagner.

MR. LUXFORD: This is something that directly concerns his operations there and he ought to know about any deal. You remember how we worked through Spence. But I would only suggest when you talk to Murdock, ask him if he can't get Millikin.

H.M.JR: I'm going to ask Wagner to get hold of Murdock and I'll meet him at his office. Wait a minute. (Secretary holds telephone conversation with Bob Wagner, as follows:)

June 29, 1945
3:47 P.M.

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HMJr: Hello.
Senator Wagner: Hello.
HMJr: Henry talking.
W: Yes.
HMJr: Bob, the boys have been telling me that you have been getting along fine up there.
W: Yeah.
HMJr: Now Senator Murdock has raised the question about our monetizing some of our free silver.
W: Yeah.
HMJr: And before I talked to him or did anything I would like to sit down and talk to you.
W: Yeah.
HMJr: Because they tell me
W: Well, there is quite a sentiment out there for it, and we don't want any stage, you know, outside.
HMJr: How would you suggest to handle it - I mean would you want Murdock to come to your office and I'd come up there?
W: Well, I think Murdock would go up to see you, I'm sure if you would ask him to.
HMJr: Well....
W: Maybe that would be a better way of handling it.
HMJr: Well, I'm asking your advice.
W: Well, that would be my advice.
HMJr: To call Murdock.
W: To call Murdock and tell him you would like very much to talk to him on that situation. He is a very likable fellow, I'm sure he would say allright I'll come up there.

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HMJr: And is it all right with you if we try to make a deal with him.
W: Sure.
HMJr: Do you think we've got to make a deal?
W: Well, it sounded sort of funny there to me today, they seemed to all be together on it, you know.
HMJr: Yeah.
W: And I wouldn't -- we've got enough troubles there without inviting them. If there is any way that we can get away from them, why I suggest that we do it.
HMJr: Well, I'm willing to be reasonable.
W: Yeah, I know you are.
HMJr: So your thought is I should call Murdock?
W: That is what I would do, Henry.
HMJr: Well, I'll do it right away. Are you here tomorrow?
W: Yes sirree.
HMJr: Well, then if anything happens and I need your advice, I'll call you.
W: Fine.
HMJr: Does it look now that we are going to get it out without amendments?
W: Well, I hope -- I'll tell you some of these bankers are fussing around now - they've talked to Ratcliffe - he talked to me yes - no today, and Fulbright said "Well, now, let's go slow on this." Which all would indicate something or other.
HMJr: Yeah.
W: And this fellow Burgess has been talking to some of these people, and he said now, I want to go along and the bankers want to go along, but it looks so much better if we can get some little amendment in there that won't hurt any and yet I'll be able to say we did -- we got an amendment in - something of that kind.
HMJr: Well...

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W: Of course, I never think much of those things.
HMJr: I think less of it.
W: Yeah.
HMJr: I don't think Burgess has got any influence.
W: Yeah.
HMJr: I mean in the country.
W: Well, I don't think so either.
HMJr: I mean in the country.
W: Yeah.
HMJr: I don't even think he has got much in New York.
W: Yeah, well, of course, I don't know much about that.
I'm not enough among these bankers.
HMJr: Yeah. Well, of course, the trouble with amendments is that it will slow it up and go into the conference and all the rest of that.
W: Well, maybe they will accept it in the House, but I don't know. I got the - the C.P.A., we finished it yesterday here after - kind of a crazy time we had, we didn't adjourn until a quarter until one.
HMJr: Yeah.
W: This morning.
HMJr: Gosh.
W: And now the House is fussing around with it, you know.
HMJr: Well, it would be much easier on all of you, and I think it would be a fine thing if you could demonstrate, you know.
W: Oh, if we could do it, it would be fine.
HMJr: Personally I can assure you that Burgess has very little power.
W: Yeah.
HMJr: Very little.

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W: Yeah. Well, I'm not excited about it either.
HMJr: Good. Well, I'll call up Murdock.
W: That's what I would do, Henry, and I think he leads that silver group.
HMJr: And I'll keep in touch with you.
W: Yeah.
HMJr: And I won't make a move without consulting you.
W: Thank you very much, Henry.
HMJr: Thank you.
W: Bye.

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(Mr. Luxford and Mr. Bernstein leave the conference.)

MR. WHITE: Perfect.

MR. O'CONNELL: Murdock, leader of the crew to fight for no amendments.

H.M.JR: Well, this other thing.

MR. WHITE: There are a couple more things.

H.M.JR: I'm going to call Murdock and then I'm going to call Fulbright and ask what's the matter with him. No?

MR. WHITE: Not from anything we told you. Not from anything we told you, because he has been very helpful.

H.M.JR: I'll tell Dean Acheson to get after him. Dean knows him socially.

MR. WHITE: Well, he has been at the Committee meetings very nice, very helpful.

H.M.JR: I can call him and ask if you think you're going to get it out Monday.

MR. WHITE: That's different, but I wouldn't get the feeling that we feel he hasn't been anything but one hundred percent cooperative.

MR. O'CONNELL: You can tell him you think we can meet Murdock's point.

H.M.JR: Where would the bankers get to this fellow?

MR. WHITE: Fulbright, in my guess, is just impressed.

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(Secretary holds telephone conversation with Senator Murdock, as follows:)

June 29, 1945
3:53 P. M.

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HMJr: Hello.

Senator Murdock: Hello.

HMJr: Morgenthau speaking.

M: How are you, Mr. Secretary?

HMJr: How are you?

M: Fine, thank you.

HMJr: Senator, my boys tell me you have been most helpful on this Bretton Woods legislation.

M: Well, I want to be very helpful. I think it is a great program, and after hearing Vandenberg this morning on the political end of it, I'm - I've got greater faith in it than ever.

HMJr: Did Vandenberg sound off on Bretton Woods?

M: Oh, no, I said after hearing him on the political charter at San Francisco.

HMJr: I see.

M: I have more faith in the economic international program and money stabilization than I ever had. He did a magnificent job on that San Francisco charter.

HMJr: Good.

M: And I just don't believe there can be political stability in the world without economic stability.

HMJr: Well, I'm with you. Senator, the boys tell me you raised the question about the free silver in the Treasury.

M: Yeah.

HMJr: I'd be very glad to sit down and talk that over with you at your earliest convenience.

M: Well, I think that would be very helpful if we could do that. You know silver to a lot of people doesn't mean a whole lot, but in the economy of my state and the other states of the West it is vitally important, and because of that, I just have to be keenly interested in it.

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HMJr: Now when and where would you like to do it?

M: Well, suppose I give you a ring Monday, will that be all right?

HMJr: I'd like a little bit... Monday is going to be a little bit hectic. I'm in a little bit better shape tomorrow.

M: Well, I've arranged two or three in the morning with the Utah delegation.

HMJr: Oh.

M: And I doubt that I would be able to get out. How about Tuesday?

HMJr: Well, I had hoped that you were going to report this out Monday.

M: Well, I think that is a possibility.

HMJr: What are you doing now?

M: Well, I've got a conference on now.

HMJr: (Laughs) I don't mean to be impertinent.

M: Well, I know it. I appreciate your....

HMJr: I start very early in the morning.... tomorrow.

M: Well, I'll tell you what I'll do then. I was going to see Tom Clark sworn in...

HMJr: Yeah.

M: But that isn't important. I'll call Tom and cancel that, and can I see you on my way to the office.

HMJr: You mean tomorrow morning?

M: Yeah.

HMJr: You certainly can.

M: Well, now, tell me where to come and what time.

HMJr: Well, it is the Treasury building. You come in on the entrance of East Executive, that is between the Treasury and the White House.

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M: Can I get in there with my car?
H.M.Jr: Yes, they will know you are coming and they will be looking for you.
M: And where do I enter?
H.M.Jr: It is the end of the Treasury -- Just let me ask.
(talks aside) Southwest corner of the Treasury.
M: Southwest corner of the Treasury. And I can get in there with my car?
H.M.Jr: You get in there with your car. All you have to tell me is what time you are coming, and I'll have a man waiting for you.
M: I'll be there at - about 9:30.
H.M.Jr: About 9:30.
M: Yeah.
H.M.Jr: And I'll look forward to seeing you, and I'm sure we can get together.
M: All right, sir.
H.M.Jr: Right.
M: Thank you very much.
H.M.Jr: Thank you.

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MR. WHITE: I don't think it's necessary to mention the amount.

H.M.JR: Do you think I should call up Fulbright?

MR. WHITE: I don't know what your reasons are. It can't do any harm. I think they like to hear from you. If you put it, "How is it going," he'll know something. You'll get something from him. I don't see what harm it can do. If you tell him the boys say he has been helpful, I think you could tell him that.

H.M.JR: Look, I asked what's his name, I called Murdock, and he said, "Can I see you Tuesday?"

MR. WHITE: Well, you fixed it to Saturday, and it's better.

H.M.JR: But he didn't know anything about getting it out Monday.

MR. WHITE: He knew there was a meeting but he was not going to go and argue about it in the Committee, but on the floor. That was his reaction.

MR. O'CONNELL: He planned to report it out.

MR. BELL: Without this understanding?

MR. WHITE: He has been so much for it I don't see how he could stand out on that issue.

MR. BELL: I think you ought to put out a statement.

MR. O'CONNELL: Nothing less will satisfy Murdock.

MR. BELL: We've got to put out a statement anyhow. You're changing your policy now. It has got to come out.

(Discussion off the record.)

MR. O'CONNELL: You ought to indicate to Fulbright,

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if you get him on the phone, that you're going to see Murdock and you're hopeful of meeting his point.

H.M.JR: No.

MR. O'CONNELL: He indicated some interest in it.

MR. WHITE: I think that the amount should be kept out of the Secretary's discussion with Murdock.

H.M.JR: Who will be here when I see Murdock tomorrow?

MR. WHITE: You don't need anybody.

H.M.JR: I think if we're going to make a deal, I better be with him alone.

MR. WHITE: I think so. The only thing is that you are going to do as much as--you don't need anybody else, absolutely. You are going to--

H.M.JR: Just say again what you said.

MR. WHITE: I don't remember again what I said. I have a right to revise my remarks. I do it in the record. In fact sometimes when I see what I say in the record, I say "My God."

MRS. KLOTZ: Did he tell you about that?

MR. BELL: You look at this record.

H.M.JR: Without doing anything that's necessary.

MR. WHITE: That's paid for. This Margaret Coogan appeared before the Committee and she--we had evidence she was a strong advocate of Father Coughlin. Matt Szymozak told us she was in Chicago. She appeared before the Committee, and one of the Senators asked if she was an adviser to Coughlin. She began a vehement denial. Not only that. She spoke of Coughlin in terms which I have never heard him spoken of--very derogatory. She went off for two pages, and she went on to something else. She was kind of cockeyed anyway, but I noticed in the unrevised record that was printed all of that was taken out.

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MRS. KLOTZ: The unrevised? You mean revised.

MR. WHITE: No, they have the original copies, unrevised, and final revision. In the unrevised printing it was taken out.

MR. BELL: She got busy in a hurry.

MR. WHITE: She certainly did.

MR. O'CONNELL: The point you tried to evade you didn't express very well. It really sounds like a detail, but we have seven hundred billion odd ounces of silver, and a good part of that is silver you need for coinage and a lot of things, and you ought to be sure all you say to Murdock is we'll be willing to monetize such portion of the free silver we don't need reasonably for other purposes. Maybe that sounds like a detail. He started talking about a billion and a half ounces of silver. He ought to understand we're talking about two hundred fifty or three hundred.

MR. WHITE: I don't think any amount ought to be mentioned. It's the principle he's interested in.

MR. O'CONNELL: We're not going to monetize all of the free silver.

H.M.JR: How many ounces do you have? Will you have a little statement for me?

MR. BELL: There's about three hundred million dollars' worth of silver on the daily statement. It was six hundred fifty million dollars. Now we've sold a good deal of that silver to the, what do you call it, Federal Reserve, and they in turn have lend-leased it to industry.

MR. WHITE: We've got a request for one hundred eight million ounces for Indian lend-lease, and we're recommending to the Secretary that he give only forty million.

MR. BELL: If you have that request and you honor it, you haven't got any free silver.

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MR. O'CONNELL: The figure he gave us this morning was seven hundred thirteen billion ounces of free silver.

MR. WHITE: The point I'm making is, if the Secretary keeps away from the amount, we're better off in the discussion, because the amount is not large.

MR. O'CONNELL: But be sure he knows we're going to keep some of the free silver for purposes for which we need it.

MR. O'CONNELL: I'm not insisting you give the figures.

MR. BELL: We got some of the stuff out in industry that we could put behind silver certificates.

MR. WHITE: We can't do that because that's part of the seven hundred million ounces.

MR. O'CONNELL: In any event, that silver can be monetary silver.

MR. WHITE: It already is monetary.

MR. O'CONNELL: Seven hundred thirteen million ounces is the ultimate figure if he ever got it right as to the total amount of free silver.

H.M.JR: Suppose we go on to the thing you have, and I'll do the Fulbright. Will you be in tomorrow morning?

MR. O'CONNELL: If you wish me to, but tomorrow is my day off.

H.M.JR: I wish you would, just until lunch time. Tell your wife you'll be home for lunch.

MR. O'CONNELL: Yes.

H.M.JR: Tell her you'll be home for lunch but on account of this stuff I'd like you to come in until noon.

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Dan, do you mind being here until lunch time.

MR. BELL: Tomorrow is my day. I'll be here all day.

MR. O'CONNELL: There's an important development in the Hartford-Roosevelt thing that I learned about just before I came in. I'd like to tell you about it.

H.M.JR: How long would it take?

MR. O'CONNELL: Five minutes.

H.M.JR: I'll see you. Do you mind?

The Secretary's telephone
conversation with Senator
Fulbright to be inserted
on page 3.

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June 29, 1945
4:00 p.m.

CHINA
BRITISH LEND-LEASE
GI PROGRAM IN FRANCE

Present: Mr. D. W. Bell
Mr. White
Mr. Friedman
Mr. Coe
Mr. Hoffman
Mr. Aarons
Mrs. Klotz

MR. WHITE: There are four problems.

H.M.JR: I see one, two, three, four, five, six.

MR. WHITE: The other two have solutions.

H.M.JR: What are you doing here? I thought you weren't
here this morning.

MR. COE: I wasn't here this morning.

H.M.JR: Are your eyes all right?

MR. COE: No, they are not all right.

H.M.JR: But they let you come?

MR. COE: Yes.

(Discussion off the record.)

H.M.JR: This is Bretton Woods?

MR. WHITE: No, the first problem is on China.

H.M.JR: China?

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MR. WHITE: Mr. Secretary, I think I would like to say that I don't agree with you about Clayton or Acheson on British needs--they may need it. If so, it will become apparent a year or two or maybe three from now.

H.M.JR: I am going to talk to Clayton.

MR. WHITE: But I hope you re-examine the situation before we agree they need three billion dollars.

H.M.JR: We can't do that now. Let me talk to Clayton. You were here. Didn't we have a good talk?

MR. COE: Very good.

H.M.JR: Did you have a chance to tell him?

MR. COE: I told Harry that.

MR. WHITE: I don't know if it is a good plan to give him this over-all picture.

H.M.JR: We are not going to give it to him. I said we weren't ready to.

MR. WHITE: That's what Taft asked for.

H.M.JR: Didn't I say we weren't ready?

MR. WHITE: I am giving him the picture of the British position and what they will need, and I think it would be a mistake to assume that the British need that.

H.M.JR: I didn't say that.

MR. WHITE: That's the impression I think both Clayton and Acheson gave him, and I think you will agree with me after we have gone all through the situation. I think they are wrong. I wouldn't take it that you necessarily agree with them.

H.M.JR: I have never taken the position they need three billion dollars.

MR. WHITE: You haven't yet, but I got a little of the impression Clayton told you that.

H.M.JR: No, he didn't say that.

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MR. COE: I thought Clayton did say, Mr. Secretary, if you will excuse me, that the Department had just about decided or was just about in agreement that probably two and one-half to three billion was needed for the British, and that they weren't in agreement that it should be a grant, so it should be a loan.

H.M.JR: What he said was this: That he figured they might need a loan. He said that they could get it, they might need a loan, and if foreign payments did meet the amount of money necessary to service their loan, then--well, it was the most silly proposal, and I made no comment on it whatsoever. That, he did do.

MR. COE: Yes, that was my understanding.

H.M.JR: But I heard what he said, that he and Radcliffe are working on Walter George.

MR. WHITE: It is because I knew it was troubling him, that after he talked to Williams and he spoke to me, that I asked him to ask the question. I told him about half way through this morning when there was time, because they took a lot of time with other things. But what I wanted to end up with, and what I think is correct, and I told Brand that's the way it would end up, I wanted it to end up that they can not tell what Britain's needs are now. Until the end of the Japanese war we couldn't possibly know, and after that they would have to see what trade pattern emerged. They might need three billion, maybe one, maybe nothing, and there was no way of knowing now. If Clayton goes up there, and Acheson goes up there and tells them, as I am pretty sure they well might, certainly Acheson, and tells them, sure, they will repeat what the British say that they will have to have the three billion. I think the Treasury ought to disassociate itself from the position, and I think if you talk to Clayton I think he ought to be encouraged, if not instructed to say it is too early to say what the British need.

He doesn't know any more than we do. In fact he knows less about some things, and we certainly would want to talk it over before any such conclusion was reached. Because Fulbright has the notion if they need this three billion dollars, why not give it to them along with this, and make this thing work.

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That's the point that Williams made, and it is incorrect.

H.M.JR: Don't you think it was good to tell him about Winthrop Aldrich?

MR. WHITE: That's fine. The only thing I am troubled about is Will Clayton and Acheson going up there.

H.M.JR: I will take care of that.

MR. WHITE: If you can take care of that, then, for example, the Indian told me last night--the Indian representative who has just come from several weeks' negotiations in England trying to see how much they can pry loose from the British on this five billion dollar sterling debt which they had--he said the most they will ever give them is twenty million dollars a year. He was much upset. They get five billion and he said they won't even listen to him.

Another thing, we give them three billion now. The reason they don't want to undertake any negotiations now isn't because they know if they get three billion from us they will be in a much poorer bargaining position with Egypt and India and Australia and they will have to share some because of the sterling balance, and they have no intention of doing it.

H.M.JR: I have it here. Let's go on with the next thing.

MR. WHITE: I want to give you this additional information because when you talk to Clayton you will give a reason for postponing the thing. They are now in the process for making adjustments on all their sterling balances. The second problem--

MR. COE: Pardon me. Have we finished the first one on China? What is our reason for telling Kung no?

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H.M.JR: I wouldn't think of letting ten million dollars worth of fifty and one hundred dollar bills go out of the country. It's crazy. I am not going to do it. That's all.

Oh, yes. Mrs. Klotz wanted me to know--for some reason I am invited to go to Pittsburgh any time during the year. She asked, "What shall I tell them?" "Tell them I don't like Pittsburgh!"

MRS. KLOTZ: It isn't funny now. (Laughter)

H.M.JR: Anyway--

MR. WHITE: Well, then, what reasons would you give? You have got to have a good reason if you are going to turn it down.

H.M.JR: I don't have to give him a good reason. I don't want to do it. I don't want to see him.

MR. WHITE: It's his money, the Central Bank's money. There are no restrictions on their taking it out.

H.M.JR: United States currency.

MR. WHITE: There is no embargo on the export of currency except to blocked countries. What is the legal reason?

MR. AARONS: Very clearly we can stop them under the freezing order.

MR. BELL: Don't you have to reverse your decision?

MR. AARONS: No.

MR. HOFFMAN: No, sir.

H.M.JR: Pardon me, but I am sorry. Chiang Kai-shek, after all we have done, comes out with the statement, "Why doesn't America give us some economic help?"

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MR. HOFFMAN: I was going to say we can stop them under the freezing order, but I imagine in this case we don't want to tell them to stop Dr. Kung.

MR. COE: Tell the Federal Reserve Bank not to let him withdraw. We are in agreement.

H.M.JR: I wouldn't let the Bank of England tomorrow take out ten million dollars. What about fifty or one hundred million?

MR. WHITE: Mr. Secretary, you say the Bank of England, but I don't think you have any authority unless there is some new regulation or some new law. It isn't the Bank of England, it happens to be China, and they are invaded.

H.M.JR: Buzz, can you give me something?

MR. AARONS: I wouldn't say we couldn't stop the Bank of England, but we would have to invoke the very extraordinary powers we have under the first War Powers Act. We can stop currency going to any foreign country if we want to, and I doubt if we can stop it going to China without invoking our extraordinary powers we have never used before.

H.M.JR: Look, it's a known fact that you can mail a letter in Chungking to Shanghai and have it delivered. Is that right, Hoffman?

MR. HOFFMAN: Yes, sir, that's a very serious risk.

H.M.JR: You take ten million dollars over there and it all gets in the hands of the Japanese.

MR. WHITE: That's true of gold, too.

H.M.JR: On this, I haven't given my word. On the other I did.

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MR. FRIEDMAN: Mr. Secretary, the Chinese are pointing out it is only by their sufferance that we are permitting American soldiers to get paid in United States currency and operate in the black market, and I think Dr. Kung and the others have intimated, if we are prepared to let them--to sell currency in the black market, they are not prepared to let American soldiers do the same thing.

H.M.JR: I am not going to say the American soldier could or could not operate in the black market.

MR. WHITE: No.

H.M.JR: I am not going to do it. All you smart boys find a reason to justify that I don't like it.

MR. WHITE: We will find a reason.

MR. BELL: Is he going to take it with him?

MR. WHITE: Yes.

MR. BELL: Does he have authority to draw on the Federal Reserve Bank?

MR. WHITE: Yes. The Federal Reserve Bank says it will honor his request.

MR. COE: He had Mr. Hsi Te-mou with him.

H.M.JR: This ten million dollars would never leave this country. It would go right into his lock box.

MR. WHITE: Could be. I wouldn't give two bits for the honesty of it.

H.M.JR: It would go into his deposit box.

MR. COE: It's also the exact denomination.

MR. HOFFMAN: I feel you are exactly right, Mr. Secretary.

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H.M.JR: Promote Hoffman, he agrees with the boss.
(Laughter)

MRS. KLOTZ: There is a record made of that.

MR. WHITE: It's a one-way street.

H.M.JR: I just do it the American way.

MR. WHITE: Okay.

Now, the second matter is the French currency nuisance.
It simmers down to just this--

H.M.JR: Is this Bretton Woods?

MR. WHITE: No. I will be very glad to retire and
let them dig it up. We have to move very fast. The
French negotiations with the Army have gone so far--

H.M.JR: I can come up again for a few minutes.
I have to stay here for this darn reception--these
people coming and going--at five-thirty, Honorable
Thomas C. Clark.

MR. WHITE: Well, the negotiations have gone to the
point where they are going to give the soldiers eight
hundred and fifty francs, every American soldier that
comes in, but he is to be required at this point to
sign a receipt saying on the receipt that this is a gift
of the French Government. The position we have been
taking, as far as the United States is concerned, is
it is an adjustment and I have been troubled and kind
of opposed to the soldiers signing a receipt that they
are getting a gift from the French Government.

Dan feels kind of badly about it. On the other
hand we might stop the thing. We have two choices.
Shall we pass the buck to the Army, and if they say
it is all right with them, do you say it is all right
with us?

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- 11 -

H.M.JR: I am opposed to it. Where do you (Hoffman)
stand? (Laughter)

MR. WHITE: It's four-thirty. Come on. (Laughter)

MRS. KLOTZ: Four-thirty. You have to stop. The
whistle blew.

H.M.JR: I will be up again. I will come up again.
I promised Mrs. Bell I would do down, but I will be up
in a few minutes. Will she want me down there for a
long time?

MR. BELL: For quite a while, maybe thirty minutes,
anyhow.

June 29, 1945
4:31 P. M.

213

HMJr: Hello.

Mr. Will Clayton: Hello, Henry.

HMJr: Will, we've run into some trouble on the Hill on Bretton Woods.

C: Oh, my.

HMJr: I've just been calling up Senator Fulbright.

C: Yeah.

HMJr: And he's got it in his head that the British need three billion dollars after listening to Professor Williams.

C: Yeah.

HMJr: And he said that there was so much anti-British feeling that he feels that he wants to put a rider on this bill, as I understand it.

C: Huh.

HMJr: Now you know if they put a rider on that bill, you might as well kiss Bretton Woods goodbye.

C: That's right.

HMJr: Now whether we think there should or should not be three billion, I told them that I hoped you didn't mind my saying that you hoped to be over there sometime in August to discuss this thing.

C: I'm sorry - what did you say?

HMJr: I said you hoped to go over there and discuss - that you had a lot of things - Empire preference, dollars, sterling, pool, and you had a hundred and one things that you want to discuss.

C: Yeah.

HMJr: And that I didn't think that this was the time even if I agreed, and I don't know whether I did, to force a loan down the British.

C: Yeah.

HMJr: What?

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C: Didn't know whether it was time for what?

HMJr: For us to try to force a loan on them.

C: Surely, oh, my you are a hundred per cent right.

HMJr: Now if you'll put a rider on this it will hurt your...

C: Oh, it is going to be terrible.

HMJr: ...lendlease. It is going to hurt UNRRA, it is going to upset the whole apple cart.

C: It is going to be terrible. Do you want me to talk to Fulbright?

HMJr: Somebody has got to and he's got Ratcliffe with him, and they are trying to interest Walter George on the idea that this is the time to do something for the British.

C: Oh, my. Let me get -- I'll get right after them. I'm in a big meeting now and as soon as I get through.. Well, I've got to take my wife to the train..

HMJr: Yeah.

C: But certainly in the morning, I'll get right after it, Henry.

HMJr: Will you? Try to -- you in agreement with me that we've got to stop this?

C: Oh, my, yes. Dean and I will get right after it.

HMJr: Now, I don't know where Dean stands. Whether he is for this or not.

C: For what?

HMJr: For letting them have the loan.

C: Oh, well, whether he is or not, I know he will be against putting it on Bretton Woods.

HMJr: Well, that is the point.

C: Yeah. You may depend upon that. I haven't talked with him about it, but I'm just --- I haven't talked with him about it at all, but I'm sure he'll be with us on this.

HMJr: Will you keep me posted?

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C: Yeah, I will. I'll get after it just as quick as I can.

HMJr: It is right serious.

C: You bet. I know. Hello, Henry?

HMJr: Yeah.

C: Another thing that is serious. We've got a meeting on - we got a six or seven page cable from Harriman.

HMJr: Yeah.

C: You know they've set up a new Polish government.

HMJr: Yeah.

C: Which is - well, it is pretty well in line with the agreement at Yalta, and we are going to recognize them at the proper moment. Beirut, the head of the thing, pulled out from Moscow the day before yesterday after a long talk with Harriman.

HMJr: Who did?

C: The - Beirut is the man's name. Bierut.

HMJr: I see.

C: And he is in Warsaw now.

HMJr: Yeah.

C: Harriman says it is extremely important that we - that they are just flat, they haven't got anything, and it is extremely important that we stretch out a hand to them even if it is only something - kind of a token, you know.

HMJr: Something wrong on this phone.

C: Yeah.

HMJr: Well, I'm here all day tomorrow and all day Sunday, and anytime you want to see me, I'm available.

C: Yeah, now here's the thing. I think I can get your approval over the phone on.

HMJr: Yeah.

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C: We can't do anything on lendlease, we can't do anything on the Export-Import on account of the Johnson Act, we are stymied at almost every turn.

HMJr: Yeah.

C: Except one. We could sell them a thousand surplus Army trucks on credit.

HMJr: Yeah.

C: On the understanding that if they do get a loan from us later on, they pay for them that way, you see?

HMJr: Yeah.

C: Would you approve of that?

HMJr: On your recommendation, yes.

C: O. K. fine. I may come at you about it tomorrow.

HMJr: Is that fast enough?

C: That is fast enough. Thanks very much.

HMJr: O. K.

C: (Laughs) Bye.

June 29, 1945
5:10 P.M. 217

Mr. Randolph
Paul: He told me a lot about the Republican strategy on this whole thing. Some of which ties into the Treasury.

HMJr: Yeah.

P: In certain ways, and I think it deserves a heart to heart talk between you and me.

HMJr: You don't think you could do it over the phone?

P: No. I'd rather not.

HMJr: Where are you now?

P: I'm home. I could run over to your house tonight, or I could see you early in the morning at your convenience. It is not a thing that has to be done this minute, but I really think there are certain angles to the thing that neither you nor I had considered before, particularly in the light of this rather intimate glimpse I just had of the Republican strategy.

HMJr: What are they going to try to do to me?

P: Well, they are going to try to smear the Treasury - not so much you, but the whole Treasury, and me for having been an official of it. It brings in the two-year rule -- it brings in -- there is no case to it, it is only a newspaper angle.

HMJr: I mean are they gunning after me, the Treasury, or what?

P: They are gunning after the Treasury really because they realize there is not much more they can get out of gunning out of Elliott.

HMJr: I see.

P: Then it ties into a subsequent campaign against Jimmy, and the whole build-up for the '46 election.

HMJr: I see. Well, why would he tell you this?

P: Well, he told it to me because he has enemies within his own party who are accusing him of being in the firm of complicity in it.

HMJr: I see.

P: It is a complicated story. I think the only way to do it is to sit down for a few minutes and talk it over.

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HMJr: Do they know anything I mean about - do they suspicion how you got into it?

P: No, only through Mrs. Roosevelt.

HMJr: I see. Well, I think you are right. How about....

P: I told them, of course, that I got permission to come into it.

HMJr: Yeah.

P: But the way I got into it was through the Missus.

HMJr: Is 10:30 good for you tomorrow? I mean I'm thinking of the office - you don't want to come to the office? I've got a broadcast tonight. You can come in on the side entrance, you know, Randolph. Or I can do it tomorrow afternoon at the house.

P: What time, for instance, tomorrow afternoon?

HMJr: Oh, five o'clock?

P: I think that might be better.

HMJr: What?

P: It might be better if I can to your house tomorrow at five.

HMJr: Well, then say at the house at 5 o'clock tomorrow.

P: All right. Do you want me in the meantime to talk to anyone in your Department about it?

HMJr: Yeah, I think Joe O'Connell.

P: I'll get Joe tonight if you want.

HMJr: Good, good.

P: But you've got it. This is - goes higher, goes to you really, there are a lot of angles to this that ought to come to your personal attention, but I'll talk to Joe tonight if you want.

HMJr: Yeah, you've got me kind of worried now.

P: Well, it's all - there is no use of us being dumb about it. We happen to have a pretty good view of the whole campaign strategy now and we've got to decide on what is best for the Treasury and Elliott, you and me and the whole picture.

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HMJr: I see, I see.
P: The Republican party is not a unit any more than the Democratic party.
HMJr: I see. O. K., well....
P: I'll be at your house tomorrow at five.
HMJr: Right.
P: And I'll get ahold of Joe, maybe tonight and I'll talk to him certainly by tomorrow morning.
HMJr: Right.
P: O. K.
HMJr: I appreciate your calling.
P: Yeah, thanks.

June 28, 1945
5:39 P.M.

220

HMJr: Hello.
Archibald McLeish: Henry, Archie McLeish.
HMJr: Good evening.
M: How are you, Henry.
HMJr: Pretty well.
M: Henry, I wondered if I could drop over to see you and take a few minutes of your time within the next few days to talk about a basic paper on German re-education which, as a result of much travail over here, and which we would like to put in shape to give the President for the Big Three meeting.
HMJr: Yeah.
M: It's not a thing that I think can be handled through the ordinary hacking committee channels. It is something that has to be approached in a rather different way, and I'd like very much to have the opportunity to talk to you briefly about it. Do you think I could do that?
HMJr: Surely.
HMJr: Do you want to do it at 11 tomorrow?
M: Yes, I'd like to very much, Henry. I'll be over there at 11 if that is all right with you.
HMJr: I'll look forward to seeing you.
M: Thank you.
HMJr: Bye.

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June 29, 1945MEMORANDUM FOR THE SECRETARY'S FILES

Subject: Clayton on the Financial Advisory Council

On June 28, after a luncheon meeting between Secretary Morgenthau and Assistant Secretary Clayton of State, the Secretary told me the following:

In response to the Secretary's question about his present views concerning the Financial Advisory Council, which is set up in the Bretton Woods Statute, Mr. Clayton said that he recognized that this Council was the organization through which all important foreign financial matters were to be settled. Mr. Clayton thought that President Truman had definitely disposed of this matter. Mr. Clayton expected that the Council would begin to function as soon as the Bretton Woods Bill was passed.

He further said that neither he nor Mr. Acheson had ever raised any question with the President concerning the decision that the Secretary of the Treasury was to be Chairman of this Council. He was not aware that Stettinius had made any request of the President that he should reconsider this matter. (I gathered from the Secretary that Clayton meant that aside from the meeting in the Secretary's office where Clayton and Acheson had said they felt the Secretary of State should be the Chairman, Clayton had made no other moves on this matter. He gave the impression that he fully accepted the decision that the Secretary of the Treasury was to be Chairman of the Council.)

FC
Frank Coe332
Assistant Secretary of the Treasury

Date..... June 29, 1945

To: Mrs. McHugh

This is in response to the Secretary's memo to Mr. White of this morning.

L. Shanahan

Mr. White
Room 3436

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

223.
M
DATE June 29, 1945

TO Mr. White
FROM Randolph Feltus

Answering the Secretary's inquiry to you -
The Business and Industry Committee for Bretton
Woods telegraphed the President direct. They
were pleased and somewhat surprised to receive a
prompt reply.

R.F.

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ALFRED JARETZKI, JR.
48 WALL STREET
NEW YORK 5

June 29, 1945.

Dear Henry:

The Honorable Wright Patman was kind enough to send me, at government expense, a copy of his tribute to the Secretary of the Treasury delivered in the House of Representatives on June 8, 1945. Needless to say, I took great pleasure in reading this.

Information through military intelligence indicates that the Washington members of the Club are a little bit leery about meeting their fellow members, which is natural but no excuse.

Sincerely yours,

afj

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

*I do hope that Eleanor is
continuing to improve*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date June 29, 1945

TO Secretary Morgenthau
FROM Mr. O'Connell

In the Record covering yesterday's sessions in the House and the Senate there appears only one reference to the present situation concerning the Presidential succession. This was by Representative Mike Monroney who, in a short speech complimenting the House Judiciary and Rules Committees for their promptness in acting on the succession bill, said:

"As further proof of the need of revising this antiquated and uncertain line of succession, I would like to call the attention of the House to the fact that within 5 days, in this critical hour when the world looks to America, we will have had three different men as 'heir apparent' to the Presidency.

"Yesterday we had Mr. Stettinius. Today we have the Secretary of the Treasury. Perhaps by Monday or Tuesday or Wednesday we may have somebody else. Neither the country, nor we, know with any certainty who it will be."

325
AA
JJO

226

June 29, 1945.

Dear Frances:

I am sorry that you are going to leave the Cabinet and thus break a very pleasant association that, so far as you and I are concerned, goes back to Albany and the year 1929.

You have made a fine record as Secretary of Labor, one that will be freely acknowledged and correctly appraised as time goes on. I believe there has been progress in industrial relations during your regime that amounts to revolution, if we dare to use that word, and you have had throughout a leading part in the revision of ideas and practices that has occurred.

In all this you can take immense satisfaction, content with the credit that will come to you.

I wish you continued success and happiness.

Sincerely,

(Signed) Henry

Miss Frances Perkins
Secretary of Labor
Washington, D.C.

HEG/mah

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Copy to Mrs. M. Morgan

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

June 29, 1945.

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

My dear Henry:

Thank you so much for your very nice letter of June 26th. I am always pleased to find myself in agreement with you.

You hit the nail on the head many, many months ago, but the people were not ready for it as they had not heard of the ferocious German brutalities.

I should like to see you more often, but I know you have been very busy in this last loan campaign. Inflation now looms up as the most important domestic and even international problem. The Treasury, I think, should take the lead.

Sincerely yours,

B. Baruch

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JUN 29 1945

TO Secretary Morgenthau
 FROM Charles S. Bell *CSB*

Purchases for the week ended 23 June 1945 effected by the Procurement Division totaled \$30,770,482.83 of which \$17,700,000 was Lend Lease; \$8,710,000 was UNRRA, and \$300,482.83 was regular.

Unusual requisitions included 15,324 gross tons of tinplate for Australia in the amount of \$1,231,450; 150 long tons of glycerine, industrial and dynamite grades, for France in the amount of \$43,000; 45,000 electric safety lamps with spare parts for one year for French coal mines, in the amount of \$1,200,000; 60,000 pairs of men's high military leather shoes for civilian population of Norway to maintain the essential civilian labor supply during the period of military occupation and redeployment, in the amount of \$80,000.

Unusual purchases included 27,550,000 pounds of raw wool for Continental France in the amount of \$13,335,491.32 and 11,090,252 pounds for Belgium in the amount of \$3,656,423.16. This wool was purchased from Defense Supplies Corporation already packed, baled and ready for shipment. Ten (10) continuous wave disguised transmitters for the Department of Justice in the amount of \$2,800; a police radio sets, FM-2 way, 50 watt, complete with antenna, in the amount of \$2,325; a twelve-volt Bosch heavy duty generators for the Secret Service in the amount of \$375.

A requisition for 16,000 long tons of crude sulphur for shipment to Belgium was received on 21 June 1945. This Division was informed that there was a boat at Port Sulphur, Louisiana, and that it was important that a contract be placed quickly to avoid delay in loading. The purchasing

Officer handling the subject commodity solicited bids by telephone and a contract was awarded within one hour after receipt of request to purchase. Loading started same day. Total purchase cost \$272,000.

Two new assignments were received by the Procurement Price Adjustment Board, and thirteen cases were disposed of involving determinations of \$130,000.

Arrangements have been made whereby Procurement's Regional warehouse and supply center in Chicago will furnish the Navy with 1-1/4 million kraft envelopes of a size hard to get. These envelopes were taken over when the Central Administrative Services warehouse in Chicago was consolidated with Procurement, and are a slow-moving item.

Arrangements have been completed whereby Reconstruction Finance Corporation field agencies will be supplied from Procurement's field warehouses.

In connection with Lend Lease program, checks in the sum of \$4,755.00 and \$14,825.57 have been received from the du Pont Company for nylon yarn bobbins returned from England. The total savings to date effected by return and re-use of these bobbins amounts to \$793,940.85, and recoveries from sale of nylon yarn waste returned from England amount to \$25,048.36.

There was one meeting of the Contract Termination Board of which the settlement of claims of two contractors were considered.

Procurement's quota for the Seventh War Loan for both Washington and the field now stands at 131.24% as compared with 125.1% last week.

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LEND-LEASE
 TREASURY DEPARTMENT-PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U.S. PORTS
 AS OF JUNE 23, 1945
 (In Millions of Dollars)

	<u>Total</u>	<u>U.K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous Undistributed</u>
Allocations	\$ 5949.1	\$ 2283.9	\$ 2802.8	\$ 166.0	\$ 19.6	\$ 1171.6
Requisitions in Purchase	\$ 153.9	\$ 43.0	9.6	37.0	-	64.3
Requisitions Not Cleared By W.P.S.	\$ 98.4	\$ 26.3	\$ 6.4	\$ 7.4	-	\$ 56.3
Obligations (Purchases)	\$ 5044.7	\$ 2151.1	\$ 2222.0	\$ 121.7	\$ 19.3	\$ 580.6
Deliveries to Foreign Gov'ts at U.S. Ports *	\$ 4017.6	\$ 2005.6	\$ 1757.9	\$ 30.4	-	\$ 223.5

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

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U.N.R.R.A.
TREASURY DEPARTMENT - PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U.S. PORTS
AS OF JUNE 23, 1946
(IN Millions of Dollars)

	<u>Total</u>	<u>U.N.R.R.A.</u>	<u>Administrative Expenses</u>
Allocations	\$ 201.0	\$ 200.0	\$ 1.0
Requisitions in Purchase	\$ 41.61	\$ 41.61	-
Requisitions not Cleared by W.P.B	\$ 5.97	\$ 5.97	-
Obligations (Purchases)	\$ 123.94	\$ 123.17	.77
Deliveries to Foreign Gov'ts at U.S. Ports *	\$ 3.58	3.58	-

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

25

June 29, 1945.

Dear Mr. Costello:

I appreciate very much your courtesy in serving as a member of the joint committee on the Roosevelt quotation competition, particularly in view of the fact this was thrust upon you by the absence of Mr. Harkness. I know that attendance at committee meetings was particularly difficult for you because of the early hours of your broadcasts.

From all accounts that have come to me, the committee has done a workmanlike, conscientious job. I know that we received many entries from the radio field as a result of your personal interest. Thank you again for your willingness to assume this responsibility.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. William Costello,
Columbia Broadcasting System,
Earle Building,
Washington, D. C.

GNY/dhs

233

25

June 29, 1945

Dear Mr. Mack:

I want to thank you most warmly for the deep interest you have taken in the Roosevelt quotation competition. The splendid outpouring of entries from the photographers is evidence of the work you have done.

Please also extend my thanks to Mr. Thompson, vice president of the White House News Photographers' Association, and to Mr. James E. Lyons of your executive committee. They were most cooperative when you were called out of the city. Obviously you have a good organization, and I have been most appreciative of the interest you and your associates have shown.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Charles J. Mack,
N-O-M News of the Day,
1009 New Jersey Avenue, N.W.,
Washington, D. C.

GNY/dhs

234
25

June 29, 1945.

Dear Mr. Stewart:

From all I hear and from what I have observed myself, I feel that the joint committee has done a splendid job in handling the Roosevelt quotation competition. I want to thank you especially for your work as secretary of the committee, for I know that you were responsible for planning and carrying out the system of judging entries, and that you, generally kept the wheels moving.

I have enjoyed my association with the members of the committee and feel sure we shall all have an added sense of pride in the new bond when it makes its appearance.

Sincerely,

[Signed] H. Morgenthau, Jr.

Mr. Gilbert V. Stewart, Jr.,
"Newsweek",
1227 National Press Building,
Washington, D. C.

GM/als

235
25

June 29, 1945.

Dear Mr. Bell:

Now that the joint committee has completed its work in connection with the Roosevelt quotation for an Eighth War Loan Bond, I want you to know how much I appreciate what you have done as chairman of that committee.

Your willingness to devote so much time to the bond competition has been particularly appreciated in view of your responsibilities as chairman of the standing committee of the Press Galleries, and your own work as a correspondent. I feel that we shall all have a sense of pride in the Roosevelt bond when it makes its appearance.

Sincerely,

[Signed] H. Morgenthau, Jr.

Mr. Samuel W. Bell,
New York Herald Tribune,
National Press Building,
Washington, D. C.

GM/als

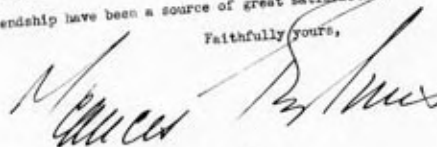
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June 29, 1945

Dear Henry:

I want to tell you how much I appreciated your coming to the dinner the other night. It meant a great deal to me to have you there, for your fellowship and friendship have been a source of great satisfaction.

Faithfully yours,



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

*in love
letter just received.
Thank you so much.
It was a great time
for J.P.L. about it.*

First Draft of Secretary's Roosevelt
Quotation Speech - 6/29/45 237

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ANNOUNCER:

The National Broadcasting Company, in cooperation with the United States Treasury Department, brings you a special program from Washington, D. C. Ladies and gentlemen, the Secretary of the Treasury, the Honorable Henry Morgenthau, Jr.

MORGENTHAU:

I'm glad to be able to report to you the latest official word on the Seventh War Loan. I'm also very glad that I can reveal to you tonight, something about the next War Loan. Yes, we are already looking to number eight. And in looking ahead, you almost always can get guidance by looking backwards -- at past events. Some weeks ago I invited the radio and news correspondents in Washington to sit down and talk with me. They voiced the opinions of many of you listening, that we in the Treasury ^{should} honor the late President Roosevelt through our War Finance program. At the time, I told them ^{that I was sure two far along with} ~~it was too late to~~ accomplish the kind of tribute we all would want to pay to his memory and that, therefore, we should devote our thoughts in that connection to the Eighth War Loan. Out of that meeting came an idea. These newsmen were to select a quotation from President Roosevelt's own writings and speeches - and the best quotation, in the opinion

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MORSENBRAU:
(cont)

of Associate Justice Owen Roberts, would be printed on the face of a new War Bond, issued in the Eighth War Loan - a bond which will bear the likeness of the late President. That bond will be an E Bond, of \$250 face value. This week Justice Roberts made his selection from the nearly one hundred quotations sent in. The value of this ~~particular~~ quotation and its significance today lie in the events which inspired Franklin ~~the~~ Roosevelt to set it down in writing. As we stand today engaged in a supreme test of freedom versus tyranny we will find much of enduring wisdom in his words - and to value them in their true light we have but to look backwards. Let us do that now.

INTRODUCTORY TO E.C.

MUSIC:

NARRATOR:

Maybe you've forgotten the temper of the United States of America on Monday, December the first, 1941, A.D.

MAN:

I say THAT man is a warmonger! If I had my way (FADE) he wouldn't be allowed to say things he says.

WOMAN:

(FADING IN) But with all the pull he has, do you really think Lepske will get the chair? (FADE) He'll probably buy his way off.

MAN 1:

(FADING IN) I wanta see a movie tonight. How about seeing Walt Disney's "Dumbo"? (FADES) I'm tired of seeing love stories anyhow.

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WOMAN 1:

(FADING ON) I guess the picnic's off. Says here increasing cloudiness followed by rising temperature tomorrow.

NARRATOR:

People were talking pretty much like that - about the war monger, the murder trial, the pink elephants, and the weather.

MUSIC:

CROSSFADE WITH -

SOUND:

SNEAK IN TRAIN

NARRATOR:

(CONTINUES) But there was another man, who sat alone - as his train roared through the peaceful Georgia countryside he had come to love as a second home.

SOUND:

SCENES UNDER TO TELEGRAPH KEY

FRANK:

From Frank L. Kluckhohn ... special to the New York Times ... Mr. Roosevelt looked grim and intent as he silently boarded his private car after spending only 26 hours at Warm Springs, where he had hoped to remain at least until Tuesday evening. He did not show his customary lighthearted attitude to the crowds (CROSSFADE KEY AND TRAIN) that hastily assembled in the Georgia back-country villages through which he hastened.

SOUND:

TRAIN IN CLEAR BRIEFLY AND FADES UNDER

NARRATOR:

The President is rushing back to Washington - to deal with the Japanese crisis. Other Americans are

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NARRATOR:
(cont.)

listening to the radio. Some to a Major General on a program called "Keep 'Em Flying" - his name Kap Arnold. Others favor Orson Welles and Janet Gaynor in a Booth Tarkington story ... Thousands jam New York's great Music Hall to see Cary Grant and Joan Fontaine in "Suspicion" - and others prefer Clark Gable and Lenna Turner in "Honky Tonk". And the train rushes on through the Carolinas.

SOUND: TRAIN UP AND UNDER

VOICE: Today the Prime Minister of Great Britain, Winston Churchill celebrated his 67th birthday.

VOICE 2: The Premier of France, Marshal Henri Philippe Petain was welcomed today at the headquarters of Adolph Hitler.

VOICE: Maxim Litvinoff, en route to the United States from Soviet Russia was welcomed at Manila by President Manuel Quezon.

NARRATOR: Yes - Hitler was still greeting the fallen; Manila was still the beautiful Pearl of the Orient; the Prime Minister had another birthday; and a train had reached Virginia and was knifing through to Washington, D. C.

SOUND: TRAIN UP AND UNDER

NARRATOR: Other Americans were enjoying Ethel Merman's scamy role in "Panama Hattie", and Helen Hayes and

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NARRATOR:

and Ethel Barrymore on Broadway. And - oh, yes, S. Rurek was presenting the Ballet Theatre. The sign had gone up - last five days! These too were the last five days - the last five days of peace!

MUSIC:

FIVE OMINOUS CHORDS - SWEEPS UP TO CLIMAX - TO B.O.

NARRATOR:

It's not easy to look back - we don't like to admit that we could be so wrong - so completely wrong. Let's call it our "awkward age" - when we couldn't quite sure we were growing up. When we couldn't believe shadows came from real things. There was a famed military analyst --

MILITARY:

British success in Libya and Russian ability to handle the Germans make it unlikely that Tokyo will do anything foolish!

MUSIC:

QUICK IRONIC CHORD

NARRATOR:

Nothing - say like landing in the Philippines. There was an astute gentlemen of China:

CHINA:

Kurumi has been sent to America because Japan under great strain. In fact Japan today on verge of economic collapse.

MUSIC:

QUICK IRONIC CHORD

NARRATOR:

Say - Too weak to seize the oil and the rubber of the Dutch East Indies. There was a U. S. leader:

LEADER:

"We have the biggest, toughest, hardest-hitting Navy in the world! Let 'em come from both sides

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LEADER:

if they want to - we can win on two oceans!

MUSIC:

QUICK IRONIC CHORD

NARRATOR:

Even - if we have, shall we say a setback - at
Pearl Harbor?

MUSIC:

TO DRAMATIC QUICK FINISH.

NARRATOR:

7.
This is Tuesday December 2 we're looking back on.

This was the day the President was in his official
study on the second floor of the White House...with
him Admiral Stark, Cordell Hull, Harry Hopkins. This
was also a day when people were saying:

Why it's only 23 days to Christmas!

BRIGHT CHRISTMASY FEELING UNDER FOLLOWING

WOMAN:

What shall I give to Tom To Mary: To Junior and the
Folks:

VOICE:

May I suggest a special gentlemen's robe in the most
luxurious rare oriental silk brocades?

WOMAN:

We have hundred and hundreds and hundreds of silk and
nylon stockings!

MAN:

"e have gifts for the family - Radios! Washing machines!
Bicycles! Electric Clocks! Gas Ranges!

MUSIC

SEQUES TO OMINOUS THEME

NARRATOR:

There was this in the papers: The Secretary of the
Treasury, Henry Morgenthau Jr., hinted today that tension
over American relations with Japan might cause post-
ponement of the Treasury's proposed record breaking one
billion five hundred million dollar borrowing operation
this week. Today he reminded a press conference that he
had not said definitely that the financing would be
carried out. Asked whether the decision depended on the
Japanese situation, he replied with a smile, "You might
say it depended on the weather."

MUSIC:

RISES - CUTS OFF SHARP

VOICE:

Weather forecast for today - rising temperatures.

VOICES

HARSH LAUGHTER IN B.G.

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NARRATOR:

(OVER ABOVE) Yes - rising temperatures in the mid Pacific - the rising temperatures of men bleated with the intoxication of world conquest. Rising temperatures on the little men of the Rising Sun!

VOICES

LAUGHTER IN CLEAR

MUSIC

WIPES OUT

NARRATOR:

It's Wednesday, December 3rd.

VOICE

The President has asked the Japanese Imperial Government why it is sending so ^{much} military personnel into Indo-China. He has asked for a quick reply.

NARRATOR:

It is en route.

MUSIC:

Sharp Sting

WOMAN:

Christmas is one day nearer and we recommend this radiant and so divine dance dress for all those evenings that call for a fragile air of elegance.

NARRATOR:

Pearl Harbor is one day nearer.

MUSIC

Sharp Sting

VOICE 3:

Give him this evening muffler. Only \$22 - monograms are additional of course.

NARRATOR:

Monograms? M-I-J is the Monogram for Hickam Field. Made in Japan. M-I-J! M-I-J! M-I-J!

MUSIC

WIPE OUT

NARRATOR:

Maybe we'll wise up you say - maybe we got smarter as the day came nearer? It would be nice to think so. But the record is clear. There was a top U.S. official:

OFFICIAL:

In my opinion the U Boat has been beaten in the Atlantic by the British.

NARRATOR:

He didn't talk much in the early part of '42.

There was a nice honest churchman:

CHURCHMAN:

I would not be surprised to see Stalin and Hitler get together again in spite of what their nations, Germany and Russia, have done to one another during the past 23 weeks."

NARRATOR:

Would it be fair to take him to Berlin for a quick-look-see? There was the comfortable man from England

BRITISH:

The British Fleet is now at Singapore. This will cause Tokyo to order a general retreat.

NARRATOR:

The Battleship Prince of Wales was one of that fleet - remember? Oh yes - and a Senator of the United States: Japan's ties with the Axis are unnatural. She will soon cooperate with the United States and Great Britain.

NARRATOR:

H'mm...December 5th...Time is running out.

VOICE 2:

Time is running out. Christmas is only 20 days away! Like good music? Then buy now! 34 historic record bargains: Your choice of 19 sets of three double faced

VOICE 2:

12" records...only \$1.79 per set. The greatest music
the world has ever known!

NARRATOR:

A bit of an understatement sir...the double faced ones
are on the greatest bargain hunt in their history -
ready to set off the greatest and most powerful - the

MUSIC

SNEAK KETTLE DRUMS

loudest and most compelling music the world has ever
known. Listen...listen for 48 more hours...it's coming
now - fast!

MUSIC

KETTLE DRUMS BOIL UP WIPE OUT

NARRATOR:

Yes time is running out - out on thick steaks, on
wing tip grain oxfords - smartly perforated, on
motor tours throughout New England.

VOICES:

(OFF) LAUGHTER

NARRATOR:

The men of the evil laughter were closing in. And yet
the poker faces carried on their gaze here in the United
States. In New York, the Japanese Institute closed
and issued a statement:

JAPANESE:

We earnestly hope to take up our work in the not too
distant future, (BRING IN LAUGHTER) and to continue
our contribution to the promotion of home kinship
in those higher realms of thought, of culture and of the
spirit to which great task we shall always be devoted.

VOICES

LAUGHTER

MUSIC

WIPE OUT.

NARRATOR:

On December 7, 1941 A. D. one paper had ten pages of
Christmas gift guides - 324 suggested presents. Twenty
pages of travel literature. Go everywhere. Go to
Southern California. Go to Miami Beach or Atlantic City.

SOUND:

SNEAK IN PLANES

VOICES:

Take a cruise to Florida - Fly to Havana. Try Palm Springs.
Nassau in December. A trip to South America. Fly to
Bermuda...Come to Hawaii.

JAP:

Target is - Pearl Harbor - Hawaii!

SOUND:

PLANE DIVING

MUSIC:

WIPES OUT

FIR:

Mr. Vice-President, Mr. Speaker, Members of the Senate and
the House of Representatives: Yesterday, December 7, 1941 -
a date which will live in infamy - the United States of

America was suddenly and deliberately attacked by Naval and
Air Forces of the Empire of Japan. (FADE) The United States
was at peace with that nation and at the solicitation of Japan
was still in conversation with its government.

NARRATOR:

(OVER FADE) The President speaks six minutes and thirty
seconds. Officially we are at war. Next day, the President
enters the Oval Room of the White House. The largest radio
audience in the history of American broadcasting hears him
speak:

FIR:

My fellow Americans: The sudden criminal attacks per-
petrated by the Japanese in the Pacific provide the climax
of a decade of international immorality. We are going to
win the war and we are going to win the peace that follows.
We must share together the bad news and the good news, the
defeats and the victories -- the changing fortunes of war.
(MUSIC SNEAK) We are all in it -- all the way. Every
single man, woman, and child is a partner in the most

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FDR:
(cont)
SIG:

NARRATOR:

MORGENTHAU:

tremendous undertaking of our American history.

SWELLS TO CLIMAX

And now, ladies and gentlemen, once again the Secretary of the Treasury, himself, the Honorable Henry Morgenthau, Jr.

I told you when this program began, that we find much of enduring wisdom by looking backwards on the events of history, and upon the words spoken by those who have helped make

that history. Behind the late President's words, "Every single man, woman, and child is a partner in the most tremendous undertaking of our American history," is the story of the event that crystallized our unity as no other event could.

This war has been a tremendous undertaking. And no effort has demonstrated the magnitude of our partnership better than the seven War Loans in which you and I have been engaged in during these past years. In searching for a quotation to symbolize the purpose of the Eighth War Loan, I find it a source of inspiration, to read and to understand, the one which Justice Roberts considered the most appropriate, for inscribing on the new Franklin Roosevelt War Bond to be issued during the Eighth War Loan. How I am happy to present this \$100 War Bond to the newspaper man who suggested the winning quotation. Mr. Daniel M. Kidney of the Scripps-Howard Syndicate.

KIDNEY:

Thank you, Mr. Secretary. I am deeply honored to receive this War Bond. This program of yours tonight has demonstrated the reasons why I thought the quotation I selected would be so fitting for the new War Bond to be issued in the Eighth War Loan. Being a newspaper man and having this unusual opportunity, I would like to ask you a question.

MORGENTHAU:

Go right ahead.

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KIDNEY:

How can you keep these tremendous War Loans going and maintain the tremendous interest and effort that goes into them?

MORGENTHAU:

There's only one way we can do that, and that is to plan for the War Loan while one is already in progress. As a matter of fact, Mr. Gamble, who is the National Director of War Finance, and myself, have already started working on plans for the Eighth War Loan which will be held in the Fall.

KIDNEY:

Can you give us the latest figures as to where we stand tonight in the Seventh?

MORGENTHAU:

Yes, I have the latest figures right here. War Bond sales as of tonight total \$ _____ against a quota of fourteen billions. But there is more in the selling of war Bonds than the assembling of facts and figures. There is the human side. We know how much the battle of Okinawa cost us. We know how many E Bonds it took to equip the Army and the Marines who fought there. (PAUSE) We know, too, how many young men died at Okinawa. But we can never know how much those lives were worth in E Bonds. We only know that we can never buy those lives back -- no amount of E Bonds could do that. But it is the buying of E Bonds which helps to protect our men -- to feed them, to clothe them, to arm them. So, in a very real sense, when we buy E Bonds we form a partnership with our fighting men. We get as close to them as we are able to. That is what I mean by saying there is a human side to war Bonds. We really buy War Bonds because it is our way of expressing to each other and to our fighting men that War Bonds are, in fact, a real bond -- a living bond

MORGENTHAU:
(cont)

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between us. That is what President Roosevelt meant when he said, "Every single man, woman, and child is a partner in the most tremendous undertaking of our American history." We must continue to be good partners to each other and partners with - and good neighbors to - the world.

MUSIC:

CURTAIN

ANNOUNCER:

The Treasury Department wishes to thank the National Broadcasting Company for making this time available. Our thanks to _____ and to Mr. Bernard Green for his music. This is _____ speaking.

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June 29, 1945

Mr. Lynch
Secretary Morgenthau

Will you please have for me by 2:30 today the details of the O.P.A. angle of the "playboy of Broadway"? Also, what is the status of the playboy now. Are we looking for him, or is he out on bail for the O.P.A.?

*Mrs. M & Hugh
H M Jr. wants Lynch to
come in with the above
at 2:30.*

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June 29, 1945

Joe O'Connell
Secretary Morgenthau

I wish you would speak to me about this man that Paul wants to borrow to help him with the article on renegotiation. I wish you would speak to me about this today. *O'Connell spoke to Hugh 4/24/45.*

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June 29, 1945

Harry White

Secretary Morgenthau

Would you let me know today the circumstances under which a letter from President Truman was secured written to the Bretton Woods Business Men's Group. I would like to have a memo from you on that this morning.

See White memo of 6/29/45-

ANNOUNCER:

*June 255
29
1945 -*

The National Broadcasting Company,
in cooperation with the United
States Treasury Department, brings
you a special program from Washington,
D. C. Ladies and gentlemen, the
Secretary of the Treasury, the
Honorable Henry Morgenthau, Jr.

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MORGENTHAU:

Some weeks ago I invited the radio
and news correspondents in Washington
to sit down and talk with me. They
voiced the opinions of many of you
listening, that we in the Treasury
should honor the late President Roosevelt
through our War Finance program. At
the time, I told them that we were too
far along with the Seventh, to accomplish
the kind of tribute we all would want to
pay to his memory and that, therefore,
we should devote our thoughts in that
connection to the Eighth War Loan. Out
of that meeting came an idea.

(over)

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MORGENTHAU:
(cont'd)

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These newsmen were to select a quotation from President Roosevelt's own writings and speeches - and the best quotation, in the opinion of Associate Justice Owen Roberts, would be printed on the face of a new War Bond, issued in the Eighth War Loan - a bond which will bear the likeness of the late President. That bond will be an E Bond, of \$200 face value. This week Justice Roberts made his selection from the nearly one hundred quotations sent in.

(over)

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MORGENTHAU:
(cont'd)

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The value of this quotation and its significance today lie in the events which inspired Franklin Roosevelt to set it down in writing. As we stand today engaged in a supreme test of freedom versus tyranny we will find much of enduring wisdom in his words - and to value them in their true light we have but to look, backwards. Let us do that now.

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MUSIC: INTRODUCTORY TO B.G.

NARRATOR: Maybe you've forgotten the temper of the United States of America on Monday, December the first, 1941, A.D.

MAN: I say THAT man is a warmonger! If I had my way (FADE) he wouldn't be allowed to say things he says.

WOMAN: (FADING IN) But with all the pull he has, do you really think Lepke will get the chair? (FADE) He'll probably buy his way off.

MAN 1: (FADING IN) I wanta see a movie tonight. How about seeing Walt Disney's "Dumbo"? (FADES) I'm tired of seeing love stories anyhow.

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NARRATOR: People were talking pretty much like that - about the warmonger, the murder trial, the pink elephants.

MUSIC: CROSSFADE WITH -

SOUND: SNEAK IN TRAIN

NARRATOR: (CONTINUES) But there was another man, who sat alone - as his train roared through the peaceful Georgia countryside he had come to love as a second home.

SOUND: SEGUES UNDER TO TELEGRAPH KEY

FRANK: From Frank L. Kluckhohn ... special to the New York Times ... Mr. Roosevelt looked grim and intent as he silently boarded his private car after spending only 26 hours at Warm Springs.

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SOUND: TRAIN IN CLEAR BRIEFLY AND FADES UNDER

NARRATOR: The President is rushing back to Washington - to deal with the Japanese crisis. Other Americans are listening to the radio. Some to Orson Welles and Janet Gaynor in a Booth Tarkington story ... Thousands jam Broadway's movies - some to see Clark Gable and Lana Turner in "Honky Tonk". And the train rushes on through the Carolinas.

SOUND: TRAIN UP AND UNDER

VOICE: Today Winston Churchill celebrated his 67th birthday.

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VOICE 2: Marshal Henri Philippe Petain was welcomed today at the headquarters of Adolph Hitler.

VOICE: Maxim Litvinoff was welcomed at Manila by President Manuel Quezon.

NARRATOR: Yes - Hitler was still greeting the fallen; Manila was still the beautiful Pearl of the Orient; the Prime Minister had another birthday; and a train had reached Virginia and was knifing through to Washington, D. C.

SOUND: TRAIN UP AND UNDER

NARRATOR: Other Americans were enjoying the Broadway shows - And - oh, yes, S. Hurok was presenting the Ballet Theatre.

New York Times, Tuesday, December 2, 1941: Hanson Baldwin says:
"British Advantage There Combines With Russian Advantage There To Make Tokyo Hold Off."

British successes in the "war of the sands" and German reverses in Russia
apparently combined today to ease slightly the American-Japanese tension.

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NARRATOR:
(cont'd)

The sign had gone up - last five
days! These too were the last five
days - the last five days of peace!

MUSIC:

FIVE OMINOUS CHORDS - SWEEPS UP TO
CLIMAX - TO B.G.

NARRATOR:

It's not easy to look back - we don't
like to admit that we could be so wrong -
so completely wrong. Let's call it our
"awkward age" - when we weren't quite
sure we were growing up. When we couldn't
believe shadows came from real things.

There was a famed military analyst --

. MILITARY:

British success in Libya makes it unlikely
that Tokyo will do anything foolish!

MUSIC:

QUICK IRONIC CHORD

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NARRATOR:

Nothing - say like landing in the
Philippines. There was an astute
gentleman of China:

CHINA:

Kurusu has been sent to America because
Japan today on verge of economic collapse.

MUSIC

QUICK IRONIC CHORD

NARRATOR:

Say - Too weak to seize the oil of the
Dutch East Indies. There was a U. S.
leader:

.LEADER:

We have the best navy in the world! Let
'em come from both sides if they want to -
we can win on two oceans!

MUSIC:

QUICK IRONIC CHORD

NARRATOR:

Even - if we have, shall we say a setback -
at Pearl Harbor?

Tuesday, December 2, New York Times:

1941

Chinese Suggest Kurum Was Sent To U.S. Because Strain Had Become Acute.

Premier Hideki Tojo of Japan dispatched the Kurum mission to Washington because Japan today is on the verge of economic collapse under the strain of the war in China.

New York Times, Tuesday, December 2, 1941:
*YOU ASKED FOR IT, MR. HITLER ---- Equipped with amazing new secret deadly devices that no enemy will ever know about (till it's too late) -- the biggest, toughest, hardest-hitting, straightest-shooting Navy in the world is primed and ready to write "finis" to Mein Kampf ... Let 'em come from both sides if they want to
"We can win on two oceans," says Secretary of the Navy, Frank Knox, in the January American magazine out today.

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MUSIC: TO DRAMATIC QUICK FINISH.

NARRATOR: This is Tuesday December 2. This was the day the President was in his official study on the second floor of the White House ... with him Admiral Stark, Cordell Hull, Harry Hopkins. This was also a day when people were saying:

WOMAN: Why it's only 23 days to Christmas!

MUSIC: BRIGHT CHRISTMASY FEELING UNDER FOLLOWING

NARRATOR: What shall I give to Tom: To Mary:

To Junior and the Folks:

VOICE: May I suggest a special gentlemen's robe in the most luxurious rare oriental silk brocades?

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WOMAN: We have hundreds and hundreds and

hundreds of silk and nylon stockings!

MAN: We have gifts for the family - Radios!

Washing machines! Bicycles! Electric

Clocks! Gas Ranges!

MUSIC: SEGUES TO OMINOUS THEME

NARRATOR: There was this in the papers: The Secretary of the Treasury, Henry Morgenthau, Jr., hinted today that tension over American relations with Japan might cause postponement of the Treasury's proposed record breaking one billion five hundred million dollar borrowing operation this week.

New York Times, Tuesday, December 2, 1941:
Washington, Dec. 1 - Secretary of the Treasury, Henry Morgenthau, Jr. hinted today that tension over American relations with Japan might cause postponement of the Treasury's proposed record-breaking \$1,500,000,000 borrowing operation this week.

Mr. Morgenthau announced last week that the money would be borrowed this week "barring unforeseen events." Today he reminded a press conference that he had not said definitely that the financing would be carried out. Asked whether the decision depended on the Japanese situation, he replied with a smile: "You might say it depended on the weather."

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NARRATOR:
(cont'd)

Asked whether the decision depended on the Japanese situation, he replied with a smile, "You might say it depended on the weather."

MUSIC:

RISES - CUTS OFF SHARP

VOICE:

Weather forecast for today - rising temperatures.

VOICES

HARSH LAUGHTER IN B.G.

NARRATOR:

(OVER ABOVE) Yes - rising temperatures in the mid Pacific - the rising temperatures of men bloated with the intoxication of world conquest. Rising temperatures on the little men of the Rising Sun!

VOICES

LAUGHTER IN CLEAR

MUSIC

WIPES OUT

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NARRATOR:

It's Wednesday, December 8rd.

VOICE:

The President has asked the Japanese Imperial Government why it is sending so much military personnel into Indo-China. He has asked for a quick reply.

NARRATOR:

It is en route.

MUSIC:

Sharp Sting

WOMAN:

Christmas is one day nearer.

NARRATOR:

So is Pearl Harbor!

MUSIC

Sharp Sting

VOICE 3:

Give him this evening muffler. Only \$22 - monograms are additional of course.

NARRATOR:

Monograms? M-I-J is the Monogram for

Hickam Field. Made in Japan. M-I-J!

M-I-J! M-I-J!

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* New York Times, Thursday, December 4, 1941:

Archbishop Curley of Baltimore says, 'More than one dog has bitten hand that fed it.'

I would not be surprised to see Stalin and Hitler get together again, in spite of what their nations, Germany and Russia, have done to one another during the past 23 weeks.

* New York Times, Thursday, December 4, 1941:

Arrival of the British fleet is expected to cause Tokyo to order general retreat.

Authorities here agree that the arrival of powerful British Naval units, headed by the new battleship, Prince of Wales, yesterday raises the odds against Japan more than ever before.

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MUSIC: WIPE OUT

NARRATOR: Maybe we'll wise up you say - maybe we
got smarter as the day came nearer?
It would be nice to think so. But the
record is clear. There was a nice honest
churchman:

•CHURCHMAN: You can be sure of one thing - Stalin and
Hitler will get together again in spite
of everything Germany and Russia have
done to each other.

NARRATOR: Would it be fair to take him to Berlin
for a quick-look-see? There was the
comfortable man from England:

BRITISH: The British Fleet is now at Singapore. This
will cause Tokyo to order a general retreat.

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NARRATOR: The Battleship Prince of Wales was one of
that fleet - remember? Oh yes - and a
Senator of the United States:

SENATOR: Japan's ties with the Axis are unnatural.
She will soon cooperate with the United
States and Great Britain.

NARRATOR: H'mm...December 5th...Time is running out.

VOICE 2: Time is running out. Christmas is only
20 days away! Like good music? Then
buy now! 34 historic record bargains:
Your choice of 19 sets of three double
faced 12" records...only \$1.79 per set.
The greatest music the world has ever
known!

"New York Times, Thursday, December 4, 1941:

A U. S. Senator declared that Japan's ties with the Axis were unnatural; that she would soon cooperate with the U. S. and Great Britain.

Declaring that Japan's ties with the Axis were unnatural, Senator Elbert D. Thomas of Utah predicted last night that she would soon cooperate with the United States and Great Britain.

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NARRATOR: A bit of an understatement, sir ...

the double faced ones are on the greatest

bargain hunt in their history - ready to

set off the greatest and most powerful -

the

MUSIC

SNEAK KETTLE DRUMS

loudest and most compelling music the

world has ever known. Listen...listen

for 48 more hours...it's coming now -

fast!

MUSIC

KETTLE DRUMS BOIL UP WIPE OUT

NARRATOR: Yes time is running out - out on thick
steaks, on wing tip grain oxfords - smartly
perforated, on motor tours throughout
New England.

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NARRATOR:
(cont'd)

In New York, the Japanese Institute

closed and issued a statement:

JAPANESE:

We earnestly hope to take up our work in

the not too distant future, (BRING IN

LAUGHTER) and to continue our

contribution to the promotion of home

kinship in those higher realms of thought,

of culture and of the spirit to which

great task we shall always be devoted.

VOICES

LAUGHTER

MUSIC

WIFE OUT.

NARRATOR:

On December 7, 1941 A. D. one paper had
twenty pages of travel literature. Go
everywhere. Go to Southern California.
Or Atlantic City.

*New York Times, Saturday, December 6, 1941:
The Japanese Institute, a cultural organization, in its closing statement said:
"In saying farewell, we earnestly hope to take up our work in the not too distant
future when conditions will have returned to normal ... and to continue our
contribution to the promotion of home kinship in those higher realms of thought,
of culture and of the spirit, to which great task we shall always be devoted."

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SOUND: SNEAK IN PLANES

VOICES: Take a cruise to Florida - Fly to Havana.
Nassau in December. A trip to South
America. Fly to Bermuda...Come to Hawaii.

JAP: Target is - Pearl Harbor - Hawaii!

SOUND: PLANE DIVING

MUSIC: WIPES OUT

FDR: Mr. Vice-President, Mr. Speaker,
Members of the Senate and the House of
Representatives: Yesterday, December 7,
1941 - a date which will live in infamy -
the United States of America was suddenly
and deliberately attacked by Naval and
Air Forces of the Empire of Japan. (FADE)

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FDR:
(cont'd)

The United States was at peace with that
nation and at the solicitation of Japan
was still in conversation with its
government.

NARRATOR: (OVER FADE) The President speaks six
minutes and thirty seconds. Officially
we are at war. Next day, the President
enters the Oval Room of the White House.
The largest radio audience in the history
of American broadcasting hears him
speak:

FDR: My fellow Americans: The sudden criminal
attacks perpetrated by the Japanese in the
Pacific provide the climax of a decade of
international immorality.

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FDR:
(cont'd)

We are going to win the war and we are going to win the peace that follows. We must share together the bad news and the good news, the defeats and the victories -- the changing fortunes of war. (MUSIC SNEAK) We are all in it -- all the way. Every single man, woman, and child is a partner in the most tremendous undertaking of our American history.

MUSIC: SWELLS TO CLIMAX

NARRATOR: And now, ladies and gentlemen, once again the Secretary of the Treasury, himself, the Honorable Henry Morgenthau, Jr.

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MORGENTHAU:

Behind the late President's words, "Every single man, woman, and child is a partner in the most tremendous undertaking of our American history," is the story of the event that crystallized our unity as no other event could. This war has been a tremendous undertaking. And no effort has demonstrated the magnitude of our partnership better than the seven War Loans in which you and I have been engaged during these past years.

(over)

- 23 -

MORGENTHAU:
(cont'd)

Now I am happy to present this \$100 War Bond to the newspaper man who suggested the winning quotation.

Mr. Daniel M. Kidney of the Scripps-Howard Newspaper Alliance.

KIDNEY:

Thank you, Mr. Secretary. I am deeply honored to receive this War Bond. This program of yours tonight has demonstrated the reasons why I thought the quotation I selected would be so fitting inscribed on the new War Bond to be issued in the Eighth War Loan. Being a newspaper man and having this unusual opportunity, I would like to ask you a question.

(over)

- 24 -

MORGENTHAU:

Go right ahead.

KIDNEY:

How can you keep these tremendous War Loans going and maintain the ^{NECESSARY} ~~tremendous~~ interest and effort that go into them?

MORGENTHAU:

There's only one way we can do that, and that is to plan for the next War Loan while one is already in progress. As a matter of fact, Mr. Gamble, who is the National Director of War Finance, and myself, have already started working on plans for the Eighth War Loan which will be held in the Fall.

KIDNEY:

Can you give us the latest figures as to where we stand tonight in the Seventh?

(over)

- 25 -

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MORGENTHAU: Yes, I have the latest figures right here. War Bond sales as of tonight total **22,210 MILLION** against a quota of fourteen billions. But there is more in the selling of War Bonds than the assembling of facts and figures. There is the human side. We know how much the battle of Okinawa cost us. We know how many E Bonds it took to equip the Army ^{Navy - Coast guard} and the Marines who fought there. (PAUSE) We know, too, how many young men died at Okinawa. But we can never know how much those lives were worth in E Bonds.

(over)

- 26 -

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MORGENTHAU:
(cont'd)

We only know that we can never buy those lives back -- no amount of E Bonds could do that. But it is the buying of E Bonds which helps to protect our men -- to feed them, to clothe them, to arm them. So, in a very real sense, when we buy E Bonds we form a partnership with our fighting men. We get as close to them as we are able to. That is what I mean by saying there is a human side to War Bonds. We really buy War Bonds because it is our way of expressing to each other and to our fighting men that War Bonds are, in fact, a real bond - a living bond between us.

(over)

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MORGENTHAU:
(cont'd)

That is what President Roosevelt meant when he said, "Every single man, woman, and child is a partner in the most tremendous undertaking of our American history."

MUSIC:

CURTAIN

ANNOUNCER:

The Treasury Department wishes to thank the National Broadcasting Company for making this time available. Our thanks to
and to
Mr. Bernard Green for his music. This
is speaking.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

June 29, 1945

TO Secretary Morgenthau
FROM Joseph J. O'Connell

(For your information - no action required)

The Committee on Ways and Means met today at ten o'clock to consider amendments to the interia tax bill, H. R. 3487, and took the following action.

1. It adopted an amendment offered by Mr. Carlson which permits reorganized railroads to get the benefit of carrybacks and carryforwards of excess-profits-tax credit and net operating loss of the predecessor corporation. Under present law the new corporation is not entitled to the carrybacks and carryforwards of the predecessor corporation.

The Treasury opposed this amendment before the Committee on grounds that it was not germane to the present bill and also because it feels that the amendment is of doubtful merit.

2. It adopted two minor amendments offered by the tax staffs, which have the effect of extending the benefits of the higher specific exemption of \$25,000 and of the tax deferment and quick refunds arising from carrybacks to certain fiscal-year corporations.

3. It rejected the following amendments:

a. By Mr. Robertson

An amendment to make the increase in excess-profits-tax specific exemption (to \$25,000) applicable to 1945 instead of 1946.

An amendment to terminate the excess-profits tax on January 1 of the year after the defeat of Japan.

b. By Mr. Reed

An amendment to increase the excess-profits-tax specific exemption from \$25,000, as in the bill, to \$30,000.

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- 2 -

An amendment to make excess-profits-tax postwar credit bonds cashable September 1, 1945, instead of January 1, 1946, as in the bill.

An amendment to increase the exemption for the normal tax of the individual income tax from \$500 to \$1,000.

In general, the Committee voted along party lines, with a few exceptions in the case of each vote.

There appeared to be general agreement in the Committee that it should ask for a closed rule in the House, though final decision on this matter was deferred until the Committee meets tomorrow morning to receive a clean bill from the drafting staff and to report it out.

Joseph J. Russell

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TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 28, 1945.

Press Service
46-82

Joseph D. Munan, Jr., Commissioner of Internal Revenue, today directed field offices of the Bureau of Internal Revenue to give special attention to the tax problems of alien war refugees living in the United States, to assure fair and proper taxation of the income, if any, of such individuals.

Noting that the income tax laws exempt non-resident aliens not engaged in a trade or business in the United States from taxation on profits from transactions upon securities or commodities exchanges, the Commissioner directed careful scrutiny of claims for such exemptions. Before allowing such exemptions, proof will be required that the individuals concerned were not, in fact, residents of the United States and were not engaged in a trade or business in this country.

Aliens in this country who are classified as "resident aliens" are subject to the same taxes as citizens of the United States. Under the tax laws, an alien may be regarded as a "resident" of the United States even though he intends to return to his own country. The classification of "non-resident alien" is limited primarily to transients who are in the United States only for a very brief or fixed period of time.

In order to establish exemption, a non-resident alien must also show that he was not engaged in a trade or business in this country. Therefore, the exemption cannot ordinarily be allowed to an alien who has, while in the United States, earned compensation for personal services, participated in commercial or industrial activities, or bought and sold property.

Aliens who desire to clarify the status of securities or commodity transactions which they have not reported in United States income tax returns for years subsequent to January 1, 1940, should consult the Internal Revenue Agent-in-charge or the Collector of Internal Revenue in the local district in which they reside. Such interviews are advised particularly in the case of aliens planning to return to foreign countries, inasmuch as they are required to obtain tax clearance certificates before departing.

-000-

285

June 29, 1945

My dear Mr. Swope:

I was greatly pleased by your letter of June 27, and I thank you.

These campaigns do take a lot of work and it is gratifying to know that some people appreciate that fact to the extent of wanting to give a fellow a pat on the back.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Herbert Bayard Swope
745 Fifth Avenue
New York 22, N. Y.

HEG/mah

70s

Mr. Gaston:

Mrs. McHugh says that the Secretary
would like to have you prepare a
reply. ds

6-29 286

HERBERT HAYARD SWOPE
745 FIFTH AVENUE
NEW YORK
1226

June 27, 1945

My dear Mr. Secretary:-

Without your organization; without your
leadership; without your fierce determination, it is
to be doubted if the 7th War Loan would have been
successful. That it went over the top so well is
due to you, and you deserve high commendation.

Best wishes.

Herbert Hayard Swope

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

287
Mr. Gaston

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HEADQUARTERS
ARMY GROUND FORCES
OFFICE OF THE COMMANDING GENERAL
ARMY WAR COLLEGE
WASHINGTON, D. C.

July 6, 1945

The Honorable

The Secretary of the Treasury

Dear Mr. Secretary:

It was very gratifying to learn that the units of the "Here's Your Infantry" show were so helpful in the successful conduct of the Seventh War Loan.

The redeployment of troops to the Pacific makes it impossible at this time to state definitely what troops will be available for use during the Eighth War Loan. However, you may be assured that we will make every effort to assist in every way possible.

Sincerely,


J. G. CHRISTIANSEN
Major General, GSC
Commanding



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June 28, 1945

My dear Frank:

I take great pleasure in sending you herewith a very well-earned citation.

Commendations have been bestowed on private citizens for their help in financing the war, but it is a little out of the ordinary for me to honor a colleague in the Cabinet in this way. I am doing it to emphasize my opinion that you have done a really great job in a quiet way and richly merit any testimonial that is in my power to bestow.

I recall how diligently, how ably and how faithfully you aided and supported our late great leader, President Roosevelt, in many capacities, and those memories add to my pleasure in sending you this citation which testifies to your remarkably efficient administration of the Post Office Department. With it go my heartiest personal good wishes.

Cordially,

(Signed) Henry

The Honorable Frank C. Walker
Postmaster General
Washington 25, D.C.

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Mr. Huston

My dear Frank:

I take great pleasure in enclosing herewith a very well-earned citation.

I am very sorry to see you leave the Administration because I know how much you have done to assist the late President Roosevelt, and also am cognizant of the very successful administration of your office.

Sincerely yours,

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TRANSMITTED TO MR. LATTA, WHITE HOUSE

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7th War Loan News Desk
War Finance Division
Treasury Department
Washington 25, D. C.

#77

MESSAGE AND FRIDAY, JUNE 29

WASHINGTON, D.C., June 29 — Secretary Morgenthau tonight announced that the Seventh War Loan, reaching a total sales figure of \$21,639,000,000 had broken all previous records for War Loan drives.

The previous high mark of \$21,621,000,000 was set in the 6th War Loan drive.

Secretary Morgenthau said:

"Never in the history of any Government has such financial support been accorded a war effort as that now being demonstrated in the Seventh War Loan. It is a vote of confidence in our men fighting in the Pacific, and in those who have won so decisive a victory in Europe. It is also a tribute to the work of the millions of War Bond volunteers — an army that is carrying on at home with such enthusiasm and vigor.

"I am confident that these workers will not let down in their efforts until this campaign is over. We still need every dollar that can be subscribed by individuals for War Bonds, if we are to make the success of this campaign one that will match the victories being won by our men overseas."

Sales to individuals reached the total of \$6,920,000,000 or 98.7% of the \$7 billion national goal for individuals.

War Bond sales, included in this total, reached \$3,071,000,000 or 76.7% of the \$4 billion quota.

Sales to corporations totaled ^{\$14,729,000,000} ~~\$14,729,000,000~~ or 210% of the \$7 billion quota for corporate sales.

The total sales, \$21,639,000,000 represent 154.5% of the \$14,000,000,000 overall quota.

#78

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June 29, 1945

MESSAGE TO MR. MATTHEW CONNELLY, SECRETARY TO THE PRESIDENT

Have you had an opportunity to make any inquiries about Mr. Smith Troy, Attorney General for the State of Washington?

Would appreciate your arranging a fifteen minute appointment for me with the President Tuesday morning.

Henry Morgenthau, Jr.

FROM: Newspaper Section
War Finance Division
Treasury Department
Washington 25, D. C.



Release date 294
A. M. P. M.
Release No. _____

NEWS DESK

Room 746, Washington Building, Washington 25, D. C.

FRANK D. TERRY, Chairman, Allied Newspaper Council, Common Newspapers, Director

S. GEORGE LUTIN, Special Consultant, Treasury
REYNOLD DAVIS, War Finance Division, Editor
ANDREW COOK, Minneapolis Star-Journal
ROBERT TAYLOR, Scripps-McCraw Newspapers

ERWIN D. BISH, International News Service
MORRIS KAMENSKY, News Newspaper Publishers Association
DORIS SEXTON, News Newspapers

L. EDWIN LUTIN, Labor Editor
FRANCIS J. MCCORMACK, Financial Writer
MAX HALL, Associated Press
FRED HARRISON, United Press

Office of War Information cooperating

RELEASE AMO FRIDAY, JUNE 29

#97

WASHINGTON, D. C., June 28 — Secretary Morgenthau tonight announced that the Seventh War Loan, reaching a total sales figure of \$21,639,000,000 had broken all previous records for War Loan drives.

The previous high mark of \$21,621,000,000 was set in the 6th War Loan drive.

Secretary Morgenthau said:

"Never in the history of any Government has such financial support been accorded a war effort as that now being demonstrated in the Seventh War Loan. It is a vote of confidence in our men fighting in the Pacific, and in those who have won so decisive a victory in Europe. It is also a tribute to the work of the millions of War Bond volunteers — an army that is carrying on at home with such enthusiasm and vigor.

"I am confident that these workers will not let down in their efforts until this campaign is over. We still need every dollar that can be subscribed by individuals for E-Bonds, if we are to make the success of this campaign one that will match the victories being won by our men overseas."

Sales to individuals reached the total of \$6,910,000,000 or 96.7% of the \$7 billion national goal for individuals.

E-Bond sales, included in this total, reached \$3,071,000,000 or 76.7% of the \$4 billion quota.

Sales to corporations totalled \$11,729,000,000 or 210% of the \$7 billion quota for corporate sales.

The total sales, \$21,639,000,000 represent 154.5% of the \$14,000,000,000 overall quota.

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June 29, 1945.

Dear Francis:

It has been a pleasure to be associated with you in the Cabinet in the last four years and I regret that our work together is coming to an end.

You can look back with the greatest satisfaction on the way you have met important problems, both legal and administrative, connected with the war.

I shall hope to be in touch with you often as your public career continues and I wish you all success.

Sincerely,

(Signed) Henry

The Honorable Francis Biddle
Attorney General
Washington, D.C.

HEG/mah

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June 29, 1945

Mr. O'Connell reports that Congressman Spence inserted the Secretary's letter to him on OPA into the record of the hearings of the full Banking and Currency Committee on the day it was received by him. There was no other publicity given the letter.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

29 June 1945

TO Secretary Morgenthau

FROM Mr. Lynch

You asked for the details of the OPA angle on Thomas M. Gorman, Port Washington, New York, and what his status is now.

An OPA investigation conducted by Alcohol Tax Unit men of American Distilling Company, headed by Russell R. Brown, American Spirits, Inc., headed by Peter E. Siskind, and a partnership known as Foster and Company, headed by Sidney Kessler, and others, developed that Gorman was used extensively as the principal intermediary in the sale of black market liquor. His main chore was picking up the "side money". We know he handled, for instance, over a million and a half in 1943.

A grand jury investigation of these organizations was undertaken in May of 1944 in New York City, and Gorman promptly skipped to protect "other people". A criminal information was filed against him in New York in June of 1944 charging him with 43 violations of the Emergency Price Control Act by receiving money in excess of ceiling prices for liquor sold by him. A bench warrant was issued for his arrest, and the search began, extending through the United States, Canada, Cuba, and Mexico.

He was picked up in Atlanta in January of 1945 under the name of "Mike Chapman". He was returned to New York, entered a plea of not guilty, and was released under \$10,000 bail. He is at this time out on bail awaiting trial on the OPA charges.

We have taken the position with the United States Attorney and the Department of Justice that Gorman, rather than being tried on the OPA charges in the pending information, should be tried with the men named above for conspiracy to violate the Emergency Price Control Act. In the event a conspiracy case cannot be completed including the principals named above, we have further taken the position that Gorman should be indicted and tried for income tax evasion.

A recommendation for his prosecution for evasion was received in the Chief Counsel's office on Wednesday.

TREASURY DEPARTMENT
WashingtonFOR RELEASE AT 11:00 PM, EDT,
Friday, June 29, 1945.Press Service
No. 46-85

Secretary Morgenthau tonight announced the results of the competition to select a quotation from the late President Roosevelt, to be used on a special memorial bond which will be issued during the Eighth War Loan.

The bond will have a maturity value of \$200, selling for \$150, and will bear the likeness of the late President.

The quotation, submitted by Daniel M. Kidney, Washington, D. C., newspaper correspondent, is:

"Every single man, woman and child is a partner in the most tremendous undertaking of our American history."

The quotation was taken from President Roosevelt's Address to the Nation, December 9, 1941, two days following the Japanese attack on Pearl Harbor.

Associate Justice Owen J. Roberts of the Supreme Court of the United States selected the quotation entered by Mr. Kidney, who received an award of a \$100 Series E War Bond.

Secretary Morgenthau and Mr. Kidney participated in a nationwide broadcast, at 10:45 p.m. (June 29), in which the circumstances leading up to President Roosevelt's Address to the Nation, December 9, 1941, were dramatized.

The following quotations were selected by Justice Roberts for second and third awards:

Second award: "The American people will never stop to reckon the cost of redeeming civilization." (September 7, 1943, radio address opening Third War Loan Drive.) Submitted by Ned Brooks, newspaper correspondent.

Third award: "In the strength of great hope we must all shoulder our common load." (Address at San Francisco, September 23, 1932.) Submitted by Thomas W. Kelley, news photographer.

Mr. Brooks receives a \$50 War Bond and Mr. Kelley a \$25 Bond. All prizes were provided personally by Secretary Morgenthau.

The competition was open to Washington correspondents of daily newspapers and periodicals, radio correspondents, and White House news photographers, and was conducted by a Joint Committee. Samuel W. Bell, chairman of the Press Galleries Standing Committee, was chairman of the Joint Committee, and G. W. Stewart, Jr., chairman of the executive committee of the Periodical Correspondents Association, was its secretary. Other members of the Joint Committee were William Costello, acting chairman of the executive committee of the Radio Correspondents Association, and Charles J. Mack, president of the White House News Photographers' Association.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

29 June 1945

TO Secretary Morgenthau

FROM Mr. Lynch *HL*

300
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Regarding the Elliott Roosevelt-John Hartford bad debt case, you inquired about a story in this morning's Times Herald which stated that some "missing" documents bearing on the organization of Brig. Gen. Roosevelt's radio network are in the possession of the Clerk of the House of Representatives and may not be removed or examined except by resolution by Congress. The same story referred to other documents in the possession of Eugene Garey who formerly served as special counsel for the select committee (the Cox Committee) which in 1943 was investigating the Federal Communications Commission.

The Bureau officials investigating this case had no information prior to this story concerning the existence of any such documents. It was verified through Mr. Stan that the House Clerk has in his possession the files of the committee which was investigating the FCC. The House Clerk also advised that we may examine these documents upon written request to him from the head of the Bureau without the necessity of a resolution by Congress. Norman Cann will undertake to make such request and dispatch one of his investigators to make the examination.

We are getting all necessary information as to the organization and operation of the Texas network. Nevertheless, if the House Clerk accords us the privilege of doing so, we will examine the records in the custody of the Speaker so as to leave no ground for any charge of omission or neglect. But as to the documents supposedly in the custody of Eugene Garey (and apparently held in his private capacity since he no longer has any official status with the Congressional Committee), I do not

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believe we should take any action at this time, or until such time as our examination of primary sources of information reveals that he may have some records which would be useful.

Mr. Cann advises that completion of the New York end of the investigation is now awaiting only the signing of a statement by Mr. Hartford and his attorney. This has been delayed because of the attorney's engagements in the anti-trust suit in Illinois. Our people have been urging Mr. Hartford to complete his statement at the earliest possible date.

302

June 26, 1945

MEMORANDUM FOR THE SECRETARY:

Commissioner Nunan has put out the attached release, which is a new procedure in dealing with aliens in the United States who claim tax-exempt status as non-residents. What it amounts to is a tightening up of procedure, with a view toward seeing that wealthy aliens do not take advantage of their status to dodge taxes. Mr. O'Connell will be here to answer any questions.

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TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 28, 1945.

Press Service
46-82

Joseph D. Nunan, Jr., Commissioner of Internal Revenue, today directed field offices of the Bureau of Internal Revenue to give special attention to the tax problems of alien war refugees living in the United States, to assure fair and proper taxation of the income, if any, of such individuals.

Noting that the income tax laws exempt non-resident aliens not engaged in a trade or business in the United States from taxation on profits from transactions upon securities or commodities exchanges, the Commissioner directed careful scrutiny of claims for such exemptions. Before allowing such exemptions, proof will be required that the individuals concerned were not, in fact, residents of the United States and were not engaged in a trade or business in this country.

Aliens in this country who are classified as "resident aliens" are subject to the same taxes as citizens of the United States. Under the tax laws, an alien may be regarded as a "resident" of the United States even though he intends to return to his own country. The classification of "non-resident alien" is limited primarily to transients who are in the United States only for a very brief or fixed period of time.

In order to establish exemption, a non-resident alien must also show that he was not engaged in a trade or business in this country. Therefore, the exemption cannot ordinarily be allowed to an alien who has, while in the United States, earned compensation for personal services, participated in commercial or industrial activities, or bought and sold property.

Aliens who desire to clarify the status of securities or commodity transactions which they have not reported in United States income tax returns for years subsequent to January 1, 1940, should consult the Internal Revenue Agent-in-charge or the Collector of Internal Revenue in the local district in which they reside. Such interviews are advised particularly in the case of aliens planning to return to foreign countries, inasmuch as they are required to obtain tax clearance certificates before departing.

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5/29/45

Mr. White
Secretary Morgenthau

My own inclination on this matter is just to
sit tight and wait until we hear from the President.
What do you think?

THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

TELEPHONE EXECUTIVE 2020

Box 480
BENJAMIN FRANKLIN STATION
WASHINGTON 4, D. C.

May 28th, 1945.

Dear Mr. Secretary:

Since writing to you on May 25th we have learnt that a telegram on the same subject has been addressed to the President by the Prime Minister. We have not yet seen the text of the telegram but we feel sure that you will wish to be informed that this message has been sent as well as the message from Sir John Anderson and Mr. Oliver Lyttelton.

Yours sincerely,

Henry S. Morgenthau, Jr.

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

306

June 29, 1945.

Dear Claude:

You have been a good companion and a trusted colleague for your four years and more as Secretary of Agriculture and I regret not being able to deal with you further in that capacity.

I wish you all good fortune and satisfaction in your future work.

Sincerely,

(Signed) Henry

The Honorable Claude R. Wickard
Secretary of Agriculture
Washington, D.C.

307

June 28, 1945.

Dear Mr. Sabath:

I am acknowledging your personal letter of June 23, written from Chicago, concerning Mr. McKeough's candidacy for the position of Regional Director of the Reconstruction Finance Corporation in Chicago.

I remember quite well Mr. McKeough's intelligent interest in tax matters and support of the Administration's proposals while he was a member of the Ways and Means Committee and I shall be very happy to see him get a position commensurate with his ability. If an inquiry is made of me, I shall be very glad to speak a good word in his behalf.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Honorable A. J. Sabath
House of Representatives

HEG/mah

308

June 28, 1945

Secretary Morgenthau

Mr. Gaston

McKeough was a member of 4 Congresses, from 1935 to 1943. It is true that he was a quite reliable Administration supporter in the Ways and Means Committee. My recollection is that he took an intelligent interest in tax problems, but the opinion of those who knew him here is that in ability he is only mediocre. This is the opinion expressed by Bob Wales, Tax Legislative Counsel, and by a couple of his friends in O.P.A. who had some contact with McKeough while he was O.P.A. Regional Director in Chicago in 1943 and 1944. You will probably recall that McKeough was made the Chicago representative of the C.I.O. P.A.C. during the campaign. The O.P.A. job which he gave up to take on that work paid \$8,000 and the Federal Loan Agency job he is now seeking pays \$10,000.

McKeough is not a lawyer. His background is that of a clerk in the stockyards in his younger days and then for 17 years in the offices of the Elgin, Joliet and Eastern Railroad. In the 7 years beginning in 1927 he was in the investment securities business and later an employee of a brokerage firm.

One of the men to whom Wales talked said that McKeough's nickname was "S.P." for small potatoes, which, according to this man, was an indication of his ability. This may be malicious, however.

Roy Blough had left town on his vacation before I had a chance to speak to him, but Louis Shere said that McKeough was always friendly, but that he regarded him as of only fair ability.

SPECIAL
TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

309

DATE June 27, 1945

TO Mr. Gaston
FROM Secretary Morgenthau

I am attaching a letter from Representative Sabath. If I remember correctly McKeough was a very good member of the Ways and Means Committee, and was very helpful to the Treasury but I wish you would check me on this. If McKeough is looking for a job, I should think that we could use him in the Treasury.

SEVENTY-SEVENTH CONGRESS

A. J. BARATH, S. J., CHAIRMAN

E. E. COLE, JR.

EDWARD W. SMITH, JR.

WYATT CLARK, JR., S. J.

TOM COLE, TENN.

ANDREW LEWIS, MISS.

JOHN A. DELANEY, N. Y.

WILLIAM H. COLLIER, MISS.

WILLIAM L. COLLIER, MISS.

JOHN KENNEDY, MISS.

PERSONAL and
CONFIDENTIALTen South La Salle Street
Chicago 3, Illinois
June 23, 1945House of Representatives U. S.
Committee on Rules
Washington, D. C.Honorable Henry Morgenthau
Secretary of the Treasury
Washington, D. C.

Dear Mr. Secretary:

I am writing you this letter in behalf of Mr. Raymond S. McKeough, whom you may recollect as a member of the Ways and Means Committee up to about two years ago.

There is a vacancy in the Chicago office of the Reconstruction Finance Corporation for Regional Director and I am pleased to recommend Mr. McKeough for that position. He has the endorsement of Mayor Kelly as well. Personally, I feel that the director here should be someone who is not of the "crowd" put in by Mr. Powers and Mr. Jones. I know that he has greater ability than anyone who is there now. There is no doubt as to his honesty and integrity.

Therefore, I feel that you may be in a position to "put in a good word" for him. I have also sent a letter to the President and have talked with Mr. Snyder.

I hope that you have been well and with kindest personal regards, I am

Sincerely yours



AJS/epc

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 28, 1945

TO Secretary Morgenthau
FROM Mr. Gaston

McKeough was a member of 4 Congresses, from 1935 to 1943. It is true that he was a quite reliable Administration supporter in the Ways and Means Committee. My recollection is that he took an intelligent interest in tax problems, but the opinion of those who knew him here is that in ability he is only mediocre. This is the opinion expressed by Bob Wales, Tax Legislative Counsel, and by a couple of his friends in O.P.A. who had some contact with McKeough while he was O.P.A. Regional Director in Chicago in 1943 and 1944. You will probably recall that McKeough was made the Chicago representative of the C.I.O. P.A.C. during the campaign. The O.P.A. job which he gave up to take on that work paid \$8,000 and the Federal Loan Agency job he is now seeking pays \$10,000.

McKeough is not a lawyer. His background is that of a clerk in the stockyards in his younger days and then for 17 years in the offices of the Elgin, Joliet and Eastern Railroad. In the 7 years beginning in 1927 he was in the investment securities business and later an employee of a brokerage firm.

One of the men to whom Wales talked said that McKeough's nickname was "S.P." for small potatoes, which, according to this man, was an indication of his ability. This may be malicious, however.

Roy Blough had left town on his vacation before I had a chance to speak to him, but Louis Shere said that McKeough was always friendly, but that he regarded him as of only fair ability.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 29, 1945

TO Secretary Morgenthau (For action)
FROM Frank Coe F.C.

Subject: Financing of Imports into Germany

1. The British are now discussing with this Government (State, FEA and Treasury) the question of interim financing of imports into Germany during the period between the dissolution of SHAEF (now scheduled for July 1) and the time when the Control Council determines a new procedure for financing such imports.

The British view is that all imports into the three Western zones of Germany should be on a combined basis using the military relief formula for financing. The United States is now providing the greatest part of the supplies going forward under the military relief formula, and the British would naturally like us to continue to finance imports into their zone.

2. The Treasury view taken so far is that the interim financing of German imports should be the responsibility of the country occupying the zone into which the imports are destined. This view is concurred in by all the agencies of this Government. This position would prevent the rehabilitation and rebuilding of the British zone at American expense, might discourage any tendency to develop a Western bloc functioning apart from the Russians and would hasten British and French concurrence in any necessary four-power agreement on supplies for Germany made through the Control Council.

3. The program for supplying imports into Germany, as drafted by State, Treasury, FEA and War for presentation to the British and French is as follows:

- (a) For the month of July the present procedure for scheduling, procuring, financing and shipping supplies into Germany through combined military channels will be continued without change.

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- (b) For the months of August, September and October, loadings for Germany will continue under the combined mechanism of scheduling, procuring, initial financing and shipping, but a bill will be rendered to the occupying power for supplies delivered in its zone in the same way that bills are being presented to the French, Belgians, etc. for military relief supplies to their countries.
 - (c) Beginning with November 1, the combined machinery will end and each of the occupying powers will be individually responsible for arranging for and initially financing any supplies which it may ship into its occupation zone.
 - (d) The foregoing tapering off procedure to provide for an orderly liquidation of the present combined supply machinery will only be applicable to the relief items such as food and medical supplies which are included in the Army's "disease and unrest" formula. Thus, if the British want to procure coal mining machinery for the Ruhr, or the French for the Saar, it would be their own responsibility to arrange for the supplies and pay for them even before November 1. Of course the Control Council decisions would be determinative on such questions.
 - (e) Whatever may be the interim financing arrangement, ultimately the cost of any supplies going into Germany would be an obligation of Germany, and the British agree with us that they should be a first charge against exports from Germany.

Do you approve of the position taken?

MEMORANDUM TO THE SECRETARY.

June 29, 1945.

Mail Report

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Heat-weary correspondents slacked up in their desire to acquaint the Secretary with their views, and during this past week only a few over 400 gave us the benefit of their comments. The mail was off in quality as well as in quantity, for no one topic received any great attention, and there was a scattering of criticism and complaint which lacked direction and forcefulness. The attached box score indicates that practically every letter had a different subject or angle. There were, in addition, a number which hardly appeared to be criticism or comment, but which in some way indicated through the wording that the writer was annoyed or critical. For instance, there was a request "for the real wording of your statement to the effect that Argentina's economic system was not of concern to us but only whether we could do business with them".

Aside from taxes, the only subject which drew more than one protest was that of the French rate of

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June 29, 1945.

Memorandum to the Secretary.

exchange as it affects our soldiers. The drive against tax evaders came nearest to holding its own during the week. While applications for jobs as investigators dropped to 16, reports of evasions rose to 35, and there were 9 constructive suggestions on making the drive more effective. There were 9 requests for tax refunds, but other communications about taxes took the usual course; two phases which continue to draw occasional fire being the tax-exempt status of cooperatives and the car use stamp.

In the bond mail the "Here's Your Infantry" performances increased their score to 28 letters of approval. These continue warmly enthusiastic, both of the show itself and of the men. The only suggestion of criticism came in a letter from Louisiana, the writer praising the performance highly but protesting the exclusion of negroes from the audience. Inquiries about Adjusted Service Bonds reached 23, and 4 other letters spoke of steps having been taken to convert World War I Bonds into World War II Bonds.

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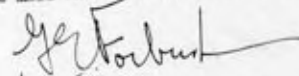
June 29, 1945.

Memorandum to the Secretary.

We continue to receive a great deal of promotional material for both the 7th and 8th Drives. Now and then a writer complains of strong-arm methods used to sell bonds, while others fear the overlapping of the 8th Drive and Community War Fund Campaigns in various localities. With very few protests of delays, there were only 10 letters from service men or their families whose bonds had not been delivered.

Practically vanished from the week's mail are the Roosevelt Memorial Bond, the memorial dime, and the reporting of currency transactions. The 4 gifts received ranged from a nickel, transmitted by a Congressman for a constituent, and a check for \$2,085 from a group of Filipinos, whose letter is quoted on page 3 of the attached sheets.

Tax mail accounted for more than half of the communications referred from the White House. As with the Treasury mail, a wide range of subject matter was covered without any one topic deserving particular note. There was only 1 comment on the Roosevelt-Hartford loan in the White House mail and 1 in the Treasury mail.



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General Comments

W. H. Wood, Chairman of the Board, American Trust Company, Charlotte, North Carolina. I have watched with much interest your recent request of banks. * * * It is my opinion that this will never accomplish, to any full degree, the purpose you had in mind. It is my opinion that the only way you can accomplish this important matter is to get Congress to delegalize all outstanding currency of all denominations, something like France, England and Belgium have done, as I understand it, and similar to what was done about gold being made a non-legal tender in 1933. * * *

Louise Sauter, San Francisco, California. Isn't there anything that can be done to stop the three daily broadcasts of Fulton Lewis, Jr.? He has been on one continuous crusade to discredit the Government, and all of its agencies. He has cast slurs of all kinds on every department, the Army, the Navy, and even the President, especially President Roosevelt. * * * He has told the public that their tax and bond money is being squandered and wasted by our department heads, and has caused so much suspicion and disunity that bond buying has decreased by leaps and bounds. I have many, many friends in my immediate circle who quote Fulton Lewis and give what he says as their excuse for not buying bonds. * * * I am a school teacher in San Francisco, and I know fellow school teachers who believe every word Mr. Lewis utters and even quote him to their classes. I hope he will be investigated himself as he is urging the public to investigate their government.

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Walter S. McLucas, Chairman, National Bank of Detroit, Detroit, Michigan. Regretfully I am compelled to register a protest against the recently issued instructions to report transactions which involve large amounts of currency. I fear that this procedure carries with it the risk of permanently impairing the relations that have long existed between bankers and their customers. * * * My objection arises, first, from the probable reaction of honest customers who, whether reported or not, will come to look upon their bankers as snoopers and policemen -- and, second, from the belief that the dishonest holders of currency will find other means of concealing their transactions. * *

Miriam Stuart, Executive Secretary, Society for the Prevention of World War III, Inc., New York City. The Society for the Prevention of World War III greets with affirmation your statement to the Senate Banking Committee that beaten Germany should be allowed to industrialize itself only to the extent that it could become self-sufficient. We agree emphatically that the continent of Europe can absorb Germany's trade overnight. * * * Incidentally, the Society for the Prevention of World War III wishes to congratulate you on your invariably correct stand on the German question. We have always felt that your attitude has been the most reasonable and intelligent one in face of a most difficult situation. We would be even more pleased if more important figures in the Government held your point of view.

Charles E. Russell, Prop., Main Auto & Hardware Co., Fairfield, Illinois. During my lifetime of forty-three years I have probably dropped a hundred coins on the floor and had them roll under dressers, beds, boxes, store counters, etc. Why not mill the edges

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at a slight angle so that they would have to roll in a short circle, or fall over and not roll at all? It should cut down on your lost coin figures and result in a material saving to your Treasury Department. It will also place me and millions of other Americans in that favored "No stoop, no squint, no squint class", when we no longer have to look for rolling coins.

Fred H. Kanne, Chairman, Hawaii War Finance Committee, Honolulu, T.H. In March 1942 a group of Filipino people residing in Hawaii organized the Hawaii Filipino Victory Fund for the purpose of buying, through their own contributions, a bomber for the United States Government. * * * A total of \$2,085.13 was raised by the above organization and has been on deposit in a special Treasury Account with the above Committee as trustees at the Bishop National Bank. Enclosed is a check for \$2,085.13, made payable to the Treasurer of the United States, which the Hawaii Filipino Victory Fund Committee has asked me to send to you, and it is requested by this Committee that the money be sent with the request that it be used as the Treasury wishes.

The following is a copy of a letter addressed to Congressman Wright Patman by F. R. VonWindegger, President, The Plaza Bank of St. Louis: "Thank you for sending us a copy of your tribute to the Hon. Henry Morgenthau, Jr., Secretary of the Treasury, in the House of Representatives on Wednesday, June 6, 1945. In our opinion Mr. Morgenthau has done a very remarkable piece of work in the handling of the finances of our Government during the most critical periods which have extended throughout his term of service. It was past time for him to receive public recognition of the debt which we owe him."

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Favorable Comments on Bonds

M/Sgt. Ralph B. Portnov, APO 887, c/o Postmaster, New York City. The masterful guidance of all the Bond Drives since 1942 is self-evident. Very well done! May the 8th War Bond Drive be the last one needed. No doubt since the 8th will be dedicated to our late beloved President and great leader, Franklin D. Roosevelt, the 48 Combined will overwhelmingly subscribe to his memory. * * *

E. D. Mays, Asst. Freight Traffic Manager, Seaboard Railway, Tampa, Florida. The attached was received with U. S. Treasury check in payment of my Adjusted Service Bonds from World War I. I had no idea, at the time these bonds were issued, that they could ever be used in helping win another war. We are at war, and I am glad I have held these bonds to maturity and can at this time convert the entire amount to War Bonds to help win World War II. It is a pleasure for me to convert this check to bonds, and I shall do so, and hope that all who have the privilege of receiving these checks will do likewise.

Pfc. John R. Schoonmaker, APO 253, New York City. I am the driver of the half-track... "HEY LOUISE"... which carried a five-man crew and was assigned to a task force of the 3rd Armored Division from the Seigfried Line to the meeting with the Russian troops at the Elbe River, near the German city of Dessau! We travelled with this task force as a maintenance crew and it was our job to repair and recover knocked out tanks, half-tracks, armored cars, jeeps, trucks, etc. Sometimes this was done under fire, and many times under the cover of darkness. "HEY LOUISE" carries some battle scars and also has 45 captured Krauts to her credit, including 4 high ranking German officers! We have a novel idea on how to sell War Bonds! Bring "HEY LOUISE" back to the United States, along with her five-man crew;

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set her up on exhibition in a large city like New York, or in various cities; put on all the equipment, including that of the five-man crew, on exhibition, and let the public see what an enormous amount of equipment it takes to keep five men supplied when in combat! * * * It is no doubt hard to visualize the enormous amount it actually does take. * * * If all the clothing, equipment of the men, tools, guns, etc., were laid out in a neat display, it could easily be made to cover one-fourth the floor space of the Grand Central Station in New York City. * * * The half-track with the shrapnel holes in its windshield and other places would certainly draw lots of attention. * * * This equipment is now in the ETO, doing nothing, and if this project were put into effect, we are sure it will sell War Bonds -- and plenty of them! The members of the crew carry from 3 to 5 Battle Participation Stars, the Bronze Star for meritorious service in support of combat operations against the enemy, and various other medals. We have seen enough, so let us sell some WAR BONDS!

Oscar F. Soule, Chairman, War Finance Committee, Syracuse, New York. On Saturday, June 23, Unit 3 of "Here's Your Infantry" put on their show here in Syracuse for the benefit of the 7th War Loan Drive. As Chairman of the Onondaga County War Finance Committee I came into very close contact with the officers and men of the outfit, and I must say it was a great pleasure to work with them. I have never had greater cooperation from any group, and needless to say, the efficiency with which they did their work was superb. From the time they entered Syracuse and let the people know they were here by running the convoy through our principal streets with machine guns going -- through the static display during the day Saturday (which, incidentally, was viewed by many thousands) and on through the evening demonstration every single man in the Unit did a fine job. The band was a most attractive

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feature and the running commentary by Sgt. Dick Keplinger kept the interest of the spectators at a sustained pitch. I cannot speak too highly of Lt. Davis, Lt. Hebrank, Lt. Woodhouse, and Chief Warrant Officer Schmidt. * * *

Leslie Gould, Financial Editor, Journal American, New York City. * * * It must be a great personal satisfaction the way the 7th War Loan has gone over, although it is too bad the individuals have not come through as they should.

W. E. Simpson, Manager, Graham Chamber of Commerce, Graham, Texas. (War Bond Sales Director) "Here's Your Infantry" was given in Graham Friday evening, June 22, 1945. In spite of the effort being put forth by the various chairmen, committeemen and workers, bond sales were lagging. Sales had dropped off to only a few thousand dollars per day. On the day of the arrival of the show, the sales jumped approximately ten times the amount of the total sales on previous days. We went to the show \$129,000 short of our quota. In the brief twenty minutes between acts, we sold \$82,000.00 in War Bonds and gained a momentum that carried us over the top the following day. With the show we succeeded; without it, no one believes we would have reached our quota. Thanks, Mr. Morgenthau, for this show. The men were wonderful, a splendid group of young American citizens. Our homes were opened to them, to all who cared to go, and were taken into homes for two nights of West Texas hospitality. * * * We appreciated the show and love the men who brought it.

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Unfavorable Comments on Bonds

Anonymous - postmarked Chicago, Illinois. Although I dislike the practice of writing anonymous letters, I feel it necessary in this instance to do so because of the situation that exists in certain public offices and the danger of malicious reprisal. There are some tactics in the sale of bonds in connection with the 7th War Loan Drive that I think should be brought to the attention of someone in authority in the Treasury Department. * * * Some political office holders are so desirous of maintaining an allotted quota that they employ methods which practically amount to coercion. * * * This, I understand, extends to several offices in our local government here in Chicago and even to teachers and others on the staff of the School Board. Such tactics might be overlooked were it not for the direct suggestion that is sometimes offered that previous bond purchases be liquidated in order to buy new bonds and thereby maintain the current quota. This, to say the least, is superficial patriotism and obviously destroys what many of us believe to be the real objective behind the purchase of these bonds, namely holding them to maturity in order to stabilize the economic conditions as well as aid the immediate financing of the war effort. * * *

Warner T. Pehrson, San Francisco, California. Sales are slow in the current War Loan. I remember when the Fifth War Loan was on, after arrival of the scheduled completion date about one month's time was extended to allow us San Franciscans to reach their quota. I think our Treasury Department are poor "merchandisers". The late Mr. Wm. Gibbs McAdoo had the right system in 1917 & 18. He issued buttons for distribution to bond investors. Why don't you do the same? * * * By issuing buttons to bond buyers the sales would mount sky-high. How so? Everyone not wearing a button would be approached by the solicitors with the question: "How about you; buy an extra bond and

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show the service men you are behind them when they see your button". I bought an extra \$100 bond but I have nothing to show that I bought such a bond. The company I work for has been given a quota of over \$30,000; by June 13th only 4% of said quota was reached. If buttons were issued we would have already gone over 100% by now.

Mrs. George Grimes, The Press-Courier, Oxnard, Calif. I have bought \$300 worth of E War Bonds to give to my son, Lt. Lee Grimes. I was advised to have them made out to "Mrs. Eva Miller Grimes, P.O.D. Lee Grimes", and did so. When the time came to transfer them to Lee, I took the bonds to the Securities First National Bank of Oxnard, who, after having me sign many papers, sent them to the Los Angeles branch of the Federal Reserve Bank. * * * Today, by registered mail I received the original bonds, with the following notation: "We are returning the bonds to you without action inasmuch as the Treasury Department regulations make no provision for the re-issuance of Savings Bonds to eliminate the name of the registered owner and re-issue in the name of the beneficiary as one." Now, if this is true, there will be a great many parents, such as I, who have bought bonds for their sons in the service with the intention of transferring them when the proper time came. * * * I do not want Lee to lose the benefit of the accrued interest. Must I cash these bonds and buy new ones? That seems silly to me. Cannot the transfer of bonds be made in the same manner that stock transfers are made? It would certainly simplify bookkeeping.

Mrs. Arthur Kreidewen, Newark, New Jersey. I have written to the Treasury Department twice in the past year to inquire about two bonds that we lost. As yet I have not even received an acknowledgment of either letter. I know it is difficult to answer immediately, but it's one year now and I would like to know about the procedure I am to take further. * * *

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Unfavorable Comments on Taxation

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Mrs. Wiley J. Palmer, Cincinnati, Ohio. I must begin to cash in my bonds one by one. My husband has been putting out 10% of his pay on bonds, and when I worked I bought one bond a month. But the Government taxed all my pay, and I was coming home with just about enough money for my car fare and lunch money, so I quit. Now that my husband's hours have been cut to 45 hours a week, by the time the Government gets its slice, I don't see what we can do. The price of food is way up and you can't even buy food without running your legs off, so I have come to the conclusion that the Government of the United States does not care for the little man, but only the rich -- so what's the use.

*** My good father fought in the Civil War, my uncles in the Spanish American war, my brothers in World War I, and I have a stepson, five nephews, and one niece in this war. So you can see I am very much an American. The little money I have managed to save is going to be all taken away from us, and we are getting up in years.

*** So my bonds will have to go little by little, and I guess there are millions of more just like us. *** Many, many small businesses have gone from our neighborhood since the war, and many more will go. I don't know what is to become of the little man in this country. Mr. Roosevelt called him the forgotten man, and that's what we are. *** I am very disgusted, and I do think instead of giving those men in Washington, D. C., a raise for expenses, they might take a few taxes off of the little man.

Paul Jacobson, Brooklyn, New York. May I please have a friendly discussion with you? I am a traveling salesman for a large men's clothing company. Since the WPS Order M-388, there appeared for the first time "black marketeers", which, of course, is tax evasion. I have talked with many people of the Treasury Department's plans in going after the tax evaders. They all seem to agree that the method will not do much good. It will be too slow, and many will get away with it because

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a good many have salted the money away in their homes, or bought paid-up annuity policies from insurance companies. *** (Goes on to suggest ways of tracing and punishments for tax evasion.)

Dora Ginsburg, Pleasantville Cottage School, Pleasantville, New York. (Gives details of overpayment and demand for additional due.) *** My letter was completely ignored, never answered, and payment of the tax as per amended return enforced through warrant from the Division of Delinquencies in Ossining, New York. I had to pay the assessment and to file an additional claim for refund of tax illegally collected. I wish to assure you that I fully realize the difficulties confronting the Treasury Department due to the additional work and the manpower shortage. I therefore did not complain about the delay in handling my refund claim. However, if a case is in dispute and letters pertaining to that claim are simply ignored (I wrote subsequently again on March 19, 1945) and remain unanswered, and assessments are imposed without any further clearing of the matter, something seems to be wrong.

Jeremiah J. Murphy, Brooklyn, New York. Please forgive me for taking the liberty of writing to you about my troubles when you are so busy with your duties. I am writing to you in reference to my 1944 income tax in which I have a refund of 129.94 coming to me, and could use it at the present time, because the last two months I have had quite a bit of sickness and financial difficulties with my wife and four children, and would like to know if my refund could be stepped up or hurried in any possible way. ***

Charles W. Lavers, Lawyer, Boston, Massachusetts, sends Secretary Morgenthau a copy of the following letter he has addressed to President Truman: "I have a client, a small paperhanger, who does most of his

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own work and occasionally calls in another person to help him and whose activities are typically those of a small, independent business man. * * * Recently a so-called field man of the Department of Internal Revenue had been using almost Gestapo methods in trying to force this man and those for whom he has worked into Social Security contributions to the Government for many years, arbitrarily insisting that these independent contractors come under the provisions of the law. * * * I advised this particular person several years ago that he was an independent contractor. He was put on the carpet by the investigator and accused of presenting sham bills when he produced receipted accounts from a painter for whom he does considerable paper hanging. The result of a somewhat acrimonious discussion was that my client said that he would go to work for someone rather than go through any such experience as he was subjected to. This attitude of the authorities is causing a great deal of confusion, loss of time and antagonism towards the Government, and is no encouragement to the so-called small business man who is acclaimed as the bone and sinew of our economic system. It is so wholly without warrant in the law and so disregards the plain intent and specific provisions of the statutes, that the only explanation is that the field men are required to show more or less for their day's time. * * * I am told that their work is assigned to them in much the same way that field salesmen are expected by their employers to show for their day's work -- so many interviews and the detail of their hours of work and in the long run, profitable results to their superiors, who in turn must show an overall accomplishment to the executives above them. If this is the system, it is a most discreditable one to the Government. * * *

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Senator Francis J. Myers transmits the following letter he has received from David H. Hillstrom, President & General Manager, Corry-Jamestown Manufacturing Corporation, Corry, Pennsylvania: "The high Federal taxes, plus renegotiation of small corporations employing less than 500 will wipe them out of business -- unable to meet the reconversion and transition period, because the renegotiation authorities have taken, by refunds, the little margin of net profit left by high taxes. After taxes we are renegotiated and everything except a scant two-weeks' payroll is taken. This is all that is left after the normal replacement of machinery required is paid for. How are we and others in this class to meet the reconversion expense and continue employment when renegotiation orders us to refund the profits, allowing us to keep less than what is needed to run the plant for two weeks? When we remonstrate, we are told this is the way Congress wants it. What is the outlook for relief and will it come in time to save any but the large corporations?"

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Report of Correspondence received in the
Secretary's Correspondence Division

June 22 to June 29, 1945, Inclusive

BONDS:

	TOTALS
	199
Promotional ideas and materials for the Seventh Drive	19
Promotional ideas and materials for the Eighth Drive	5
Thanks for "Here's Your Infantry"	28
Roosevelt memorial bonds:	1
Favorable	0
Unfavorable	1
Rumors that bonds will be invalidated	0
Complaints about delays in receiving bonds:	15
Service men	10
Others	5
Complaints about delays in receiving interest	2
Other complaints:	6
Coercive measures are used in selling bonds in Chicago school system	1
Resident of Tennessee is refused Treasury bonds because he offered currency in payment (2nd complaint)	1
Bond frenzy to halt inflation is off center	1
Restrictions on change of beneficiary are unreasonable	2
Payment has been stopped on Adjusted Service Bonds, without explanation	1
General suggestions:	22
Award bond buyers with:	4
Lapel buttons	
Opportunities to advertise bonds over radio	
Gas coupons	
Photostatic copies of the peace document signed with Germany	1
Convert accrued annual leave into bonds	
Require purchase of bond for admission to race tracks, baseball games, etc.	1
Increase sale of bonds by observing "Ike" day	1
Go after large corporations whose statements show no Government security holdings	1
Use bomb-proof shelter under Treasury as safekeeping facility	1
Issue bonds in lieu of tax refunds	1
Sell surplus property for bonds only	1
Extend life of Adjusted Service Bonds at usual rate of interest	1
Issue public debt bonds to be used as gifts to Government	1

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TOTALS

Issue a negotiable bond maturing in a year or two, for purchase of postwar goods	1
Establish annuities by sale of bonds	1
Make \$10 bonds available to all	1
Place donor's name on face of gift bonds	1
Others	5
Routine matters:	101
Inquiries about Adjusted Service Bonds	27
Bonds for redemption	7
Subscriptions	5
Problems of inheritance, reissuance, replacement, etc.	62

TAXES:

	TOTALS
	103
Requests for refunds	9
Tax evaders drive:	60
Applications for jobs	16
Reports of evaders	35
Suggestions and comment:	9
Subpoena credit files of banks	1
Check accounts of those receiving income from real estate	2
Check accounts of those operating gas stations and news, fruit, candy stands, etc.	2
Require those performing odd jobs to keep receipts in duplicate, using a book with numbered receipts	1
Require those claiming dependents to produce birth or marriage certificates	2
Use idle Treasury employees as investigators	1
General questions, protests, etc.	34
How does capital gains tax apply to resident and non-resident aliens?	1
Dividends should be taxed as capital gains	1
Tax churches, labor unions, betting at tracks	4
Tax-exempt status of cooperatives should be investigated	4
Abolish car use stamp	4
Use stamps for pleasure craft are an injustice	1
Allow nylon hose to be manufactured and tax them \$1 a pair	1
Raise exemptions for service men for at least 3 years after the war	1
Additional assessments are in error	1
High taxes and renegotiation are putting small plants out of operation	1
Difficulties about correct Social Security contributions	2
Personal hardship cases	2
Hartford-Roosevelt loan should be investigated	1
Others	10

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TOTALS

DISCREDITING PROTESTS:

Lend-Lease to Russia should be discontinued 1
 Congressional raise of \$2500 is unwarranted 1
 The discrediting comments about Government by Fulton Lewis, Jr., should be stopped 1
 Army is acting as Gestapo in handling strikes 1
 Treasury should force bank, which has paid off only a small percentage to depositors, to pay in full 1
 This country alone is entitled to captured Nazi treasures 1
 O.P.A. is worse than prohibition in promoting graft and corruption 1
 Who pays for beer and cigarettes sent to armed forces overseas 1
 French rate of exchange is unfair 5

OTHER RECEIPTS:

Reporting of currency transactions: 5
 Favorable 2
 Unfavorable 1
 Comment (without opinion) 2
 Checks for rewriting 44
 Donations to war effort 4
 Bretton Woods Proposals 5
 Roosevelt dime 1
 Favorable 1
 Unfavorable 0
 Currency problems, mutilated money, etc. 28
 Suggestions that bills be embossed or stamped in such way that blind veterans can distinguish them 2
 Request for a report of shipment of gold to Spain 1
 Request that European Governments lend art to U.S. as a guarantee of payment of their debts 1
 Inquiries about foreign funds control 6
 Personally abusive 1

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Report on White House Correspondence

June 22 to June 28, 1945, incl.

BONDS

War Loan suggestions 6
 Asks whether War Bonds will become worthless 1
 Service man asks replacement of lost bonds 1

TAKES

Requests for income tax refunds 5
 Questions, complaints about income tax returns 7
 Informer of income tax evasion 1
 Tax plans 18
 Ask exemption of pensions from taxation 2
 Application for job as Treasury Investigator 1
 Unfavorable comments on Auto Use Tax 2
 Unfavorable comments on Roosevelt-Hartford Loan 1
 Ask exemptions of salaries of minister and the President from taxation 2
 Questions about collection of excise tax 1
 General comments on taxation 5

GENERAL

Suggests recall of large denomination currency 1
 Unfavorable comments, Bill S. 510 1
 Asks repeal of 18th Amendment 3
 Requests for reinstatement, routine requests for positions, appointments 6
 Requests for value of Foreign Funds 1
 Comments on Federal Reserve Bank matters 2
 Fourteen-year-old suggests commemorative coin of flag-raising on Iwo Jima 1
 Complaint about paying customs duty on personal effects of relative killed overseas 1
 General comments 7

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June 30, 1945
4:10 P. M.

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HMJr: Hello.

Senator
Fulbright: Hello.

HMJr: Morgenthau speaking.

F: Yes, Mr. Secretary.

HMJr: My boys tell me you've been very helpful up there on the Bretton Woods hearings.

F: Well, I don't know about that. I wish I knew enough to be really helpful.

HMJr: Well, I think you really have been. I wanted to ask you - do you think there is a fair chance of getting it out Monday?

F: I think so - Monday or Tuesday.

HMJr: You do.

F: We got delayed this morning. We didn't get a thing done this morning. You know we were out late last night.

HMJr: Yeah.

F: And we got started late and had to adjourn right on the dot because of Vandenberg's speech.

HMJr: Yeah.

F: We didn't do a thing this morning. So we put it off - that discussion of the British situation until Monday.

HMJr: Does it look as though it will go through without amendments?

F: Well, the only amendment that is seriously considered I think, - I don't know how serious that is - is the thought that some provisions tie this with the solution of the British problem. Now I don't know whether that will be serious or not. The reason why we wanted to develop what the British situation is is to see whether any amendment would be warranted. Now the principal reason for that, I would say, is political. As you recall, somebody probably told you - I don't believe you were there - on John Williams' testimony about....

HMJr: Well, I read it.

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F: That he thought a solution to that problem was essential to the effective working of the Fund. And now I think most people feel that way.

HMJr: Yeah.

F: On the Committee.

HMJr: Yeah.

F: Now the political question - by that I mean what will the Senate do - will they, after you pass Bretton Woods without any provision, and then you get to wrangling about lendlease and all these others, and then you try to put through the authorization, assuming that is necessary for any loan, that there might be very difficult going for any such provision - say if it is six months or a year from now.

HMJr: Well, I would, frankly, be very loath to see that attached to the Bretton Woods legislation. I had a long talk with Will Clayton on the whole picture yesterday.

F: Yeah.

HMJr: And I think he has got the thing well in mind as to what the needs are. I don't think I'm telling any secrets to say he hopes in August to be over there at the Three Power Conference and discuss the thing with the English. So far, the interesting thing is the English have not raised it with anybody.

F: Yes.

HMJr: They haven't raised it with State, they haven't raised it with us. They haven't raised it with any of these special missions which have been over there. Before we go to forcing 3 billion dollars down their throat I think we ought to think twice.

F: Yes.

HMJr: Now I don't think Mr. Clayton is ready for it. If this is worrying you I'd like to have Mr. Clayton and Mr. Acheson discuss it with you, if that is agreeable.

F: That is what is worrying me. In fact, I'm not the only one that is worrying either.

HMJr: Well, I think that if that is bothering you, I'm going to call up Will Clayton and tell him that, see? Because if we put a thing like that on Bretton Woods, I'm afraid it is going to hang it up.

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F: Now, of course, we didn't mean you would put an amendment specifically stating - you see, that the British - naming the British - even if it was done.

HMJr: Yeah.

F: Wouldn't be in that form. But I mentioned just casually at luncheon - I think it was yesterday - to Senator George. I asked him: What do you think the situation assuming that the British would have to have a substantial loan in order to get back on a position where they could meet their balance of payment even during the first two or three years?

HMJr: Yeah.

F: I said do you think it would be difficult to get an authorization through the Congress? And he said standing alone I thought it would.

HMJr: Yeah.

F: And then I asked - just gave the idea to him - he hasn't been, of course, in the hearings, and not on any committee, but still he thought it would be much easier for an authorization.

HMJr: Yeah.

F: In other words, it is largely a matter of political strategy what you are going to need now. If you think you can handle it - if it could be handled, we'll say, outside of any authority by Congress, I don't know what the possibilities are in that field. That is another matter.

HMJr: Well, I think, if you don't mind my saying, we'd be a little previous on this thing, because, as I say, the British haven't yet asked us.

F: Yes. But don't you anticipate that that will be a problem?

HMJr: Oh, I think in time it is going to come up, but before I would want to rush in and ask Congress for a three billion dollar loan for the British, certainly there are a lot of other things that the State Department have pending with the British that have to be solved first. I mean, I know that there are a lot of things that they are bothering about - their Empire agreements, and their sterling dollar pools, and their by-lateral agreements and there are a thousand and one things that they are worrying about that - I think that is what Mr. Clayton

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HMJr:(cont.) has in mind. But I think if this is what is bothering you, and I value your opinion and your assistance so much that I'm going to call him up and tell him so.

F: Well, really what bothers me most is the strength of the anti-British feeling, and the ~~drop-up~~ ^{strong} and that we want to do what is necessary to be done in that field.

HMJr: That's right. The thing is that - I think Mr. Clayton and I are in agreement - is this, that sometime in the not too distant future, I think State and Treasury should paint the whole picture to the Congress of what we think the needs are going to be for the next ten years, and the part that America is going to play both capital and Government capital. So that you get the whole picture. A thing which hasn't been done yet. I think that has to be done, but I don't think we are ready to do it.

F: Yes.

HMJr: Matter of fact, I know we are not.

F: Well, that is what - we don't know a thing about it as you said. -- what's been done.

HMJr: Well, you know as much as we do.

F: Williams meant that he thought this would work - I mean he wasn't the only one that made it. I mean he thought it would work provided the sterling block - if the sterling area was made to function. It would make quite an impression on several of George's that reacted much the same.

HMJr: Well, Senator, that thing that Williams said was made by Mr. Aldrich of the Chase Bank almost a year ago at a business club in Chicago. I mean he is simply echoing Winthrop Aldrich, who said it about a year ago. Mr. Aldrich then came down after telling that and saw the British Ambassador, Lord Halifax, and said if you want something, I just want you to know I'm the next Secretary of the Treasury and you had better talk to me. And I know that is a fact. And he is simply echoing Winthrop Aldrich. I don't say that that condemns it, but I don't say it helps it any.

F: (Laughs)

HMJr: But he certainly was most political before the campaign and I know what I'm talking about that he told this to Lord Halifax.

F: I see.

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HMJr:

But let me get hold of some of the State Department people and ask them to sit down with you over the week-end, because we need your support and if you are worried about something why then I'm worried.

F:

Well, that is the only thing I....

HMJr:

Well, I think we can clear that up, Senator.

F:

I'm sorry we didn't get an opportunity this morning to discuss it.

HMJr:

So you will most likely hear from either Mr. Clayton or Mr. Acheson, if that is agreeable with you.

F:

Fine. I'd love to.

HMJr:

Thank you so much.

F:

All right, thank you.