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May 16, 1944

9:30 a.m.

GROUP

Present: Mr. D.W. Bell
Mr. C.S. Bell
Mr. White
Mr. Sullivan
Mr. O'Connell
Mr. Smith
Mr. Blough
Mr. Pehle
Mr. Luxford
Mr. Lynch
Mrs. Klotz
Mr. Gamble

H.M.JR: One thing, Charlie, I would like you to do out in the open - yourself and Mrs. Doyle.

I was down at Norfolk yesterday when Bob came in and this, as far as I can gather, is the first full troopship that came back with five thousand men from the Fifth Army.

Now, the Army tells me that a man comes in; he has lost his stuff; he goes before an officer and the officer then and there issues his clothing and his money - no questions asked. One man has the decision, do you see? They get this stuff because they want to send them home looking right.

Now, I don't know whether they do or they don't, but they say they do. The Navy - all kinds of papers and this and that, and red tape, and so forth and so on. And a Lieutenant Commander Taylor, Aide to the Admiral, said, "I wish it would be investigated, Mr. Morgenthau."

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There must be other troopships coming in. They may have had an excuse. But they held these people God knows how long there, and there is no Red Cross, no nothing. And I thought that some place - because this gets back to this Army and Navy Relief Society, which is privately supported, do you see?

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

H.M.JR: Just the way we made the investigation of the Army on bonds. I want to do it over and aboveboard. I either want you, yourself, or somebody and Mrs. Doyle to do it. I want to get a report on what happens to returning soldiers, sailors and marines. I don't want to do it with that ship because it will look too much as though I were checking up what they were doing for Bob, but I would like to know.

Then here the Admiral says, "I wish you would make an investigation; it is terrible." I know the Army does it on the spot - one man can decide, "Yes, you can have so much money."

Of course - to talk about War Bonds when this thing hits the country - now, here are five thousand men who came back, who have been in this fight since Africa. Some of these regiments are a hundred percent lost - and the stories that they are bringing back. When this hits the country it is just going to be - I mean, who kept these people since we have been down at the front for eight months without any support - somebody. I think they have a terrific thing to explain. And it is only now, after eight months, that General Clark and General Alexander are getting the support.

But somewhere down the line - I know that the losses have just been unbelievable of the English and ours, and I certainly wouldn't want it on my conscience.

A number of psychiatric cases - one hundred and forty-three psychiatric cases - some of them in padded cells. They bring back every trip thirty or forty older men who

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aren't fit to be officers and return them to private life. But this is the first big contingent of troops being brought back on rotation.

As I say, when this hits the country - and they are going to talk and talk plenty, because they have their belly full and they have seen the worst.

(Mr. Gamble enters the conference)

H.M.JR: Hello, Ted. I was just saying that when these five thousand troops I saw yesterday hit this country, who have been there through this campaign - there has been a hundred percent loss - what it is going to do to the morale of this country, I don't know. For eight months they have been there facing two or three times the number of Germans that we have had - and why, with all this Army, why we haven't sent people down there to help them, is awfully hard to explain. Somebody has made, certainly, a major blunder. It is terrific.

Anyway, it gives you a certain feel - I say, I am going to have Colonel Gow - is that his name?

MR. GAMBLE: Gow.

H.M.JR: I am going to ask him what they do about this thing when these people hit the country.

MR. GAMBLE: That would likely make people sore and not feel any better about the war - that sort of information.

H.M.JR: No, because these men have seen everything that has gone wrong, and it is going to make them awfully sore. Now maybe, if the Italian thing is moving well, maybe they knew that and felt, "Well, we can let them come back." But if the invasion doesn't go well, these men standing on the street corners and cracker boxes, and every place else, and telling how they have been there, and the lack of support, and the lack of this and that, it isn't

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going to make our job - I want to talk with Colonel Dow as soon as I can and ask him, "What is the Army's plan? What are you going to do?"

It gives you a pretty sick feeling.

MR. WHITE: Is the principal gripe that they have been kept on the front too long without relief, or that they haven't had what they regard as adequate technical support?

H.M.JR: No, you know when we were there in October there were three and a half American divisions and three or four English, and twenty-five German divisions they were facing, and they haven't given them anything up to now. These men have been in continuous front-line action since they have been in Africa, and some of the regiments have been a hundred percent casualties. Then they make this landing in Anzio, made it brilliantly, and the stories are that they got within eight miles of Rome and then something happened - they didn't get the support. Now, why didn't they get the support?

Bob was up with his escort. He was off Anzio Beach between five and six weeks before this other thing. He has actually been there between five and six weeks. I don't want to give you the shivers, because you hope the rest of the thing is planned better than was done in the last eight months. What have we got - seven or eight million men, supposedly, under arms?

MR. WHITE: Eight million in the Army.

H.M.JR: Where the hell are they? What are they doing? All the shipping, all the supplies - where is the support? The English and all the rest - where is it? My god, they have got every kind of troops down there but an English one; I don't think there is hardly an English soldier down there.

I have been following this SKF thing, and that is one of the reasons I wanted you in. And you know my

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earlier interest in SKF. Are we going to do something, or just talk it out in the papers?

MR. O'CONNELL: Well, there is a meeting this morning between the State Department and representatives of Treasury and FEA and the Department of Justice - or APC, rather. They had a meeting preliminary to that, yesterday afternoon, and they are going to propose to the State Department this morning that, assuming that the negotiations in Sweden aren't concluded satisfactorily - at the meeting this morning they intended to propose to the State Department that we investigate SKF industries in this country if the negotiations being conducted in Sweden don't result satisfactorily in the next two or three days.

H.M.JR: What about this fellow Batt, I told Nelson about a couple of years ago? Are they still going to let him be their Assistant to Nelson?

MR. O'CONNELL: I wouldn't know about that.

H.M.JR: Who is going to do something about that?

MR. PEHLE: That group wouldn't decide it. It will have to be the President, or possibly Nelson - I assume it would have to be the President.

H.M.JR: I laid it in Nelson's lap a year and a half ago.

MR. WHITE: Isn't there some additional information? I don't think all of that was available a year and a half ago.

MR. PEHLE: There is additional information now that tends to point the thing up.

MR. O'CONNELL: That was in a memorandum we sent you last week - a couple of letters, one from Batt and one to Batt, which add a little more color to the situation. But the investigation has hardly begun.

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They have been on SKF for about two weeks, now.

H.M.JR: It can't be too tough from my standpoint. Whatever we do, let's do it in writing so we have a record, see?

I haven't heard from the President on the Argentinian thing, but I don't know whether the papers are right, that this is General Marshall, but if General Marshall is interested, let's bring it to General Marchall's attention, or Bob Patterson's attention, or somebody - about this stuff that is going from the Argentine to Spain to Germany.

Tell Luxford - I think he has it all, and I gave him a copy, but let's bring up the strategic materials that we know are going from the Argentine to Spain to Germany. Have you got that, John?

MR. PEHLE: Yes, sir.

H.M.JR: And that report which they gave us - General Strong gave us - showed industrial diamonds, platinum, and what-not.

Who is feeding all this stuff to the papers? I know the Treasury isn't.

MR. O'CONNELL: I believe it is FEA, but I don't know that. All I know is that it isn't Treasury.

MR. WHITE: There was a meeting Friday, an informal meeting after a formal meeting, in which Currie and Acheson stayed, and Currie asked me to remain, in which he was trying to convince Acheson they ought to give publicity in a press release on action which we had taken. It was a very simple release on a very technical matter, but Acheson expressed himself very strongly against the slightest information being given to the public here on the matter while the negotiation was going on.

Did you read the letter from Secretary Hull with reference to any information - further information - being given out?

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H.M.JR: No.

MR. WHITE: I guess it came either Saturday or Monday.

MR. O'CONNELL: I think it came Saturday.

MR. WHITE: He requests very definitely that no information be given out because it is interfering with their ability to conduct their negotiations in Sweden. The Swedes are being angered by the publicity.

H.M.JR: Does he imply we are doing it again?

MR. O'CONNELL: He was addressing himself, primarily, to the publicity that has attended the visit of the FEA man to Sweden, because he accompanies his letter with a cable from the British in which they complain.

MR. WHITE: It makes his request broader.

H.M.JR: He ought to be able to find out where it is coming from. I haven't heard yet from the President on that.

Anyway, my instructions to you fellows - get tough and rough, will you, please?

MR. O'CONNELL: Yes, sir.

H.M.JR: Or tougher and rougher. I don't want to fight it out in the papers. If it gets to the point, I will do what I did in the Argentine thing, I will put it right on the line to the President.

The amusing thing that after doing that on the Argentine thing, and sending Mr. Hull a letter, the next day he writes me - which he has never done before - a very nice letter about my birthday, and a very nice letter about Bob, after getting the thing on Argentina. So maybe down in the Tennessee mountains they first get you drunk and then shoot you in the back.

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On the lighter side, showing the President is in a good humor, I spoke about this advertisement of the Safeway Stores, showing three hundred articles and what they cost compared with this year and last. Did I mention it in here? I sent it over to him. This is the answer:

"That advertisement is really interesting. I had not seen it. On the lighter side, I am glad to know that Clabber Girl can be got for eight cents and a larger size for nineteen cents. I am also glad to know the cost of toilet-bowl brushes remains constant!"

So he is feeling all right.

MR. WHITE: I am supposed to appear before the Foreign Affairs Committee on the Dewey bill at ten o'clock.

H.M.JR: All right.

MR. O'CONNELL: Can Harry and I be excused for that?

H.M.JR: Sure. Good luck.

MR. BLOUGH: The Senate Finance Committee is meeting at ten; I would be inconvenienced if I might go, too. I would like to see you later in the day, if possible.

MR. D.W. BELL: Three o'clock.

MR. BLOUGH: That is all right.

H.M.JR: O.K.

(Mr. Blough, Mr. O'Connell and Mr. White leave the conference)

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H.M. JR: Do you have to be somewhere, too?

MR. D.W. BELL: Senate Finance Committee by thirty on the debt.

H.M. JR: Lots of time. Do you have anything?

MR. C.S. BELL: Well, the draft situation is straightening itself out. We expect regulations out of Hershey today. It will be a new form.

H.M. JR: Today's form!

MR. C.S. BELL: Yes, sir; after that 42-B. All we have to do is state the man is in an essential industry, and I think from now on they will draft him--defer him.
(Laughter)

MR. SULLIVAN: You had it right the first time.

MR. C.S. BELL: I just wondered if you would have any objection to our clearing all of those with the draft boards on this form, or whether you still wanted to see them.

H.M. JR: I don't think it is necessary until he changes his mind again.

MR. C.S. BELL: Commerce is going ahead with the deferment policy for the entire Department. That is, they are going to declare all of their people.

H.M. JR: Show it to me in the first instance and let me do it once; then if I am satisfied--

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

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H.M. JR: Charlie, you had a good idea - I don't know whether it saw life or whether it was stillborn - on getting out something once a month - what we do. I referred it to Smith.

MR. SMITH: We have discussed it and are moving ahead, aren't you?

MR. C.S. BELL: Fred has made a very good suggestion that we send this out, you see. We have a man that represents the administrative office in practically every city in the U.S. - typical Mobile, Alabama, it has Collector of Customs. We thought we would fix it up that he would make the following announcement, and then come through with the first announcement, and in that way we would get more publicity.

MR. SMITH: In his own locality to all over the country.

H.M. JR: I don't see why we shouldn't tell the story of what we did - I mean, is this story finished - this first one?

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

H.M. JR: Am I tied into it in any way, or not?

MR. C.S. BELL: Yes, sir, in this way; that you had appointed Mrs. Doyle to look after the welfare of the people in the Treasury.

This is Project No. 1. It is associated with the centralization.

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H.M.JR: Has it gone, Charlie? Could I see it again before it goes?

MR. SMITH: Sure. It is Charlie's. If he will let you, you can.

H.M.JR: You bring it to my attention today.

MR. SMITH: Today?

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

H.M.JR: I think, for instance, for a while they said I was a good administrator, and then this Republican propaganda--now, you take the story of what we did before the Africa invasion in printing money, being ready, being on time--I would like that to go out as a departmental story, as the next one.

MR. PEHLE: Mr. Secretary--

H.M.JR: Excuse me one minute. And in connection with that, take the Bureau of Engraving, what they have done on the money and on the war bonds, their part of it.

MR. D. W. BELL: The Mint has done a good job, too.

H.M.JR: All right, the Mint is keeping up. I think you could get one out once a week. There is enough around here, Charlie.

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

MR. PEHLE: Did you see the Foreign Funds story in the Readers Digest? Do you want me to send it in?

H.M.JR: Copied from Mercury?

MR. PEHLE: It was cleared here before it was sent out.

H.M.JR: The one in Mercury--I thought it was terrible.

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MR. PEHLE: Why did you think it was terrible?

H.M.JR: You wouldn't know I was the Secretary of the Treasury.

MR. PEHLE: They took it all out. It was all in there. It was written by a fellow named Bellamy who is very friendly to us, to the Treasury. He has done a lot of work in Foreign Funds. There were all sorts of references in the Readers Digest. They X'd them all out, but there was a very good story there, and a lot of good stories in Foreign Funds Control that will play up this administrative angle, which I think is a very important one.

H.M.JR: I am being very frank, and as I say, when I read a story I would like to know I am connected with the Treasury. But you wouldn't know it there. And they never mentioned you.

MR. PEHLE: They X'd all the references out, Mr. Secretary; there were several references to you and one to me and one to Joe O'Connell. They took them all out.

H.M.JR: The way they say it on the farm, they de-sexed it. And you needn't try to improve on that, Fred, either.

MR. SMITH: I am a perfect picture of self control this morning.

MR. PEHLE: But there are some very good stories, Mr. Secretary, in connection with what Foreign Funds has done.

H.M.JR: I think there is enough to do one a week.

MR. SMITH: I don't think you could get one a week printed.

H.M.JR: Well, let's see. We will see.

MR. C. S. BELL: I have a letter appointing Orson Welles at a dollar a year as a consulting expert for Mr. Smith and Mr. Ted Gamble.

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H.M.JR: And are we going to take advantage of the services of his wife?

MR. SMITH: That comes along, no extra charge.

H.M.JR: What is that word? It is worth a dollar a year. How much for Mrs. Orson Welles? I was disappointed.

MR. SMITH: He is going to be gone next week; he has a radio show next Wednesday which he will move to the East Coast so it won't be in his way.

MR. C. S. BELL: Mrs. Eleanor Wilson McAdoo is employed in War Bonds. She wants to use her annual leave to go to Europe for the Office of War Information. The regulations would cover it if you see no objection.

H.M.JR: No, I don't understand.

MR. C. S. BELL: She has the annual leave. They would like to have her services.

MR. D. W. BELL: She would go over there and represent them while she is on leave.

H.M.JR: Why should she go to England when she has done a very good job for us? Why shouldn't she work for us during the Fifth War Loan?

MR. GAMBLE: They have been trying to get her to go over there for a year, Mr. Secretary. They have talked to Miss Elliott and others about it.

H.M.JR: Let her go after--

MR. GAMBLE: I think they have a little problem of digging over there.

H.M.JR: I still say, we have this investment in this woman. Nobody wanted her; nobody would give her a job. I gave her a job at the request of Mrs. Roosevelt. We have an investment. She is a good speaker, and I say, let her

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go after the Fifth War Loan. To hell with the OWI and Ferdie Kuhn who is sending her over there. Let her go after the Fifth War Loan.

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

H.M.JR: You have a problem with me.

MR. GAMBLE: But you wouldn't mind if it happened to fall the third week of the War Loan, would you?

H.M.JR: Yes, I would. Miss Elliott didn't go. She had a chance to go. Let her go when the War Loan is over. I am not going to be generous to anybody with Treasury people, and last of all, OWI. You can't budge me today; don't try to. Today is a bad day.

MR. C. S. BELL: Since this was up, Ted, I think they have decided they can't get her over there right away, anyway. England won't let her come in just at the present time.

H.M.JR: Mr. Butler, with the rank of Minister to the British Embassy, can't get back to England. I am sure they won't let this woman back.

MR. C. S. BELL: Not now.

H.M.JR: Well, we are all right. Do it on that ground.

MR. PEHLE: They won't let a U. S. Government employee in?

H.M.JR: They won't let Mr. Hugh Butler in.

MR. PEHLE: They won't let their own people in now?

H.M.JR: Lord Halifax said he wanted to send Mr. Butler back and couldn't get a visa for him to come back, and he has the rank of Minister.

They couldn't get Mr. Taylor who was going to go back and sit on this very important committee until I brought it

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to McCloy's attention through Harry White, and they let him go because McCloy wanted him there.

O.K.?

MR. C. S. BELL: There is one other little item. We discontinued parcel post packages at our post office in this building after Pearl Harbor. We would like to resume that.

H.M.JR: Good.

When are we going to have our first dance in the evening for the employees of the Treasury?

MR. C. S. BELL: We had one not long ago at the Wardman Park.

H.M.JR: I mean regular, both to give the girls a little exercise and to keep up the morale of the soldiers.

MR. C. S. BELL: In the cafeteria?

H.M.JR: Yes, that is a beautiful place to have a dance at night.

MR. C. S. BELL: We might have it out on this portico.

MR. D. W. BELL: How about the boys of the Treasury?

H.M.JR: I would have them once a week. Fred will say every two weeks, but let's try one and see how they like it.

MR. C. S. BELL: We might hook it up with the Stage Door Canteen and get them over here once a week.

MR. D. W. BELL: It is very difficult. We tried it once before, Mr. Secretary, and they couldn't get attendance.

H.M.JR: Try it, will you?

MR. D. W. BELL: It was downstairs once a week, and it was very difficult.

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H.M.JR: The soldiers wouldn't show up, or the girls?

MR. D. W. BELL: The soldiers would show up and didn't dance. They would stand around. They would stand around, and the girls got more or less disinterested.

H.M.JR: Let's try it over again.

MRS. KLOTZ: Well, I can understand. They had to dance in the lobby down there. That wasn't very conducive.

MR. C. S. BELL: We will put some lanterns out there and make it attractive.

H.M.JR: Try it once; if it is a bust, no good--

MR. C. S. BELL: Using the Canteen girls? They have all been investigated by Hoover.

MR. PEHLE: Good or bad?

MR. C. S. BELL: Good.

MR. D. W. BELL: No soap!

MR. SMITH: We could get a radio show for everyone, I bet.

H.M.JR: This is very interesting. (Reads from Index to Secretary's Diary under dates of January 29, 30, February 5, April 16, May 6, 7, 11, 13, and 15, 1942.)

Acheson knows all about it and everything else.

MR. PEHLE: American Bosch was investigated finally.

H.M.JR: Dan?

MR. D. W. BELL: I don't know whether George has reported to you his conversation with Walter Stewart about the current

H.M.JR: No. Where is George?

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MR. D. W. BELL: George is ill today.

H.M.JR: Again?

MR. D. W. BELL: Yes. But Walter is against your taking any action along the lines suggested, and so is Jake Viner. Jake Viner said he would think about it and come down this week if you wanted him to. I didn't definitely ask him to come, but I think I can get his views.

H.M.JR: If he is on my side--

MR. D. W. BELL: I don't think he is. I had a conference with the Federal Reserve people, Mat Szymczak, Hugh Leach, and Hap Young; and sitting in the room discussing it, they were opposed to any action. They didn't think it would be effective; they thought you would have just as much hoarding as you do now and it might be dangerous and disturb people. Hugh Leach went back home and discussed it with his officers, and they all feel the same way. Now, they have sent me a letter on it. I haven't heard from Hap Young.

My main point in bringing it up is I want to know whether you would like to have Jake down this week.

H.M.JR: No.

MR. D. W. BELL: O.K.

(The Secretary holds a telephone conversation with Congressman Doughton.)

H.M.JR: There is no use kidding him. I think in the long run they prefer it that way. That has been up about ten times.

MR. SULLIVAN: That is right.

Now, to protect yourself with Doughton, it doesn't look at all sure that these four are going to be named; and if somebody else is named, you better get word to him.

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H.M.JR: Well, I tell you what you do. You draft a letter from me simply along these lines today: "My dear Mr. President: I am on record," and so forth, and so on. "If, however, you decide that you are not going to re-appoint them, I would like to bring to your attention Mr. Kitchen," and so forth. Do you see?

MR. SULLIVAN: O.K. And a copy to Bob.

H.M.JR: Will you fix them up and get them to us by two o'clock?

MR. SULLIVAN: Yes.

H.M.JR: Very good idea. You have a lot of good ideas up in New Hampshire.

MR. SMITH: We have a crew of five men arriving in Texarkana today to take over that, from here. And it is going high, wide, and handsome down there.

H.M.JR: Could you tell me more about it at lunch, Fred?

MR. SMITH: Yes, surely.

MR. GAMBLE: Yes.

MR. SULLIVAN: I may have to go up tonight for one day.

H.M.JR: Yes, sir.

MR. GAMBLE: Everything I have can wait until noon, Mr. Secretary.

H.M.JR: Are you getting pretty pictures for me to see?

MR. GAMBLE: I hope to have today or tomorrow a new war bond film for you to see, about eleven minutes.

(Mr. Lynch enters the conference.)

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(Mr. Luxford enters the conference.)

H.M.JR: There are two things: Can you explain to me why Hancock gets the job of adjusting Army and Navy controversies over amortization certificates? Do either of you know anything about that?

MR. LYNCH: No, sir, I don't. That matter was before the Joint Contract Termination Board at a meeting in which Mr. Sullivan was present about two weeks ago, and at that time it was deferred. My own guess on that is that it is a stale news item, but I am not too sure of it.

MR. SULLIVAN: I know about it, Mr. Secretary. This thing has been going on for six months, and Ben Cohen had some hearings. The Army, Navy Maritime Commission, WPB, and ourselves--it is the old fight as to who is going to issue these certificates. The Army and Navy have wanted to pin it on us. Ben had a couple of conferences, and then I think Hancock got into it to put a little heat on the boys. We are in good shape on it.

H.M.JR: We are all right?

MR. LYNCH: It might be well to say this: The statute fixes the responsibility upon the Secretary of the Navy and on the Secretary of War to issue the certificates of non-necessity.

Now, there is a question as to whether they would do it, and under what circumstances, and also there is a question of whether it shouldn't be done for them by the War Production Board. The Navy and the War Department disagree as to that, and as to some aspects of relations. That is true, isn't it, John, the responsibility is in the Department?

MR. SULLIVAN: That is right. The question is whether or not they will delegate it. Of course, the War Department has been after us, saying it is perfectly horrible that because they are conducting the war they cannot issue a certificate saying that any facility will not be needed. They came to that conclusion after having for twelve months

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ridden us on a certain plant. Then they took another look at the plant which they said never was going to be used for war work and they found out for the previous six months it had been a hundred percent engaged in war work.

H.M.JR: That is all I have.

I would like to see Luxford and Pehle.

May 16, 1944
10:05 a.m.

HMJr: Hello.

Robert
Doughton: Hello, Henry. How are you?

HMJr: I'm fine. How are you?

D: First rate, I think, all right.

HMJr: That's

D: I understand the Senate Finance Committee adopted our Simplification Bill without any change in policy at all.

HMJr: Well, that's wonderful.

D: Just a few little minor changes about little details or something that didn't amount to anything so I don't think we'll ever have to go to conference on it if the Senate passes it like the Finance Committee has reported out.

HMJr: Well, it seems as though they're going to take advantage of your very hard and excellent work.

D: Ah -- well, I think we've got them hypnotized.
(Laughs)

HMJr: May be.

D: Yeah.

HMJr: Too bad we couldn't have done it a couple of times before.

D: Yeah, you're right about that. Glad to get rid of it anyway and I reckon the debt limit bill will soon be adopted, too.

HMJr: Good.

D: And say, Henry.

HMJr: Yeah.

D: I've got a matter I've been interested in a long time and you might be helpful....

HMJr: Yes, sir.

D: if you felt justified

HMJr: Yes, sir.

D: and I know you could be. And that is this: I've been trying to get a better position for my friend and the son of my -- one of the best I ever had and one of the ablest men that ever was in Congress, Mills Kitchen, son of Claude Kitchen.

HMJr: Oh, yes.

D: He's down at the Department of Justice and been holding a position there a long time that is not commensurate with his experience nor his ability either.

HMJr: Yeah.

D: The President -- two or three or four years ago I talked to him about it and I talked to him two or three times and he made it -- wrote a note and sent down there but it dragged along and dragged along and has never done anything. Now, there are four vacancies on the Tax Court -- going to be four appointments to make. Now, this man is a specialist in taxes. He has just inherited good tax sense and he's got a brilliant mind. Judge Hayes told me -- the middle district of North Carolina -- when he came down there in the Courts in big cases -- said he was the equal to any corporation lawyer that ever appeared in his court.

HMJr: Yeah.

D: And he is really entitled and can serve the Government in a much better position than he is in.

HMJr: Yeah.

D: And Joe -- Secretary Daniels is very much interested in him -- Ambassador Daniels and has taken it up with the President at different times. Anything you could do, you'd be helping the Government because he's just the kind of a man to have on that Court. He's got the ability and his attitude and set-up is right and everything about him is right.

HMJr: Well, Bob

D: If you could speak a word for him, I just don't know anything I can think of -- I wouldn't appreciate your doing anything for me half as much as I would for him.

HMJr: Well, now, Bob, you and I always deal them straight across the table.

D: Yeah.

HMJr: And, now, let me tell you, as you know, that I'll do anything in the world for you but I want you to know that I have recommended to the President about a month ago that all four of these people be reappointed.

D: Well, ain't they -- most of them Republicans and haven't they got more Republicans than anything else?

HMJr: Two of them are Republicans.

D: Uh huh.

HMJr: But this thing, as you know, was originally set up by Jack Garner.

D: Yeah.

HMJr: And he always kind of felt that these people, if they did a good job, they should succeed themselves. Now, I'm on record to the President, recommending the reappointment of these four and I -- I want you to know the facts.

D: Yeah, that's right. I appreciate your candor.

HMJr: And I don't want to say to you that I'm going to go out and do something when I've already

D: Oh, no, I know you wouldn't do that. I wouldn't be talking to you if I didn't have absolute confidence in you.

HMJr: But that is the situation, but I'll tell you what I can do. I can take a look around. I don't know if there's anything else that he'd be interested in, but I know of your interest in the son of Claude Kitchen and

D: Well, my chief interest is in -- of course, I've got a sentimental interest

HMJr: I know.

D: but my chief interest is in the man's worthiness and capacity and that he deserves a better job than he's got.

HMJr: Well, let me have a look around the Treasury and see what we have.

D: Well, I appreciate that more than anything I can tell you.

HMJr: And that I will do and do gladly, and

D: He'd be a great asset to you in some responsible position. Now, he's not a mediocre man by any means.

HMJr: No. No. But the other thing -- my hands are tied -- about a month ago.

D: Well, all right. Well, thank you very much.

HMJr: Thank you, Bob.

D: Good bye.

HMJr: Bye.

May 16, 1944.

MEMORANDUM FOR THE SECRETARY

FROM: Assistant Secretary Sullivan

JHS

This morning you asked me to prepare for you a letter to the President and to Congressman Doughton in regard to the candidacy of Mr. Mills Kitchen who aspires to an appointment on the Tax Court of the United States. I am sending you drafts of these two letters with the recommendation that they not be sent.

On March 18th you sent the President a memorandum commenting upon a letter Senator Glass had written the President. You also forwarded to the President a letter for him to send to Senator Glass stating that he was not free to appoint Senator Glass' candidate, Robert Nelson Anderson, because of his intention of renaming the four members of the Court whose terms are to expire. In November 1943, Senator Chavez urged the appointment of John E. Miles, and Frank Walker advised the Senator that Miles' name had been presented to the Treasury Department with the approval of the National Committee. April 27th Senator Russell of Georgia called me to recommend Marion Allen. I advised him that the Treasury had recommended the re-appointment of the four members whose terms were expiring, and he said that was agreeable to him but that if these four were not re-named he wanted an opportunity to talk to us about Allen. On May 1st, Joseph O'Connell acknowledged the letter of Senator Maybank addressed to the President and endorsing a Mr. Girard Hartzog.

Whether or not other members of the Treasury have discussed this problem with other members of the Congress I do not know. However, I fear that if we reopen this matter with the President, recommending Congressman Doughton's candidate, we will have to square ourselves with Senators Glass, Chavez, Maybank and Russell. Accordingly, I recommend that these letters not be sent.

THE SECRETARY OF THE TREASURY
WASHINGTON

Dear Bob:

After hearing from you this morning in behalf of Mills Kitchen and your interest in his appointment to the Tax Court of the United States, I wrote to the President about this matter.

I thought you would like to have a copy of this letter and I am herewith enclosing it.

Sincerely,

Hon. Robert L. Doughton,
House of Representatives.

Enclosure

MR. SULLIVAN:

Mr. Vanech telephoned again to
say that Kitchen is from Scotland
Neck, N. C.

vls

5/16/44



THE SECRETARY OF THE TREASURY
WASHINGTON

My dear Mr. President:

On March 18, 1944, I sent you a memorandum recommending the reappointment to the Tax Court of the United States of J. Edgar Murdock, William M. Arnold, Eugene Black, and Ernest H. Van Fossen. I would like to repeat my recommendation of those men at this time.

However, if for any reason you do not wish to reappoint any one of these men, I would like to suggest consideration of Mr. Mills Kitchen of Scotland Neck, North Carolina. Mr. Kitchen is now in the employ of the Tax Division of the Department of Justice. His candidacy is being advocated very forcefully by Congressman Robert L. Doughton.

Sincerely yours,

The President,

The White House.



May 16, 1944
10:15 a.m.

JEWISH EVACUATION
SKF INDUSTRIES

Present: Mr. Pehle
Mr. Luxford
Mrs. Klotz

MR. PEHLE: I would like a chance sometime today, if possible, to go over with you the documents which we have now prepared to be sent to the President, which would put into effect the suggestions which he made at our conference and also discuss strategy with you, and get the documents there under such auspices that we have some chance of getting them approved.

H.M.JR: I will see you at three-thirty.

MR. LUXFORD: One other thing here I should mention to you. We had a little note yesterday from Hull complaining about all the news on the SKF. We are preparing a reply.

H.M.JR: Did you tell him we are as Phoebe Snow is to the Lackawanna Railroad? Are you fellows old enough to know Phoebe Snow?

MRS. KLOTZ: I don't, either.

MR. PEHLE: I know the driven snow.

H.M.JR: The Lackawanna Railroad used to have these little jingles with this girl always dressed in white - about Phoebe Snow, who rides on the Lackawanna and comes out immaculate. Do you people remember Sunny Jim with his breakfast food?

MR. LUXFORD: I remember Wheaties and Cheery Oats.

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MRS. KLOTZ: No.

MR. PEHLE: I heard one thing yesterday, Mr. Secretary. A reporter told me that he had got from Crowley a pretty direct story of what had happened on the Spanish thing, and that the United States had taken the position that we ought to go much further than the British were going in this deal; and when Halifax heard that he came storming down to see Hull, and Hull and Crowley - do you know this?

H.M.JR: No.

MR. PEHLE: Hull and Crowley together. Crowley thought he was going to have to carry the fight in defending our position, but Hull took the thing right away from him and just stormed at Halifax - just raised Cain with Halifax and told him that he would be damned if he was going to see American soldiers get shot because we weren't tough enough with Spain, and letting them contribute to the German war machine. And it is that position that Acheson later said that he just saved Hull - that Hull was forced by Acheson's persuasion to back down from this tough position with Halifax.

MR. LUXFORD: Don't you remember Crowley spoke to you in the morning and said he had Hull in line? That afternoon Acheson said he had saved him from making a very serious mistake, but means he got him to change his position vis-a-vis Spain.

MR. PEHLE: He just raged at Halifax and was determined to take a strong position. Acheson is now the guy that was behind the Argentine thing, always appeasing on the Argentine thing, and the Spanish thing, and the Swedish thing, and the dollar balances thing - all of which are the British line.

MR. LUXFORD: At eleven-thirty we go to Acheson's office to decide what to do with SKF.

H.M.JR: I told the boys here - it is time to be tough. You can't be too tough. I don't believe in

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fighting it out in newspapers, but I certainly would be tough.

Again I told them, "I want the Treasury position to be in writing if we are overruled" - just like I did.

MR. LUXFORD: You are ready to investigate SKF here?

H.M.JR: If you recommend it.

MR. LUXFORD: I am recommending it because that will be the fight this morning because State will not go that far.

H.M.JR: Are you recommending it?

MR. LUXFORD: Yes, sir; and so is FEA. We will probably end up with a Supervisory Order.

H.M.JR: Sure! I will investigate!

May 16, 1944
10:44 a.m.

Jack
McCloy: Hello.

HMJr: Hello, Jack.

M: I wonder if I could see you for a couple of minutes.
It won't take much more than that if I came over there
some time today.

HMJr: Sure. When do you want to come?

M: Well, I'll come any time. Could I come now or
could I come later?

HMJr: I could see you at eleven-fifteen.

M: Eleven-fifteen. I'll be there on the dot.

HMJr: I see

M: It won't take more than three minutes.

HMJr: Take all you want.

M: Well, it will be very short.

HMJr: Thank you.

M: Okay.

May 16, 1944
3:00 p.m.

PENSION TRUST AMENDMENT

Present: Mr. D. W. Bell
Mr. Sullivan
Mr. O'Connell
Mr. Blough
Mr. Surrey
Mr. Olrich
Mr. Nunan
Mr. Cann
Mr. DeWind
Mr. Reagh

H.M.JR: My God! I have all the experts in the world.
How is Mr. Mesta?

MR. SULLIVAN: I talked with McCloy. Iveson is
coming down.

H.M.JR: Are you going to see him? Is it a typical
case?

MR. SULLIVAN: No, it is a unanimous opinion in our
case.

I have that letter you wanted in regard to the matter
Mr. Doughton spoke about. I think it should not go. I
have a memorandum. Later on I want to speak to you about
it.

H.M.JR: Go ahead.

MR. BELL: Senator Taft has introduced an amendment
in the Senate which he wants to attach to the debt bill.
It has to do with pension trusts.

Senator George, as I understand it--you correct me if
I am wrong--has set up a sub-committee, which Senator Radcliffe

- 2 -

is chairman of, to consider Senator Taft's amendment. They won't start hearings until May 26, which delays the debt bill, certainly well over in June, because even though they get it through the Senate, I have an idea it will be controversial in the House.

The question here today is, first, how strongly we should present the Treasury case on the pension trust, and second, if it looks as though Senator Taft is going to insist upon the amendment being attached to the debt bill, whether or not we shouldn't have a conference with Mr. Doughton on the thing before May 26 so that there won't be a controversy in conference after it passes the Senate.

H.M.JR: Could I interrupt a minute? I don't know what the hell this is; I haven't read this memorandum (indicating memorandum to the Secretary from Mr. Paul dated May 12, 1944). So, Roy, let me do my homework now. Do you know it?

MR. ELOUGH: I don't know it as well as Surrey does.

H.M.JR: All right, Surrey, do your stuff so you can tell me what it is all about, will you?

MR. SURREY: I can go into the pension trust problem. Do you want to go into that ahead of the immediate problem of trying to free the debt bill from this?

MR. BELL: Yes, I think he ought to tell you what the pension problem is.

H.M.JR: I would like to know what the pension problem is and the mechanics afterwards.

MR. SURREY: In 1942 the Treasury went up and said there would be a great deal of tax avoidance in the pension trust field unless certain things were adopted. That provoked a good deal of discussion, and we had a long wrangle with the Senate Finance Committee. We came up with some provisions in the 1942 Act. When we got to administering those provisions--

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H.M.JR: Go on the assumption I don't know what the pension trust is.

MR. SURREY: Pension trust is a device set up by an employer to provide pensions at retirement for his employees.

MR. BELL: Just a pension fund?

MR. SURREY: In a sense it is in with what the Government has.

H.M.JR: Who writes it? Does he run his own insurance fund?

MR. SURREY: Some run their own and others do it through insurance companies. They were not a problem under the revenue laws until recent years. They do have tax advantages under the revenue laws, because, typically, the employer is contributing money while the employee is in his service.

H.M.JR: Is the employee contributing money?

MR. SURREY: Some do and some don't. It depends on the particular plan. The amounts vary; the pensions that people can get under these plans vary from company to company. The kinds of employees that are eligible vary from company to company. Some companies cover all their employees. Some only cover just the top management group. Some had a dividing line around three thousand dollars. Others covered only their salaried employees, and the benefits they paid varied.

Some put on top limits of ten thousand dollars a year pensions, no more. Others would go as high as--

H.M.JR: Go to the Metropolitan Life, say, and they will write this for them? They will pick out a blanket policy?

MR. SURREY: That is right.

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MR. REAGH: Some of them do it; others put it into a trust fund and run it themselves.

MR. BELL: The Bankers Trust Company has quite a business in this field, just pension trusts.

MR. SURREY: Now, we were not very much troubled by them, although they do have tax advantages. The tax advantages are these: The employer when he contributes money to the trust fund, or when he pays money into the insurance company as premiums, gets a deduction from the corporation tax for that money. The employee, however, doesn't pay any tax upon his pension until he retires. The money that is in the trust fund, and the interest that is earned is tax-exempt. Now, it is a device whereby employers can put money into the trust fund now and get deductions for them, and it is really giving salary increases to the employees which are not in effect received by them until they get their pension. At that time they pay a tax.

And what worried us in 1942--

H.M.JR: You may get some good ideas out of this before you are through. (To Mr. Olrich)

MR. SURREY: ...was that the corporate tax rate is getting so high, the amount of money put in these trust funds would be mostly paid for by the Government because they are deductible from an excess profits tax of ninety or ninety-five percent. At the same time they don't give salary increases to their top personnel, because with the very high individual income tax rates you had an officer getting fifty thousand a year and you wanted to give him more money, but it wouldn't do much good. However, if you gave him a pension when he retired, that pension would be taxed at a much lower rate. So people naturally started to look to pension trusts as a means of providing higher salaries now for their top personnel at the expense, largely, of the Government.

The Treasury called that to the attention of the Finance Committee and said that there should be some limits to

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these pension trusts. It was a very difficult thing to work out because you have all kinds of pension trusts. Some are not tax devices. Some have been in existence a long time. Some are coming into it just the last few years. The treatment in the law is very unsatisfactory. It leaves it to the Commissioner, because it provides that you can have what are called non-discriminatory pension plans. You can't discriminate in favor of the higher paid people in your employment.

If you are going to set up pension plans, you have to set them up on a non-discriminatory basis, which meant you could no longer have pension plans just for the top management group.

H.M.JR: You could have it for the lower group?

MR. SURREY: Yes, but not for the top group only.

However, there is a provision in the law which is very ambiguous, which indicated you might set up a classification of three thousand dollars to have a pension plan for everybody over three thousand dollars.

When the Treasury came to preparing its regulations under the Statute, it came to this problem: Three thousand dollars is the line where social security breaks off. And social security gives benefits on the first three thousand dollars.

Now, employers were saying that they were going to set up their own private plans limiting it to people over three thousand, because they wanted to supplement social security. We found that the three-thousand-dollar dividing line in most plants comes at just about the supervisory level, the foreman level in the plant, and the people earning over three thousand dollars a year, basic salary, generally number about only four percent of the total personnel in the plant. We thought that these were in a sense very discriminatory trusts and only covered a limited amount. But the reason for the dividing line was, people below three thousand were covered by social security. Hence our regulations state that you

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can set up plans for this limited group, but you can't pay them more proportionately on their higher salary than social security gives on the first three thousand dollars. Social security gives, say, a thirty percent annuity on men earning three thousand dollars.

We said, "You can cover only the group above three thousand dollars, and you can give them pensions equal to thirty percent of their salary, but you can't give them pensions equal to, say, fifty percent of their salary and exclude everybody earning less than three thousand dollars on the ground they are covered by social security." That regulation created a great deal of furor in this pension trust field when it was issued.

MR. BLOUGH: There is a little more, isn't there, that you cannot pay on the first three thousand?

MR. SURREY: When you cover people only who earn three thousand and above, you can't in providing them with pensions figure the amount you are going to give them on the first three thousand dollars of their salary, because social security takes care of that. That was done to prevent discrimination under those plans. It created a great deal of furor, because those plans are easily susceptible to tax avoidance. The old tax avoidance used to be in covering the management. You now had to widen your plan a bit, drop down to three thousand dollars a year level, but you were still covering only a small portion of your employees.

We felt it was necessary to prevent discrimination in this field, to prevent what we thought was abuse of the policy of the Statute. You may recall you had a press conference on that, because Senator Taft objected at that time. We had gone up to the Senate Finance Committee for a preview--

H.M.JR: And we got pretty tough, and he didn't come back at us.

MR. SURREY: That is right, but now he is coming back at us. His amendment is to knock out those regulations

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on this particular point. Now, he thinks we are wrong under the Statute.

H.M.JR: Which?

MR. SURREY: He tried to put it on the simplification bill. They talked him out of that. It is now the public debt bill, an amendment pending to the public debt bill.

H.M.JR: Do you have a rule on it? Sabath wants to see me this afternoon.

MR. SULLIVAN: This is on the other side.

H.M.JR: We could settle for wastepaper if this were worth while.

MR. SULLIVAN: I am going to call him. If I am unable to see him this afternoon, then that will give Joe an opportunity to listen to them tomorrow.

H.M.JR: Joe who?

MR. SULLIVAN: Joe O'Connell.

MR. O'CONNELL: You mean on that wastepaper deal!

H.M.JR: That is really Procurement, isn't it?

MR. SULLIVAN: Sure. Joe was in on it all the time.

MR. SURREY: To give you an idea of the magnitude of the problem, there are over two thousand pension plans awaiting ruling in the Bureau of Internal Revenue. Those are more than all the pension plans ever adopted up until 1942. The Commissioner, under the law, is about in the position where he has to pass on all these plans.

H.M.JR: He doesn't look worried.

MR. CANN: Tell the Secretary, Stanley, about the time limitation on that.

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MR. SURREY: He is worried, I think, although he doesn't look it.

MR. NUNAN: December is coming very quickly.

MR. BELL: November!

H.M.JR: You mean November, or December?

MR. NUNAN: I am not worried about November; I am worried about December.

MR. SURREY: Under the law the Commissioner should pass on these plans before December this year. However--

H.M.JR: This is the 16th of May.

MR. SURREY: I think the Commissioner could pass on them, but we have a number of policy questions that we were working out as best we could under the present Statute. And if there had been no legislation in the field and Senator Taft hadn't proposed this amendment, we would have worked out as best we could some administrative controls which we thought would be valid under the Statute to stop the worst abuses. We couldn't stop them all. For example, a pension plan was approved giving pensions of fifty thousand dollars a year in the movie industry for about ten or fifteen top executives. The other danger is that these plans will terminate after the war is over and the excess profits tax is out of the picture. The result will be pensions to the few officials at the top of the company. We are trying to work out rules that will stop that.

Some of the plans are highly beneficial to stockholders who are also employees of the company. There could be a lot of abuse, but we were trying to work it out as best we could under the statute. Now, Senator Taft comes along with his amendment and hits at one part of our regulation which does to some extent keep pensions within reasonable bounds. He wants to have public hearings on that amendment. He will be supported by a great many of the people selling these plans, and by companies who would like to adopt them, although privately many of the insurance companies think we are quite right in the position we have been taking.

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Our problem is, leaving aside the debt limit bill, what should we do? The Committee is loaded against us. Senator LaFollette, who is on the Committee, called me up and said his Committee was stacked against it. The only way we can do anything is to come up and say that these are the abuses that exist in this pension.

H.M.JR: Do you want to strike out the whole law?

MR. SURREY: He just wants to strike out the one provision in the regulations which eliminates the discrimination in trusts limited to three thousand and over people.

H.M.JR: If he has his way then, what will happen?

MR. SURREY: If he has his way, one of the controls which we have on pension trusts will drop out, and it will be much easier to give high pensions to the top officials of the company.

H.M.JR: I can't get awfully excited about this.

MR. BLOUGH: It comes down to whether in these hearings we endeavor just to fight Taft's point, in which case this will be quickly over--we will lose that point, and that will be the end of it; or whether we should do more than fight Taft's point, whether we should come up and say the whole pension trust provision is being used as a tax avoidance device costing the Government a great deal of money; and, "We suggest that if you are going into it at all you take care of this case and this case and this case," in which case we probably wouldn't get very far either unless we get support from the House. But at least we will have made a positive approach to it instead of just resisting the Taft amendment.

H.M.JR: I have nine minutes to go. John, have you an opinion?

MR. SULLIVAN: Yes, sir, I am in favor of Roy's suggestion.

H.M.JR: He gave me an alternative.

MR. SULLIVAN: Well, the latter, to go in there and say that if they are going to tinker with this thing let's do a thorough overhauling job. And I think that if an aggressive fight is made there is some chance that the Senate Finance Committee may decide, "Well, it is getting along toward June 15; we had better wait and take that up some other time."

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H.M.JR: Commissioner?

MR. NUNAN: I haven't any suggestions other than this is the first I have heard of John's and Mr. Blough's. I think it would be a good idea. Mr. Cann, who is more familiar, seems to be most heartily in favor of that.

MR. CANN: I am very much in favor of it, Mr. Secretary.

H.M.JR: Are you going to open it?

MR. CANN: Yes, sir - make a full presentation. But I would say, it leaves some sort of dilemma in this respect, that it has already been mentioned that these cases should be acted upon before December 31. Now, actually, in order to take care of this situation we have got to act on those cases by October in order to permit these companies to re-form their trusts if they don't meet our tests. So we would have to have some assurances that in any event if such a hearing is held, that the statute will be extended, and yet I don't think the Treasury would want to be in the position of asking the statute to be extended. That is to say, it is not our fault; we will do the job, and we are prepared to do it.

MR. O'CONNELL: Well, all this later discussion assumes this will not be involved in the public debt bill, and it seems to me it is about a ten to one bet for the reasons that have been mentioned, the debt bill will be out of the way. If this does not become involved with the debt bill, then I think we ought to go into the thing on an over-all basis.

MR. NUNAN: Doesn't it have to become involved with the debt bill if you are going to offer it as an amendment?

MR. O'CONNELL: No, because the Committee has your debt bill out on Friday and the hearings will go on the latter part of next week on this, and they will have to wait for other legislation to tack this on.

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H.M.JR: I thought the worry was that you couldn't keep him from putting it on the debt bill.

MR. BELL: No, I think that is up to the Committee. He is proposing it, but I would say the Committee pretty well feels that if this is going to be delayed beyond, say, June 1, that they would not put it on the debt bill.

H.M.JR: If that is the case, to me the thing is very simple. I don't think there is any argument to try to keep the debt bill from having any amendment.

MR. BELL: That is right - any controversial amendment, anyway.

H.M.JR: Then there is this exchange of letters between the Committee and myself - we are not going to take up any new taxes, are we?

MR. SURREY: That was just that the simplification was out.

H.M.JR: Well, I personally--

MR. SULLIVAN: I think you may have something there, Mr. Secretary. That letter was drafted so that it was just while simplification was up, but the spirit of the conference at that table went beyond what was said in the letter.

H.M.JR: That is right. You were worried I might have gone too far.

MR. SULLIVAN: That is right, I was. Now I think that a telephone conversation with Senator George on this might be helpful.

MR. NUNAN: Mr. Secretary, I was up at the Senate Finance Committee the other day and Senator George fulfilled what he had said he would do down in this office, by getting Mr. Taft to withdraw this amendment

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to the simplification bill. He told them of the agreement he had, not to take any amendments if he could possibly escape it. The only way that Senator Taft withdrew his amendment to the simplification bill was on a promise that he would be able to offer it to the debt limit bill; and to that they all agreed - every member of the Senate Finance Committee agreed to allow him to offer it as an amendment to the debt limit bill.

H.M.JR: But you don't know whether they will accept it or not.

MR. NUNAN: Wouldn't they have to wait until they find out what is going to happen to the amendment before they could report the bill out - either as amended or not? They have to pass on the amendment first. There it is going to take a month. They certainly wouldn't hold the debt limit bill until they pass on the amendment.

MR. BLOUGH: Senator George said at the end of the meeting that of course, if we find this is delaying things too much, we will have to go ahead with the debt limit bill.

H.M.JR: May I just say - in business, have you heard anything about it?

MR. OLRICH: Yes, it is a problem of most businessmen who are trying to protect their employees who are not unionizing. When they get down to the three thousand dollar limit the supervisory employee can't get time and a half or double time, and he is working long hours; so a reasonable pension plan beginning at three thousand is a businessman's idea of protecting his investment in the supervisory force, providing he does not get it into the fifty thousand trust. We have a pension trust we started prior to this thing, up before the Treasury now. We started at three thousand dollars, but we have a top limit of any executive in the company at six thousand dollars. And we have limited the amount

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of the total pension that may be allocated to the entire group as the amount that would be allowable if we had integrated the entire pension plan with Social Security.

MR. SURREY: You follow our regulations?

MR. OLRICH: Well, no; for instance, I want the lower bracket men to get more than the fifty a month. I am entitled, under your Treasury plan, to twelve thousand dollars pension. Under the plan I drew up, I limited myself to six thousand dollars, and took the six thousand that I would get and spread it out over the lower group. The three top executives contributed about ten or twelve thousand dollars towards the lower group.

MR. SURREY: You place the voluntary limit at six thousand?

MR. OLRICH: Yes, make it non-revokable and by annuities; if a man leaves, he gets that annuity. There are no strings on it, but it is to his interest to stay, and we take the top brackets and say, "Well, here, if we had integrated this man, we would spend thirty thousand dollars for this pension trust; that is all we will spend. But we will divide it so that the men with the lesser incomes will get more, and the men with the higher income - in the higher income tax bracket will get less."

MR. SURREY: But, unfortunately, the other companies aren't doing that.

MR. OLRICH: No, but we think that a man who is entitled to a fifty thousand dollar pension ought to be able to save enough that he wouldn't need the fifty thousand dollar pension.

MR. SURREY: Our position is not that your plans should not be permissible. They should be.

MR. BELL: Plans like that should be encouraged.

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MR. CANN: This particular plan probably doesn't present any insurmountable problem.

MR. OLRICH: We indicated three thousand dollars as a fair limit because it takes in the supervisory force. The management is attempting to prevent or discourage the unionization of the supervisory force so that it will have one control of its employees. It must offer something, and that something is a pension higher than Social Security.

H.M.JR: Now, let me ask you this. You started to tell me, and I didn't understand. You said something about unionizing--

MR. OLRICH: There is a concerted action among employers to prevent the unionization of foremen, because if the foremen, who are the top-sergeants of industry, are unionized, there is no assurance that the will of the management is exercised down through the employees. In other words, you have to be a vice president in order to give orders.

In order to make it attractive that you are a supervisory force, and that you are set apart, and that you do not get time and a half, and that management offers you some inducement for your independent action, pension trusts will be set up wherever possible, just as in the early days, group insurance was set up to attract the lower-priced employee to work for a particular employer. That is one approach to it that you have to make. The lower bracket of the supervisory force has to have some attraction to stay with you and remain part of management rather than part of the rank and file employees.

You must remember, the Army, in its recent strike, where the foremen struck, refused to accept the product of that plant because they had no assurance of the proper inspection of the product because the supervisory force was out.

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So, if you can relax in that three thousand dollar group in some way, you are helping management - not employees, but management - sustain itself, because they do not get time and a half or double time. They work long hours and they get no other advantage than an employee has, except some slight increase in pay; and if you get the pay brackets too high, you are putting them out of line with relationship between the worker and a person of reasonable skill.

H.M.JR: What I would say is this, Dan - this is the way I feel. I would get it over to Mr. Doughton and Mr. George that we are not looking to start anything now. This happens to be Senator Taft's pet; I have a couple of pets, too - community property, joint returns, oilwell depletion, those gas things that the fellow got through from Oklahoma, tax-exempt securities - I have got a lot of them, see?

Now, if Mr. Taft has one, I have six; if they want to start something, O.K., but I don't want to start anything. I have a lot of loopholes that I would like to go up there and talk about, but I am not particularly anxious to do it between now and - what was that?

MR. NUNAN: Second Tuesday! (Laughter)

H.M.JR: And my suggestion is that they better lay off. If we are going to go up there, we will tell the whole story, and the first thing you know, somebody is going to make a slip and talk about something else the Treasury doesn't like - and something else - and you will have a regular hearing on the tax bill.

Now, who is contacting them up there?

MR. BELL: Stanley Surrey has been conferring with Taft. I believe you thought that Taft weakened a little on Saturday morning about the extent of this hearing.

MR. SURREY: I think the fact that he has put it over to the 26th indicates that it won't go on the debt bill if you push Senator George pretty hard, and Congressman Doughton.

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H.M.JR: Why don't you get in on this?

MR. BELL: I will be glad to talk to Senator George about the thing if you want me to.

H.M.JR: I would like you to.

MR. BELL: I would like for Doughton to know about it. I assume he does, but we haven't told him.

H.M.JR: Would you mind talking to both of them for me and report back?

MR. BELL: Glad to.

H.M.JR: Let's get the thing settled on the basis that the Treasury doesn't want any amendments brought up to the tax bill now.

MR. BELL: But if they are going into the pension trust phase of the tax law, they should go into it thoroughly.

H.M.JR: Yes, and I have a couple, too, that I want to bring up! I am serious.

MR. BELL: I know you have! I know you are serious. You better wait until next year, though.

H.M.JR: On the tax front I am a peace-loving fellow and I don't want to start an Anzio Beach.

MR. SURREY: This will involve naming names, pulling out plans we think are pretty raw, and calling the attention of the Committee, and so forth.

H.M.JR: The raw ones will all be in the State of Ohio. (Laughter)

Mr. O'Connell, Mr. Olrich, Mr. Nunan, Mr. Cann, Mr. DeWind, and Mr. Reagh leave the conference)

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MR. BLOUGH: Paul mentioned pension trust and tax avoidance. He called me and suggested we get him a memorandum on these. He has seen both of them and made some suggestions for changing them.

The question is now under the circumstances that we mentioned the other day; do we finish these up and give them to him?

H.M.JR: Yes, that is all right.

MR. BELL: Give them to Paul? He is out of the Treasury, isn't he, definitely?

MR. SURREY: You have one already.

H.M.JR: I have confidence in Mr. Paul; if I want to use him on this thing, I can use him. If I don't, it is a slap in the face, and I don't want to do that. I have confidence in him. After he has read it, I want him to advise me.

MR. BLOUGH: We are entirely willing.

H.M.JR: Any doubts?

MR. BELL: No, except he is a practicing attorney.

H.M.JR: Well, the thing is a little bit unusual, and if I didn't do it, it would look as though I didn't trust him.

MR. SURREY: We do use people on gift taxes. The Committee is giving us advice.

MR. BELL: I suppose it is the same thing.

H.M.JR: Magill is a practicing attorney; does that take care of that?

MR. BLOUGH: Yes.

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MR. SULLIVAN: You wrote the President a memorandum after Carter Glass suggested a new man on the Court, and you sent the President a letter for him to send to Carter Glass saying that he was going to name these four men, and Senator Chavez was interested in somebody who was endorsed by the National Committee; Senator Russell called me in behalf of somebody; I told him we would recommend these four men and were going to stay with them. Senator Maybank wrote to you, I think, and Joe O'Connell answered it.

In other words, if we write now the type of letter suggesting Kitchen, in the first place, we are weakening our position on those four, and we are in wrong with all the other people.

H.M.JR: I accept your statements. The answer is we shouldn't.

The thing is, I am going to take Mr. Sullivan's excellent advice and put these on ice.

MR. SULLIVAN: I didn't know but what I should talk with Herb, but Herb did not sleep at all last night, and he got a shot this morning.

H.M.JR: I spoke to Mrs. Gaston this afternoon and she said, "Don't you want to talk to Herb?" - which I did.

MR. BEIL: How did he feel?

H.M.JR: He said not to worry, that he is feeling all right. But I do worry.

May 16, 1944

This memorandum presents the pension trust situation as of May 12. It does not deal with the problems created by the appointment on that date of a Subcommittee of the Senate Finance Committee to consider a pension trust amendment to the public debt limit bill submitted by Senator Taft.

REP.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Paul ^{REP.}
SUBJECT: Pension Trust Problems

May 12, 1944

The Revenue Act of 1942 completely revised the tax treatment accorded to employee pension plans. The Treasury Department in proposing the legislation hoped to obtain definite rules which would prevent tax avoidance in this field. The statute as finally drawn, however, does not achieve this objective, and offers potentialities for tax avoidance on a major scale.

Such possible abuses may to some extent be blocked through vigorous administrative action in the application of the statute. Such effective administration may invite recourse to legislation by those who disagree with the results. Moreover, the present law will not permit all undesirable practices to be curtailed. While it probably would be undesirable at this time for the Treasury to initiate legislation to strengthen the statute, if the subject comes up for legislative consideration the Treasury will not only be able to present a defense for its interpretation of the statute, but could also show the need for additional safeguards.

In addition to the complexity of the substantive problems involved and the difficulty of devising appropriate rules, a very grave administrative problem is presented by the large number of pension trusts that are being adopted and presented to the Commissioner for approval. The magnitude of the problem, the lack of trained personnel in the Bureau, and the high stakes

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inducing strong opposition from certain taxpayers, are serious obstacles to successful administration.

The attached memorandum discusses this situation in detail and contains a description of the major abuses possible under the statute and the action being considered by the Bureau of Internal Revenue.

May 12, 1944

MEMORANDUM FOR THE SECRETARY ON PENSION TRUST PROBLEMS

Background: Revenue Act of 1942

Section 162 of the Revenue Act of 1942 completely revised the tax treatment accorded to employees' pension plans. Pension plans which qualify are now permitted the following major tax advantages and exemptions: First, employer contributions to such plans are deductible for both excess profits tax and normal tax purposes; second, the income of the fund established under the plan is exempt from tax; third, the employee pays no tax until the benefits are ultimately paid to him; and, fourth, under the salary stabilization regulations, the amounts contributed are exempt from the established controls. These are very substantial benefits, especially at a time when tax rates are so high that deductions and exemptions are very profitable.

In order to qualify for these benefits a plan must meet the following principal requirements: First, it must be for the exclusive benefit of employees; second, it must be irrevocable as to the amounts contributed; and, third, it must not discriminate in favor of officers, stockholders, highly paid or supervisory employees. The main test is that of discrimination and here the statute leaves it to the Commissioner of Internal Revenue to determine whether or not the plan is discriminatory.

In several respects these pension trust provisions afford potentialities for tax avoidance on a major scale. These may or may not prove susceptible to elimination in the administration of existing law. Four of these possibilities for abuses have already become apparent. The administration of the statute and the possibility of further legislation in this field are also matters for concern.

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I. Plans For Salaried Employees Earning Over \$3000

Plans which include only employees earning salaries of over \$3000 present serious problems. On the average such plans cover only about 4% of the employees of a concern. The International Shoe Company has such a plan which in 1941 covered 321 employees out of a total of 33,727, or less than 1%. Consolidated Aircraft Corporation adopted a similar scheme covering 1,069 employees in 1941 out of a total of 44,201, or about 2½%. The Bigelow-Sanford Carpet Company plan covers 154 employees out of a total of 5,424. The DeVoe & Reynolds Company, Inc., plan covers 204 employees out of a total of 2,054, or close to 10%. It is generally recognized that the covered groups in these plans are almost entirely made up of officers, executives, managers and supervisors. The usual reason given for adopting an eligibility requirement of \$3000 is that those earning less are provided for by Social Security.

The validity of some plans of this type is assumed by the statute in that it expressly provides that a plan shall not be deemed discriminatory "merely" because it excludes employees whose entire earnings are covered by the Social Security Act (earnings up to \$3000). The Treasury Department from the outset has construed this provision to mean that such plans are qualified only if the contemplated benefits they provide will be no greater in proportion to salary than those provided by Social Security. Thus, since the maximum benefit a \$3000 a year employee can obtain from Social Security is a 34% of salary pension, no pension under a \$3000-and-over plan may exceed 34% of salary and in most cases will be somewhat less.

While this limitation has received a substantial measure of acceptance in new plans, the principle has also been attacked as a violation of the law by many taxpayers and by a few Members of Congress (notably some Members of the Senate Finance Committee such as Senators Taft, Vandenberg and Radcliffe). The introduction of legislation to prevent its continued

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application is not unlikely. This likelihood may, however, be reduced if some measure of tolerance can be applied with respect to the relatively few such plans adopted prior to 1942. Attention is being given to the feasibility of allowing some leeway as to these older established arrangements. It may be found practicable to approve such of those plans as provide excessive benefits only as to the salary groups immediately above \$3000.

The rules for integrating the \$3000 and over plans with the Social Security program have not yet been completely worked out. A further problem exists as to the provisions in many of these plans for additional benefits in the form of death benefits either before or after retirement. These vary but are generally expensive and represent increased values which may reasonably be considered to be proportionally in excess of the Social Security Act benefits. However, controversy may be provoked by the requirement now being considered that such benefits be reduced or eliminated.

The integration of these plans with Social Security does not assure an absence of discrimination and tax avoidance. Because of the exclusion of most employees, the annual cost of the benefits provided is largely concentrated in the higher salary groups. Partial studies would indicate that for the first ten or fifteen years of such plans as much as 80% of the annual contributions of the employer may in many cases be applied for the benefit of the highest paid 20% of the covered employees. At the same time, the exclusion of the large contributions made for a high paid employee from taxable income in the years when he is subject to high surtax rates produces a great tax saving which will be offset in only a limited manner by later tax payments at lower surtax rates on the pension after retirement. Thus, a pension of \$35,000 for an employee age 60 who will retire at 65 may cost as much as \$100,000 a year for five years. The tax on this contribution imposed on top of a \$100,000 present salary would obviously be much greater than the

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tax on subsequent payments of \$35,000 after the salary is discontinued. The \$3000 plan makes possible this type of advantage for top employees, at relatively little cost for lower paid younger employees, who in any event will be almost entirely in the management group. There seems to be little that can be done to correct this situation under existing law.

The present law specifically states that a plan shall not be deemed discriminatory merely because the benefits it provides bear a uniform relationship to salary. The Treasury rule as to integration observes this principle. However, at least in the case of \$3000 plans, there is a basic question as to the soundness of the policy in the statute. A pension of 34% of a \$100,000 salary appears to be much more adequate, even in relative terms, than a similar rate of pension applied to a \$3000 salary. The Social Security law recognizes the validity of this consideration by providing benefits of as much as 80% of compensation at the \$600 level and a maximum of only 34% upon earnings of \$3000.

II. Benefits For Stockholder Employees

The second problem has to do with stockholder participation. The statute implicitly permits the inclusion of stockholder employees by providing that the plan must not discriminate in their favor. Many plans now being adopted by smaller corporations cover employees owning all or a large part of the company's stock. In some instances plans submitted to the Bureau of Internal Revenue for approval have provided for as much as 75% or 80% of the annual employer contribution being allocated to three or four shareholders owning all the stock. If a company is subject to the excess profits tax, the result of such an arrangement will be to allocate to shareholders from the profits contributed to the plan several times as much as would have been payable as dividends if no plan had been adopted and a tax had been paid by the corporation on the amount contributed. The most glaring of these plans have been scaled down upon the objections of the Bureau, but in

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some instances the Commissioner has felt obliged to approve plans where more than 50% of the annual cost is being allocated to stockholders. The tax avoidance is only partially reduced in such cases and is still most material. If this particular avoidance is to be substantially reduced, a company should not be able to allocate to its shareholders at the most more than about 20% of the total cost if it is subject to the present excess profits tax. The adoption of such a rule is being considered by the Commissioner's office currently. If it is adopted, it may provoke further controversy and claims that the authority given by the statute is being exceeded. The statute is so broadly drawn as to permit such arguments.

III. Possible Early Termination

A third difficult problem that has arisen relates to the matter of possible early termination of plans. The customary pension plan provides benefits for the older employees as well as the younger. Usually the older group will include the highly paid. The combination of high pay and advanced age renders the cost of benefits with respect to such employees very heavy. In extreme cases the annual cost of an individual's pension spread over the years remaining before retirement may exceed his direct compensation. Accordingly, if the plan is terminated after a few years, its practical effect may have been to benefit only the highly paid. A study of 536 plans adopted prior to 1942 has revealed that 60% of them were adopted in 1940 and 1941. Literally thousands have been adopted or submitted for approval since 1941. It is clear that if corporate tax rates were substantially reduced and profits declined the pressure to adopt plans for tax purposes would largely disappear. If this should occur in three or four years, it might also be followed by a wave of terminations, the net effect of which would tend to be large scale tax savings for a few older employees with none of the social purposes in a pension plan having been served in any substantial way.

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Methods for controlling this situation are being studied currently. The problems involved in eliminating this potentiality for tax avoidance are extremely difficult and complex. Any far reaching solution is likely to produce controversy and further arguments as to the lack of statutory authority.

IV. Excessive Funding During Years Of High Tax Rates

A fourth matter of considerable importance during the war relates to excessive funding of pension plans. A war plant may now employ many times the number of employees it will have in the future. If it includes all or many of these in its pension plan and makes contributions towards the cost of their pensions, it may be laying aside funds which will never be used for the benefit of most of the present employees. The statute does not require vesting of benefits and employees leaving after the war might forfeit all claim upon the fund. In that event the balance in the fund, which may have cost the Government from 80% to 100%, may be sufficient to carry the cost of the plan for many years for the benefit of a few key employees remaining. This problem may be most acute in the aircraft corporations, several of which have adopted \$3000 plans covering all employees earning in excess of that figure and having six months or a year of service. As compared with the present number of employees covered, the key group remaining after the war could conceivably be relatively very small. If such concerns have cost plus contracts or have been subject to renegotiation the entire cost of pension benefits may have been borne by the Government in the form of cost allowances. In the case of cost plus contracts the War Department is alive to the problem and is reported to be taking steps to disallow excessive amounts as items of cost. In the case of renegotiation the statute specifically compels recognition of all Internal Revenue Code deductions as costs and no solution appears possible there. From the tax point of view it may be possible to view these plans as potentially discriminatory and for employer

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benefit. Consideration is being given to dealing with this problem by permitting no funding for employees having less than five years service or some similar period. Again controversy may arise over such a rule.

V. Administration Of The Present Law

Close to three thousand plans have been submitted to the Bureau of Internal Revenue for approval since August 1943. The initial lack of trained personnel to handle these applications has presented substantial difficulties. Moreover, it required several months to secure the services of two competent actuaries to handle the actuarial and cost problems involved. Consequently, relatively few cases have been disposed of as yet and a considerable backlog has developed. Many complex problems, chiefly those outlined above, are proving most difficult of solution and it is necessary for the Bureau to feel its way carefully. Every effort is being made to expedite the completion of rulings. Some progress has been made but the problem remains substantial. It is hoped that the issuance of rulings will be greatly accelerated in the next two months. A staff of approximately 70 persons has completed a course of training designed to permit the satisfactory handling of cases with the assistance of the two actuaries now available. In addition, the services of two more actuaries are being sought.

VI. Possible Further Legislation

As has been indicated the extent to which administrative controls will prove effective is not yet clear, but it is apparent that their successful application is problematic and most likely to be the subject of much controversy. It may well have legislative repercussions, in which event the Treasury will probably wish to make recommendations. In view of the latter possibility, attention is being given to preparation of material to present to the Congress in support of the Treasury's rulings and interpretations and in support of possible amendments to the statute should the

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Congress wish to consider such a program. However, pending further experience with the present statute and in view of the controversial background of this subject, it appears advisable that the Treasury should not initiate any proposals for new legislation at the present time.

May 16, 1944
3:45 p.m.

WAR REFUGEE BOARD

Present: Mr. Pehle
Mr. Luxford
Mr. DuBois
Mrs. Klotz

H.M.JR: All right, go ahead.

MR. PEHLE: This takes up from where I saw the President. I want to amplify it a little bit about what he said. He was very, very favorably disposed toward the whole idea. He had read it the night before in one of Grafton's columns. He thinks Grafton is a good man. He didn't like the name FreePort, says we have to get something that indicates the temporary nature of this thing, and that these people will go back, but he started to get very expansive about Army camps in the South, and the Navy to bring the people over. I showed him all the publicity on the thing; this report of William Green, all the letters of testimony. He was very interested in that. We hadn't got any opposition to date.

Then he asked whether Congressional approval was necessary. I outlined to him the views on that; what Attorney Biddle had said about the legal side, but Biddle said he thought he ought to get Congressional approval - what Stimson felt, how you felt, and Secretary Hull.

I said personally that I felt it was too late to get Congressional approval, that there wasn't time remaining to get it.

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So he said if there were a specific situation involving a small group of people somewhere, say, between five hundred and a thousand, that needed help, that he would be willing to bring them into the United States, and at the same time, send a message to Congress saying what he had done.

I said, "Can I leave the memorandum with you that has the views of the three Secretaries?" He said, "No, I know what this is now."

He said, "Send it to me with another memorandum explaining how this thing can be done." Then we started to canvass the situation following that as to whether there was such a situation, and we found there was such a situation in Italy, today.

We just got more information which indicates that it is a real emergency, and that it has very vast proportions, and if something isn't done - just that many lives that won't be saved, that is all.

Joe can outline to you what that is, because I think it is a very important situation.

MR. DuBOIS: It indicates that if we can take large numbers of refugees from Italy, it would save thousands of lives. A report just came through from our man in Algiers - Ackermann - in which he describes the various conferences he has had over there with the Jugoslavs, and with Bob Murphy.

The facts, briefly, are that refugees have been escaping from Jugoslavia on small boats to Southern Italy, that during the last six weeks, up to the end of April, they were coming in at the rate of eighteen hundred and fifty a week.

H.M.JR: How many?

MR. DuBOIS: Eighteen hundred and fifty. Understand, they are not all Jewish refugees. It was indicated

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clearly in his talks with the Partisans, that the Yugoslav civilians were being murdered indiscriminately by the Germans, so the Yugoslavs were bringing them in through their lines to save their lives.

Of course, they couldn't take care of them in too large numbers in their own territory, and they were getting them out to Italy. During the course of his conversation, Ackermann's conversation, with the Yugoslavs, they raised the problem of giving aid to the Jews in Roumania and Hungary.

At first the Yugoslavs were rather reluctant, as they point out, not for lack of humanitarian motives, but solely because of the limit of supplies and facilities.

Finally, however, Tito agreed he would do what he could to aid the escape of Jews from Hungary through Yugoslav territory. But he wanted our cooperation to the extent possible in that whole effort.

In the midst of all that, Bob Murphy sent a memorandum to the Military Government which resulted in a directive being issued in which he said, "I feel that not only should we not encourage Partisans to send further refugees out of Yugoslavia, we should, in fact, take positive action to discourage - to disregard" - and then he quotes the facts about refugee facilities in Southern Italy being overtaxed, in that connection.

H.M.JR: The best thing is - I have Winant coming here at four, see? If you men aren't busy, I can see you at the house tonight at eight-thirty.

MR. DuBOIS: This is very important.

H.M.JR: I can't do it this way.

MR. DuBOIS: It will take some time.

H.M.JR: If you people are free, I will be free at eight-thirty tonight.

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MR. PEHLE: That will be fine.

H.M.JR: And bring what's-his-name with you - doesn't he work with you?

MR. PEHLE: Abramson? Sure.

H.M.JR: And you people come to the house.

MR. PEHLE: Right.

H.M.JR: What happened this morning?

MR. LUXFORD: We had a very tough fight. The issue was, what are we going to do if Sweden throws up her hand on the negotiations on ball bearings; FEA proposed, first, that we cut off the trade agreement with Sweden; second, that we investigate SKF; third, that we proclaim a list of all their companies throughout all the world.

Acheson threw up his hands and would not hear of investigating SKF. He, moreover, said that Batt had been to see him and production in SKF in the U.S. was being greatly reduced - some eighteen percent, just by virtue of what we had done so far in newspaper comment.

He did agree, however, that they would suspend the trade agreement and cut off all exports to Sweden, and would go through with the proclaim listing. We all threw in the hopper that we wanted to revoke the general license.

H.M.JR: Was Patterson there?

MR. LUXFORD: No one from the War Department there.

H.M.JR: Well, I will get more.

MR. LUXFORD: One thing, Mr. Secretary, they are insistent that we and the APC issue a statement that the American production of SKF, that is going into the war effort, because the workers in SKF have a feeling that they are producing for the Axis.

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That has been an eighteen percent drop. Is that all right?

H.M.JR: Oh, no--

MR. LUXFORD: If it is all right in the Treasury, may we issue that statement?

H.M.JR: Yes, but I don't want the Treasury to issue it.

MR. LUXFORD: It would have to be issued by us and the APC.

H.M.JR: I will abide by what you fellows say.

O.K.

May 16, 1944
3:55 p.m.

CONGRESSIONAL INQUIRY

Present: Mr. Smith
Mr. C. S. Bell
Mrs. Klotz

(The Secretary reads ticker report of 3:20 p.m.
May 16, 1944, attached.)

H.M.JR: Now, the thought I have is this: I don't know whether it is good or not, but I was thinking--and I wanted you to think about it--of getting our State Chairman for South Dakota, where this man comes from, to get after this fellow and tell him to lay off. Do you see? What is your attitude?

MR. SMITH: Well, it depends on whether our Chairman in South Dakota is friendly with him or not. He is very likely to say they are trying to put the pressure on him to keep him still.

H.M.JR: Let me find out from Gamble.

MR. SMITH: It could backfire.

H.M.JR: All these things can if you don't do anything.

MR. SMITH: I am not being timid on the thing; I just wonder if that is the thing to do.

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

TICKER NEWS

WCHS

May 16, 1944

3:20 P. M.

The Comptroller General reported that the expense accounts of Secretary Morgenthau and two aides totalled \$158 for their three-week tour of African and Italian battle areas last October. This amount was spent for food. The Army provided transportation and lodging.

Senator Bushfield, who had asked for a complete accounting of expenses incurred during the trip, said the Comptroller's report was "inadequate."

"This fails to disclose the information I was after," he added. "It is obvious that \$158 is only a minute portion of the extent of the cost when you consider the cost of gasoline, oil, salaries of the crew, depreciation, etc."

Meeting in Secretary Morgenthau's Office
May 16, 1944, 4:00 P.M.

Present: Secretary Morgenthau
Ambassador Winant
Mr. White

The Ambassador stated that he was disappointed that he couldn't get more of a commitment out of the British Government with respect to their adherence to the principles set forth by the technical experts on the International Monetary Fund. He said that the Prime Minister was very careful not to permit the adoption of any measures or policy which would split the Conservatives and that he probably felt that an attempt to obtain a decision on the question of the adherence of the principles of the monetary fund would create a schism on the Conservative part. Winant said that Lord Beaverbrook is heading the opposition to the Fund on the grounds that it constituted a wedge in the first line of defense of a strong Empire. Beaverbrook favored Empire preference and felt that adherence to a monetary union would threaten it. By knocking the monetary proposal out at this early stage it would remove a potential threat to the Empire. Lord Amery also was strongly opposed, Winant said, because he is a very strong Empire man and feels that the Empire could best be held together if it didn't adhere to such international arrangements. Hudson, who was strong for the promotion of agriculture in the United Kingdom, likewise joined the opposition.

Ambassador Winant went on to say that on the other hand Sir John Anderson was very strong for adherence and worked hard for it. Likewise Lord Keynes had spent the last month in visiting members of Parliament and getting their support. Lord Cato was for it, as was Eden. All the "good men", he thought, were for it. The Ambassador said he (Winant) was very disappointed that he could not get a stronger statement from the British than that Anderson cabled the Secretary. He said that even Anderson felt disappointed.

The Secretary said that he didn't understand the purpose of Ambassador Winant's cable asking him (Secretary Morgenthau) not to reply to Anderson's cable until Ambassador Winant had had an opportunity of conferring with him. The Secretary said that apparently we were not to move ahead until Winant had discussed the matter with us in Washington. The Ambassador said that had not been his intention. He had not meant that we should delay going ahead with the invitations. We had apparently misinterpreted the cable. He cabled as he did because he was afraid the Secretary, being disappointed in the answer he received from Anderson, might show that disappointment in a reply to Anderson. The Ambassador

- 2 -

wished an opportunity to explain the background to Secretary Morgenthau so that Secretary Morgenthau would not be tempted to send a response that would be critical of action taken by Anderson.

The Secretary replied that Lord Halifax and Mr. Opie had carefully explained just what the situation was with respect to the British Government's inability to commit themselves now and that their explanation had been clear to us and we had not expected the Government to commit itself at this time. He had explained to Halifax that he could not commit Congress and, therefore, we neither expected nor wanted a commitment now; all we had wanted from them was their agreement to participate in the conference. The Ambassador said he had not quite understood that. He had been hoping to get something more than that from the British because if all that was being asked for was acquiescence to participate in a conference there's no reason why the British couldn't have given that several weeks ago.

The Secretary asked what was his suggestion as to what we could do now and the Ambassador replied that he recommended we hasten the invitations and set the date. The Secretary asked whether there was any certainty that the British Government would permit representatives of the exiled governments to leave the United Kingdom at this time in order to attend a conference. The Ambassador replied that he thought they would permit small groups.

The Secretary then said he would like to talk to the Ambassador alone for a while and Mr. White left the room.

The Secretary called Mr. White about half an hour later and said that he wanted to talk to the Ambassador alone because he thought that probably the Ambassador might be withholding something that related to the date of the invasion which might have restrained him from saying more while I was at the conference.

The Secretary said that he had asked for an appointment with the President to get his approval for a specific date for the conference. The date which the Secretary said he would prefer would be the 21st of June.

H. D. White

MAY 16 1944

My dear General Marshall:

I was greatly pleased by your friendly note of birthday greeting and I thank you for it.

You know that it has been my ambition to relieve you of all worry as to the basic financing and it is gratifying to hear that you have felt assurance on that score. We in the Treasury in turn have been immensely helped in our part of the task by our confidence and the Nation's confidence in you.

I am happy to feel a sense of partnership with you in the great enterprise.

Sincerely,

(Signed) Henry Morgenthau, Jr.

General George C. Marshall
Chief of Staff
War Department
Washington, D.C.

HMG:mah



WASHINGTON

May 11, 1944.

Dear Mr. Secretary:

I offer my heartiest congratulations on your birthday. Your tireless efforts to provide a sound financial background for this tremendous war is a great assurance to me, and I want you to know that your personal interest in the affairs of the Army is much appreciated.

Faithfully yours,

The Honorable,

The Secretary of the Treasury.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date
May 16, 1944

TO Secretary Morgenthau
FROM Fred Smith *FS*

Following up Mike Cowles' letter, I talked to Richard Wilson of LOOK magazine. He says all the material has been sent to New York, but he is asking the New York office to copy off all comments about you and get them back to him. When he gets them he will call me.

I will follow him up.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 16, 1944

TO Secretary Morgenthau

FROM Ted R. Gamble

This is a sample wire for your approval. It should be returned to my office. We plan to send this wire to all firms employing over one thousand persons, of which there are approximately 3000.

There is also attached a sample letter to be sent to the twenty-four thousand odd firms employing over 100 persons. We would like your signature on the letter and it should also be returned to my office.

*approved after changes
by H.M.*

War Finance Division

Expenses of Loans

Mr. Robert H. Smith
President
Simplex Motor Company
Detroit, Michigan

This wire is sent to you as Chief Executive of your Company to enlist your active support in the forthcoming War Loan Drive. Past experience shows that best results are obtained only where definite plant quota is established, person-to-person canvass organized and where the drive is supported enthusiastically by top management. I am asking all companies of your standing to establish a Fifth War Loan quota averaging \$100 cash investment per employee. All payroll deductions during June and July will be credited toward this quota. We are entering one of the most critical stages of the war, and we need your all-out support. Please wire whether I can count on your full cooperation so that I may notify our state committee who will supply you with all details and materials necessary to get the job done.

Henry Morgenthau, Jr.
Secretary of the Treasury.

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM _____

BUREAU War Finance Division

CHG. APPROPRIATION Expenses of Loans

May 17, 1944

U. S. GOVERNMENT PRINTING OFFICE

16-1728

Mr. Robert H. Smith
President
Simplex Motor Company
Detroit, Michigan

This wire is sent to you as Chief Executive of your Company to enlist your active support in the forthcoming War Loan Drive. Past experience shows that best results are obtained only where definite plant quota is established, person-to-person canvass organized and where the drive is supported enthusiastically by top management. I am asking all companies of your standing to establish a Fifth War Loan quota averaging \$100 cash investment per employee. All payroll deductions during June and July will be credited toward this quota. We are entering one of the most critical stages of the war, and we need your all-out support. *Whether I can count on your full cooperation*
Please wire ^{so} that I may notify our state committee who will supply you with all details and materials necessary to get the job done.

Henry Morgenthau, Jr.
Secretary of the Treasury

OK. Wm J.

Dear Mr. Smith:

I am writing this letter to you as chief executive of your company to enlist your active help in the Fifth War Loan Drive. We need your all-out support in selling "E" Bonds to the men and women workers on your payroll.

Experience in the Third and Fourth War Loans proves conclusively that sales to employees can best be obtained where a definite plant quota is established, a person-to-person canvass organized, and where a company Drive is endorsed enthusiastically by top management as well as labor and other employee groups.

Therefore, I am asking all companies of your standing to establish a Fifth War Loan quota averaging a \$100 cash investment per employee, and in cooperation with local bond committees, to organize such plans as may be necessary to reach that objective. All payroll deductions during June and July will be credited toward this quota.

As we enter one of the most critical stages of the war, we need the all-out support of management and labor.

I would appreciate your writing me in Washington whether I can count on your full cooperation so that I may notify your State War Finance Committee to supply you with all details and material necessary to help you get the job done.

Sincerely,

Mr. Robert H. Smith
President
Simplex Motor Company
Detroit, Michigan

Ham
OK d.
with correctly



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear Mr. Smith:

I am writing this letter to you as chief executive of your company to enlist your active help in the Fifth War Loan Drive. We need your all-out support in selling "E" Bonds to the men and women workers on your payroll.

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As we enter one of the most critical stages of the war, we need the all-out support of management, labor, and every other force in America.

whether I can count on your full cooperation
I would appreciate your writing me in Washington so that I may notify your State War Finance Committee to supply you with all details and material necessary to help you get the job done.

Sincerely,

OK. D.M. Jr.

Mr. Robert H. Smith
President
Simplex Motor Company
Detroit, Michigan



Mr. Smith had this letter
signed and sent air mail
special delivery from his office.

May 16, 1944

Dear Mr. Welles:

I am sorry I missed you when you were here, but Fred tells me you will be back next week, and I am looking forward to talking with you then.

I am sure you will be very helpful to us in the Fifth War Loan Drive. This will give you an opportunity to put your talents to better use in the war effort than you have been able to do thus far. The job that lies ahead of us is tremendous.

I am anxious to see the script on the opening broadcast.

Sincerely,

Mr. Orson Welles
427 North Canon Street
Beverly Hills
Hollywood, California

FS:lf

May 16, 1944

Dear Bob:

I want to thank you for the excellent job you did for us in connection with the Bond program. The energy and effort which you expended on this job, and your genuine interest in it have shown fine results.

I have enjoyed having you here, and I am sorry we had to terminate the fine work which you had started because of your Army obligations.

Sincerely,

Pfc. George R. Carley
c/o Captain Russell Stone
205 East 42nd Street
New York, New York

FS:mlf

copy of this letter went to Carley

May 16, 1944

My dear General Somervell:

Now that Pfc. George R. Carley has returned to his Army duties, I want to thank you for making him available to us. He was able to do an outstanding piece of work, and he was given every cooperation by the Army in getting across to the troops the information about America's War Loan effort.

During the course of his stay, he was able, with the cooperation of the officers put at his disposal, to develop a program of over eighty projects. Some of these were suggestions from the officers, and practically all of them were carried out successfully and without difficulty.

We have a complete report of the work done in case you, or any of your officers, should want it for the record.

I should like to especially commend General Byron whom you put in charge of this effort for the effective way in which he coordinated the work.

Pfc. Carley proved to be a very capable man, and he is now with the Army's Morale Division in New York, and will work on the Army's own Bond promotion program.

Sincerely,

Lieut. General Brehon Somervell
Commanding
Army Service Forces
Pentagon Building
Arlington, Virginia
CC: Bob Carley
FS:mif

May 16, 1944

FROM: SECRETARY MORGENTHAU

TO: Mr. Gaston
Mr. Charles Bell

At the request of the President of the United States, please proceed to prepare the necessary papers for the appointment of Mr. Shivers as Collector of Customs in Hawaii.

No
TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 16, 1944

TO Mrs. Klotz

FROM Mr. Tickton ✓

In accordance with your request for information on the heavy artillery program, and particularly information on orders placed since January 1, I checked with Colonel J. D. Witten who is primarily responsible for the War Department statistics contained in the "Official Munitions Production" report that the Secretary sees from time to time. Colonel Witten said that the information was available only at the War Department, that it was super-confidential, and that it could be obtained only by addressing a letter to General Somervell. I should appreciate your further instructions in this matter.

MAY 16 1944

My dear Mr. Cochran:

Agreeable to the suggestion contained in your letter of April 25, 1944, I have given further consideration to the matter referred to therein; namely, the adjustment of salaries of foremen of plate printers in the Bureau of Engraving and Printing.

At the outset let me say that it is my opinion that the report of the Treasury Wage Board, which recommended the disapproval of the requests for increases filed by the various crafts last year, and in which I concurred, was based upon a sincere effort, free of prejudice, to maintain an equitable balance of salary and wage rates as nearly as possible under present conditions. There can be no argument against appropriate differentials for jobs of varying responsibilities, and we in the Treasury recognize that fact. On the other hand, however, there are obstacles which appear to be insurmountable which stand in the way of establishing such differentials. For example, the superintendents and the assistant superintendents of all divisions are paid on a per annum basis in accordance with grades allocated to these positions by the Civil Service Commission. In the Plate Printing Division, the position of superintendent is in Grade CAF-13, with a basic salary range of \$5600 to \$6400. The position of assistant superintendent is in Grade CAF-11, with a basic salary range of \$3800 to \$4600. The occupants of these positions have supervision over approximately 2700 employees. The basic salary of foremen in the Plate Printing Division is \$3400 (now paid on a per diem basis), with supervision over only ninety to one hundred employees.

In the Construction and Maintenance Division, employing machinists, electricians, carpenters, painters, plumbers, bricklayers, etc., and in which the duties are varied, the position of superintendent is in Grade CAF-12, with a basic salary range of \$4600 to \$5400. The position of assistant superintendent is in Grade CAF-10, with a basic salary range of \$3500 to \$4100. The basic annual salary of foremen in this division is \$3250 (now paid on a per diem basis).

In the Surface Printing Division, where also a large group of craftsmen is employed, a similar situation exists. The position of superintendent is in Grade CAF-12, with a basic salary range of

\$5600 to \$6400. One assistant superintendent is in Grade GAF-11, the basic salary ranging from \$3800 to \$4400, and the other is in Grade GAF-10, with a basic salary range of \$3500 to \$4100. The basic annual salaries of foremen in this division are \$3250 and \$3350 (now paid on a per diem basis).

Appeals for higher grades for assistant superintendents have been denied by the Civil Service Commission. The grades established for these positions by the Commission are, therefore, considered standards in regulating the basic salaries for foremen under their supervision.

With a desire to increase the earning power of foremen through paying them for any overtime they may be required to work, and at the same time to avoid establishing a salary rate for foremen that would equal or exceed that paid their immediate supervisors, the Department, after careful consideration, converted the annual rates of foremen from a per annum to a per diem basis. As the result of the Executive Order which inaugurated a six-day week, foremen as well as all other employees enjoy a substantial increase in earnings. The 500 hours of overtime referred to in your letter are largely made up of the sixth working day which all employees in the Bureau have been required to work in order to earn their overtime pay.

The relationship between the amount paid foremen of plate printing, and that earned by the men they supervise, is unique in the Bureau, but in private industry it is not uncommon to find piece rate workers who make more than their foremen. As previously pointed out, nearly all of the plate printers are paid piece rates. For example, during the fiscal year 1919, the plate printing foremen were paid \$2200 a year, or an equivalent of \$7.03 a day, while rotary press plate printers received \$8.00 a day, average piece work plate printers received \$7.69 a day, and some plate printers during the same year earned as high as \$11.35 a day. A comparable difference has continued through the years. For the calendar year 1943, the superintendent of the Plate Printing Division received \$6100. The assistant superintendent would have received \$4424, if the position had been filled the entire year. The foreman of plate printing during the same year earned from \$4416 to \$5582. Plate printers under the supervision of these officials during the same year earned from \$4461 to \$6600.

On September 15, 1943, the Washington Plate Printers Union, Local No. 3, petitioned the Department for an increase in the salaries of their foremen, as well as similar increases for all plate printers. Foremen of the Construction and Maintenance Division, and of the Surface Printing Division have on several occasions also requested increases up to \$4000 per annum.

Page 3 - Honorable John J. Cochran

Any consideration in the adjustment of salaries of plate printing foremen would necessarily involve consideration of adjustments for the foremen of all the trades, with consequent consideration of all trade rates for journeymen.

The facts presented herein are given you in support of our earlier decisions on this matter. However, in order to remove any doubt from your mind as well as from the minds of other interested parties that this matter is receiving further impartial consideration, I am reorganizing the Treasury Wage Board. No member of the Bureau staff will be a member of the new Board.

May I assure you that the study which will be made by the new Board will have my close personal attention.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable John J. Cochran
House of Representatives
Washington, D. C.

ANTHALL/cln/mb
3/5/44

MAY 1 1944

My dear Mr. Cochran:

This will acknowledge receipt of your letter of April 25, 1944, relative to the adjustment of the salaries of foremen of plate printers in the Bureau of Engraving and Printing.

The matters presented by you will be given careful consideration, and as soon as a decision is reached you will be fully informed.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable John J. Cochran,
House of Representatives,
Washington, D. C.

JAJ:mb:je

JOHN J. C. [unclear]
12th Dist.

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

April 25, 1944

PERSONAL ATTENTION

Honorable Henry Morgenthau, Jr.

Secretary of the Treasury

My dear Mr. Secretary:

I have received a letter dated April 19 and signed by Honorable Charles S. Bell in answer to my letter to you in which I urged the adjusting of the salaries of foremen, plate printers, and so forth in the Bureau of Engraving and Printing so this group would receive the same benefits that are paid foremen at the Government Printing Office.

It is true that the foremen are now paid on a per diem basis and receive time and a half for all hours worked in excess of forty, and I assume it is likewise true that at times the salary more than equals the pay of employees of the Printing Office. This is due, however, to this overtime work.

I do not want to be critical at all but it seems to me that I am warranted in appealing to you to have this matter reconsidered. First let me say it is my understanding that the group that considered the request of the foremen was composed of a Mr. Slindee, Mr. Hall, the Director of the Bureau of Engraving and Printing, and Mr. Wilson, Chief of the Appointment Division. It is also true that Mr. Wilson has been critically ill for quite a time and had little opportunity to hear this case. I did talk to Mr. Wilson about the case and from the conversation I felt that he was inclined to side with the foremen, or at least he felt very sympathetic. Here we find a situation where the Director of the Bureau that is involved in a controversy is sitting on a committee to render a decision in connection with that controversy. I do not think that is sound business judgment.

The same principle involved in this controversy existed in connection with certain officials of the Fire Department in the District of Columbia. Their salary was less than the salary of officials of the Police Department of equal rank. Only yesterday the House completed action on Senate Bill 1757 equalizing the salaries of officers and members of the Police Force and the Fire Department.

COMMITTEES:
CHAIRMAN, COMMITTEE ON ACCOUNTS
EXPENDITURES IN THE EXECUTIVE DEPART-
MENTS
COMMERCE, WEIGHTS, AND MEASURES
SELECT COMMITTEE ON CONSERVATION OF
WILDLIFE RESOURCES
MIGRATORY BIRD CONSERVATION
COMMISSION

On June 1, 1928, Mr. George Carter, who was then the Public Printer, advanced the rate paid foremen of these craftsmen to \$3600 a year, leaving the foremen of the Bureau of Engraving and Printing hundreds of dollars behind, and as was to be expected, the Bureau foremen made a request of Mr. Hall for equalization. While he has maintained the same pay status for the tradesmen all these years, he has denied any equal compensation for the foremen. If you were one of them, can you say you would have been contented with Mr. Hall's decision?

Then, September 15, 1941, the present Public Printer increased these same positions to \$4000 basic salary, and this was with the consent of the Joint Committee on Printing of Congress.

The foremen requested Mr. Hall for consideration and he refused.

The foremen in the Bureau of Engraving and Printing were placed on a per diem basis August 1, 1942 without a hearing. They wanted a settlement of the basic pay problem and not the overtime. As I understand it, they did not want their status changed.

It is true that the foremen's compensation in some cases amounted to over \$4500 but they were required to work over 500 hours overtime to get it.

The purpose of this letter is to urge that further consideration be given to the matter and that a new committee be appointed and that neither Mr. Hall nor any of the foremen be members but that both sides have a right to appear before the Committee and state their case. I cannot conceive but this is fair. If you do not desire to do that, then appoint some official to reconsider the matter, let the foremen choose a member, and then let the two of them choose a third.

Sincerely yours,

John J. Cochran



TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



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OFFICE OF THE DIRECTOR

SECRET

May 16, 1944

[Handwritten signature]

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the weekly report of Lend-Lease purchases.

A requirement for completing a 1,500 barrel a day refining unit for China has been received. This requirement comprises instruments, pumps, piping, valves and alloy tubes. It is necessary that this equipment be flown to its destination. Approximately 30 tons are involved and no package can exceed 2,000 pounds. Delivery from this country is required in June, 1944.

[Handwritten signature]
Clifton E. Mack
Director of Procurement

LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
AS OF MAY 10, 1944
(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	\$4740.1 (4739.9)	\$2294.7 (2294.5)	\$1877.3 (1877.3)	\$133.9 (133.9)	\$12.6 (12.6)	\$421.6 (421.6)
Purchase Authoriza- tions (Requisitions)	\$3773.8 (3764.4)	\$1927.7 (1914.2)	\$1483.1 (1485.3)	\$ 83.9 (84.4)	- -	\$279.1 (280.5)
Requisitions Cleared for Purchase	\$3685.7 (3671.5)	\$1896.8 (1885.9)	\$1456.8 (1452.3)	\$ 62.2 (61.3)	- -	\$269.9 (272.0)
Obligations (Purchases)	\$3577.4 (3558.1)	\$1877.2 (1867.9)	\$1419.9 (1412.9)	\$ 61.1 (60.9)	\$11.6 (11.5)	\$207.6 (204.9)
Deliveries to Foreign Governments at U. S. Ports*	\$2023.1 (2007.4)	\$1274.5 (1267.2)	\$ 685.4 (678.3)	\$ 23.1 (23.1)	- -	\$ 40.2 (38.8)

*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.

Note: Figures in parentheses are those shown on report of May 3, 1944.

SECRET

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Regraded Unclassified

May 16, 1944

FROM: SECRETARY MORGENTHAU
TO: DR. WHITE

I have signed your letter to the President about the rates of exchange of the Netherlands, Belgium and Norway and the French Comite'. I am confident that he isn't going to be pleased with these rates because all of them go out to three decimal places. It certainly is too bad that you could not make the units of foreign currency in round figures.

MAY 16 1944

My dear Mr. President:

I wish to inform you that after consultations with the British Treasury the rates of exchange proposed by the Governments of Netherlands, Belgium and Norway and the French Comité and accepted by the United States are as follows:

	<u>Units of foreign currency per one British pound</u>	<u>Units of foreign currency per one U. S. dollar</u>	<u>U. S. cents per unit of foreign currency</u>
French francs	200	49.566	2.018
Belgian francs	178.625	43.773	2.285
Netherlands guilder	10.691	2.649	37.742
Norwegian kroner	20	4.957	20.175

(Dollar-pound-sterling crossrate at \$4.035 to 1 £)

In addition to the above, the rate agreed upon between the United States Treasury and the British Treasury for the Danish kroner was 24 to the British pound or 18.813 U. S. cents per kroner.

The above rates have been accepted by the United States after consultation with State Department and the Army.

You may be interested to know that the above rates represent depreciation from their pre-war rates of the following approximate percentages:

French franc	30 percent
Belgian franc	33 "
Netherlands guilder	31 "
Norwegian kroner	18 "
Danish kroner	23 "

- 2 -

It is our view that the rates for France, Belgium, Netherlands and Norway are all on the high side and that it will be very difficult for them to maintain those rates after commercial trade and financial transactions are resumed. Nonetheless, we did not deem it expedient nor wise to object to the rates selected by these governments and attempt to impose a lower rate. We have, however, received assurance from M. Mendes-France, Commissaire of Finance, who has just arrived from Algiers to discuss the matter with us, that it is the intention of the Comité that the rate of exchange between the U. S. dollar and the French franc used for the computation in any over-all financial settlement between France and the United States shall be equitably adjusted in the light of the rate of exchange finally established after the liberation of continental France. We contemplate trying to make similar arrangements with the Dutch, Belgian and Norwegian Governments.

There are a number of exchange rates which have not yet been fixed. These include the currencies of Germany, Austria, Japan and Dutch East Indies. Discussions are now going forward with a view to fixing these rates. The British are being consulted in all of the above rates and the U.S.S.R. is being consulted in the matter of the German currency.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The President,

The White House.

MDW:APL/jm 5/15/44



THE SECRETARY OF THE TREASURY
WASHINGTON

5/16/44 97

Not sent

MEMORANDUM FOR THE PRESIDENT

U. S. Extension of \$10 Billion Reconstruction
Credits to the U.S.S.R.

The time seems propitious for initiating negotiations looking toward a financial agreement whereby the U. S. would extend by Congressional action a credit of \$10 billion to the U.S.S.R. for the purchase of industrial and agricultural products over a five-year period, in return for (a) full repayment with interest over 30 years or so--repayment to be chiefly in form of raw materials, and (b) guarantee to the United States during the period of repayment of an annual supply of needed strategic raw materials.

1. This dramatic step could have the following important consequences:

Offer concrete assurance to American industry and labor that the post-war years will not usher in another era of unemployment and stagnant business conditions.

Give the Congress and the American people confidence that this country has a guaranteed source of supply for important strategic raw materials to supplement our rapidly dwindling domestic resources.

Open up to this country a new and expanding market in the post-war period for our tremendous productive facilities--an export market offering the most assurance of repayment capacity and the least risk of interfering with our export trade with other countries.

Give you a powerful lever for use in the coming world negotiations vis-a-vis both Russia and the other United Nations. Moreover, it is not an exaggeration to say that the consummation of such a financial agreement would be one of the most important non-military steps that could be taken at this time to shape the pattern of post-war international economic relations.



- 2 -

The present negotiations with the U.S.S.R. for winding up Lend-Lease deliveries under a Fourth Protocol are an excellent provisional measure but they obviously do not come to grips with the problem of a fundamental long-term program and are insignificant in terms of the objectives outlined above.

2. Our dwindling supply of important strategic materials is not generally recognized. The following table prepared from some recent confidential reports for the Under Secretary of Interior on our raw material resources discloses the rapidly increasing dependence of the United States on foreign sources of supply.

Reserve Domestic Supplies

	<u>On Basis of our 1938 Domestic Consumption</u>	<u>On Basis of our Current Consumption 1943</u>
Petroleum	16 years supply	13 years supply
Manganese	9 " "	3 " "
Tungsten	23 " "	3 " "
Zinc	17 " "	8 " "
Lead	7 " "	6 " "
Chrome	No record	Less than 1 year's supply
Mercury	3 years supply	

The Soviet Union represents an extensive reservoir of these strategic materials. Rapid economic reconstruction and expanded resource development in Russia made possible by the U.S. exports of capital equipment would serve to enhance the number and volume of these materials which the Soviet Union could make available to the U.S.

3. The Soviet Union has a superior repayment potential compared with other foreign buyers of American products. The financial record of the U.S.S.R., coupled with her enormous natural resources and gold production, renders her a good credit risk. In contrast with many other countries, she does not have any large foreign indebtedness which would exert prior claim on her export surplus.

- 3 -

Since the U.S.S.R. has a completely State-controlled economy, the volume and character of its imports and exports are largely determined by planning decisions covering the domestic allocation of manpower, materials and equipment. It will be possible for the U.S. to influence the U.S.S.R. pattern of foreign trade to gear in with our own foreign trade needs.

4. Since the U.S.S.R. will, in the absence of some such arrangement as suggested above, be compelled to direct the bulk of her capital equipment purchases elsewhere, it is important that a secure commitment be obtained at this time so that the reconversion of our heavy industries which is presently being planned may proceed on the basis of assured demand. This is particularly urgent since other countries are extremely eager to negotiate trade arrangements to secure the raw materials from the U.S.S.R. and to cultivate the Russian market for their products.

5. In view of the magnitude and financial importance of this proposal I would suggest for your consideration that I be sent to Moscow as your personal representative to fully explore these possibilities with the Soviet Government. I would, of course, wish to take a small staff of competent advisers including some outstanding businessmen interested in the Russian market.

It was my thought that on the basis of an exploratory visit this summer, I would submit a report to you which would then be available for your use whenever you deemed the time propitious to raise the question with Congress.

AIRGRAM

FROM LA PAZ, BOLIVIA
DATED MAY 16, 1944
RHC'D: May 22, 3 pm

CONFIDENTIAL

Secretary of State,

Washington.

A-212, May 16, 1944, 5:00 p.m.

Reference Department's airgram A-161, May 1, 1944, 10:45 a.m. concerning efforts to remove from Axis-dominated territory Jews with Bolivian identification documents.

I mentioned this matter unofficially to the Minister of Foreign Affairs of the Bolivian Provisional Government and he said that he did not recall having heard of any bona fide Bolivian Jews, either naturalized or native-born, who are now in Axis-dominated territory. The Foreign Minister, Sr. Enrique Baldivieso, asked me if I would find out as much as possible concerning the identity of such Jews. Accordingly, it would be appreciated if the Department could supply this office with available information on the subject.

WOODWARD

HF /mvs

NEM-381

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (BR)

Santiago

Dated May 16, 1944

Rec'd 6:41 p.m.

Secretary of State,

Washington.

851, May 16, 5 p.m.

Foreign Office has just advised that consideration is being given to the suggestion that the Chilean Government admit a specific number of refugees, as referred to in the Department's confidential circular airgram of April 15, 7 p.m., and will submit a definite reply as soon as the necessary study can be made. Department will be informed as soon as a definite reply is received.

BOWERS

HTM

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, San Jose
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 304

SECRET

Formal consent to upholding validity of all Costa Rican passports held by persons whose lives may otherwise be in danger has been given by the Costa Rican Government. On the understanding that they do not come to Costa Rica, such persons may be declared eligible for exchange.

In regard to Jules Grunstein and wife (see my cable of May 13, no. 299) no special mention has been made and, although they are not eligible for entry into the country until written assurances are received, they should be considered in the category of persons holding valid Costa Rican passports.

The original note will be transmitted by despatch to follow.

The foregoing message is in reference to Embassy's despatch 1279, April 17 and Department's secret airgrams dated May 1 and 10.

DESPORTES

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 1400

San Jose, Costa Rica,
May 16, 1944.

Subject: Costa Rica consents to uphold validity of
all Costa Rican passports held by persons
whose lives might otherwise be in danger.

STRICTLY CONFIDENTIAL

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

1/
2/ With reference to my telegram no. 304 of May 16,
4 p.m., concerning the precarious situation of a
number of persons holding passports issued in the
name of the Costa Rican Government and the Costa Rican
Government's agreement to uphold the validity of such
passports, I have the honor to enclose the original
note, No. 948-B of May 15, 1944, from the Foreign Of-
fice, together with the translation of that note, con-
firming the verbal assurance which had previously been
given to me by then Foreign Minister Echandi.

While the matter was taken up orally with the For-
eign Minister, he requested that a written note present-
ing the views of the United States Government be sent
him for the archives. The enclosed note is his reply.

The attached note does not state specifically that
the persons holding these Costa Rican passports may be
considered eligible as Costa Rican citizens for inclusion
in the exchange of German and Costa Rican nationals, but
I have received verbal assurances from the Foreign Office
that the language of the note implies such an inclusion
since the Costa Rican Government cannot deny citizenship
to the holders of such passports at the same time they
uphold the validity of the passports. However, while
the note in question also omits specific mention of the
fact that the Costa Rican Government would not welcome
the holders of such passports to Costa Rican territory,
this connotation is likewise brought out in the second
sentence of the first paragraph of the Foreign Minister's
note where he refers to the fact that the United States
Government will assume the responsibility for all the
arrangements necessary for the transportation of such
persons to non-Costa Rican territories.

*** -2-

The Foreign Minister appears to be of the opinion that his note No. 948-B gives the Costa Rican Government's consent to all the recommendations set forth in the Department's secret airgrams of March 31, April 11 and May 1 and 10, and unless the Department thinks it advisable or necessary I shall not approach him again to formulate a demand addressed to the German Government, through the protecting power, that the lives of all persons holding Costa Rican passports be safeguarded and that they be given all rights, privileges and immunities accorded to civilian internees of enemy nationality to which the Geneva Conferences regarding the treatment of prisoners of war is applied by analogy, since the United States Government is the channel of communication for the Costa Rican Government to the Swiss Government which is protecting Costa Rican interests.

Respectfully yours,

Fay Allen Des Portes

Enclosures:

- (1) Original note dated May 15, 1944
from Costa Rican Minister for
Foreign Affairs;
- (2) Translation of note.

SRT-mm

Enclosure No. 2 to despatch No. 1400
of May 16, 1944 from the
Embassy at San Jose, C.R.

Republic of Costa Rica
Ministry of Foreign Relations

948-B

San Jose, May 15, 1944.

Mr. Ambassador:

I have the honor to inform Your Excellency of the receipt of your very courteous, strictly confidential note No. 251 of the 15th instant, by which you request the opinion of the Government of Costa Rica with respect to the possibility of preserving the legal value of various passports possessed by Europeans, usually Poles and Jews, in connection with which there might be some doubt with respect to the legality of their expedition, in order to protect their holders against acts of cruelty of the German authorities. Your Excellency adds that your Government will assume the responsibility for all the arrangements necessary for the transportation to non-Costa Rican territories of the holders of such passports by virtue of analogous rights granted to them by the Geneva Convention with regard to Prisoners of War.

I am very pleased to communicate to Your Excellency the agreement of my Government with the procedure indicated in your above cited note, since, and until there has been effective proof of the reasons for the invalidity of the passports under reference, they are to be held valid by reason of their having been issued by Costa Rican consular officials, particularly if a humane duty is thereby fulfilled.

I take this opportunity to reiterate to Your Excellency the sentiments of my highest and most distinguished consideration.

Julio Acosta

His Excellency
Fay A. Des Portes
Ambassador Extraordinary and
Plenipotentiary of the United States.

Translated by: me
Checked by: srt

PROPOSED CABLE TO AMERICAN EMBASSY, CUIDAD TRUJILLO

If Foreign Office has not instructed its Mission, Bern, to notify Swiss Government of Dominican willingness accept children as reported your 219, May 4, please request it to do so. Inform Department.

Please express this Government's sincere appreciation Dominican Government's generous offer.

May 16, 1944

2:55 p.m.

MStandish:lcm 5-13-44

CABLE TO AMERICAN EMBASSY, LONDON, ENGLAND

The War Refugee Board requests that you deliver the following message to Mr. Ernest Frischer, member of the Czechoslovak National Council, 100 Oakwood Court, London W.14:

QUOTE Are anxious to know how many Terezin inmates receive regularly food parcels. Understand 6000 people receive two parcels monthly from Lisbon. Ignore number of people provided from Switzerland and Istanbul. Also what frequency. Would be grateful for accurate survey covering individual collective dispatches. Also concerning Birkenau. Also number individual internees on your lists. World Jewish Congress Leon Kubowitzki UNQUOTE

May 16, 1944
5:10 p.m.

BAKsintjp

5/12/44

NYO-469

PLAIN
Holinski
Dated May 16, 1944
Rec'd. 8:45 p.m.

108

Secretary of State

Washington

299. 16th

FOR WAR REFUGEE BOARD

Newspaper UUSI SUOMI reports from Stockholm that after negotiations between American, Swedish and Finnish Foreign Offices agreement reached that 106 Jewish refugees arriving in Finland from Central Europe who had remained there on Hansen passports will receive visas for Sweden. The greater part of them has already arrived there. This is in consequence of the extensive American plan to find and exile for Jewish refugees in neutral countries till they can be sent to USA. A committee in Helsinki attends to their transfer to Sweden.

Reprinted to Stockholm as NY 105.

On May 16th HUFVUDLUND, principal Swedish language paper, reports that Biller prominent Helsingfors Jewish figure has stated in an interview to DAGENS KÄRRE that group of 110 Jewish refugees which in 1938 came to Finland from Germany is now going to Sweden. According to Mr. Biller all these refugees intend after war to go to USA or other transocean countries.

Irrespective other motives naturally more practical these refugees await travelling facilities in neutral Sweden than belligerent Finland Director Biller says. Treatment of the Jews in Finland in itself gives no cause for worry. After the Russian time the Jews have always been treated as fully equal citizens both under the laws and in attitude of people. Director Biller finally also says that Finland is only one of the countries fighting with Germany against Russia which has introduced no anti-Jewish laws.

Minister of Interior Hammroeth has stated that no obstacle has been put in way of refugee's permanent stay in country. Finnish authorities been completely passive in matter. As refugees were received so we have been prepared facilitate their departure.

Greatest number of a have already arrived Stockholm
CONTINUED

KRM
REV

CONFIDENTIAL

FROM
LONDON
May 16, 1944
Recd May 23 8 a.m.

Secretary of State,
Washington, D. C.

Am-631, May 16

FOR DEPARTMENT AND JMA AND WAR REFUGEE BOARD

Reference Embassy's 6481, April 28.

1. The following is the text of a letter from Mr. E.H. Bliss of the Navy Transactions Department of H.M.V. to Mr. Riefler dated May 11, concerning the implementation of the licenses granted at the instance of the War Refugee Board to the World Jewish Congress and the Joint Distribution Committee:

At a meeting last week of the Relief Sub-Committee we discussed with Miss Camp a telegram from H.M. Minister, Berné asking for instructions with regard to the program of the Joint Relief Missions.

The telegram raised two questions on which our Mission asked for guidance. One, with which I am not now concerned, related to the class of goods whose export might be permitted. The other concerned the implementation of the terms of the license given by the U.S. Treasury for the remittance of the funds to be used for these purchases. This license, as understood in Switzerland, allowed unlimited discretion to purchase goods in enemy territories under the relief programs.

This appears to be the same as, or similar to, the license referred to in the third paragraph of Lord Dreyfus's letter to you of 8th April concerning the question of exportation in the work of the War Refugee Board. (Forwarded to the Department as enclosure to the Embassy's despatch No. 18881, April 17, 1944). It was pointed out there that the terms of this license were contrary to the policy previously agreed between us. The I.R.O.C. themselves have also raised this point, on the grounds that the proposed use of the funds was contrary to the joint statement handed to them by our Missions last November on the subject of transmission of funds to enemy territory. We asked that in reply they should be informed that the British Consulate Authorities had not yet agreed to such a derogation from their former policy.

We have since learned that the terms of the licenses granted, with the support of the War Refugee Board, for relief-goods operations, lay down that the funds may be used for the acquisition of enemy currencies, either (a) by purchase

by purchase from residents in Switzerland who have obtained the currency in an unobjectionable manner; the currency to be used for payments in occupied countries to support would-be refugees or to facilitate their escape, or (b) by loans from residents in the occupied country concerned, against a promise to pay dollars after the war. The actual expenditure of dollars or other hard currencies in occupied countries is, we understand, only to be permitted when it is strictly necessary in order to secure assistance in effecting actual rescues.

"It seems from this that the actual expenditure of hard currency in enemy occupied territories on goods for internal relief purposes, is not envisaged by the terms of the licenses. It is desirable that we should clear up this point and should be in a position to give clear instructions to our Missions, and to the International Red Cross Committee. We agree that enemy currencies obtained by either of the methods (a) or (b) above, may be used for purchases of goods in the enemy countries concerned for the relief of would-be refugees so long as they remain there. We see strong objection, however, to the expenditure of dollars or Swiss francs directly in enemy territory on goods for this purpose. We believe that the view of the U. S. Treasury coincides with ours on this point.

"We are anxious to secure the fullest co-ordination both here and between our Missions in the field on this question of rescue and relief programmes. We should, therefore, be glad to know whether you consider our Missions in Bern instructed that dollars or other hard currency should not be used to cover the purchase of relief supplies in enemy territory."

NWD would appreciate confirmation of the specific point raised by MEM in this letter, i.e. that the expenditure of hard currencies in occupied countries is authorized only when it is strictly necessary to secure assistance in effecting actual rescues, and that it is not authorized for the purchase of relief supplies in enemy territory. Such "relief action" should be financed by methods (a) or (b) as set forth in paragraph 4 of the letter quoted.

2. NWD would also appreciate being informed of any general instructions sent Bern in connection with the procedure to be followed in the future concerning purchases made in Switzerland at the instance of the War Refugee Board. In this connection, please see paragraphs 3 and 4 of the Embassy's telegram under reference.

BUCKNELL

MG:W

Reographed by: JH

CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM

The War Refugee Board requests that you deliver the following message to Eliahu Dekin, Jewish Agency, Jerusalem:

QUOTE Acknowledge receipt your cable concerning Wladyslaw Nathanson. Glad to learn you now have special lists France, Belgium also. Please cable through American Consulate and War Refugee Board full details on operation your scheme concerning occupied countries. How people informed, what risks involved, how certificates delivered. Especially what is your scheme regarding Hungary with same details. World Jewish Congress, Leon Kubewitski UNQUOTE

May 16, 1944

5:10 p.m.

BAK:msj:jp

5/13/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate, Casablanca (via War)
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 138

SECRET

Following is no. 2 for Lehman and Crowley from Beckelman.

This has been repeated to Algiers for Ferguson, FEA.

Now well settled at camp are the 38 refugees who arrived a few days ago and security check practically completed without incident. It is urgent that I know the action taken on my message of May 10, no. 132, as in a few days a boat is ready to proceed to Spain to embark main refugee group of approximately 800. If it is not possible to provide Army guard might possibly arrange external guard reliable French civilians at cost of about \$3,000 per month provided American Army issued fire arms, which doubtful.

Accountant Kosc arrived unannounced, expects to proceed to Algiers, for your information.

RUSSELL

PROPOSED CABLE TO AMERICAN EMBASSY, NICARAGUA

Please express this Government's sincere appreciation Nicaraguan action reported your 271, May 5.

May 16, 1944
2:55 p.m.

MStandish:lcm 5/13/44

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 2095

Asuncion, Paraguay, May 16, 1944

Subject: Conditions surrounding the immigration to Paraguay
of persecuted minorities from Europe.

STRICTLY CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's circular airgram of January 26, 1944 with regard to the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. Reference is also made to Embassy's airgram No. A-85 of March 11, 9 a.m. Pursuant to this Embassy's initial reply contained in airgram No. A-45 dated February 12, 8:15 a.m., there follows an outline of some of the factors affecting the immigration of Jews to Paraguay.

Anti-Semitism has flared up periodically in the government press under the Morinigo Administration, and it has often been interpreted as a reflection at first of Nazi ideology and more recently of Argentine anti-Semitism. Nevertheless, a study of Embassy files for the past five years reveals that opposition to Jewish immigration was active under previous administrations. Reference is made to Legation despatches

- 2 -

Nos. 743, December 8,
 762, December 29, 1938;
 783, January 20,
 785, January 26,
 799, March 9,
 868, June 1, 1939;
 32, May 26, 1941;
 347, January 7, 1942.

As early as 1936, under the Franco Administration, a decree was passed prohibiting the immigration of Jews regardless of nationality. This still-outstanding decree, according to contemporary accounts of the circumstances surrounding it, did not so much reflect anti-Semitism on the part of the Franco Government as it did a drastic move to forestall a hegira of persecuted Jews to Paraguay arranged by certain unscrupulous individuals who were seeking exclusively their own enrichment by swindling the Jews in question.

Decree 12,277 of March 6, 1939 (transmitted with despatch No. 799 cited) specifically excluded Jews from the provisions authorizing the immigration of Czechoslovakian agriculturists. During 1938 and '39 there was considerable anti-Semitic agitation in the Paraguayan Chamber of Deputies, and a bill was introduced to prohibit all Semitic immigration (see despatch No. 785 cited), notwithstanding the existence of the Franco decree of 1936. It appears that the emphasis on anti-Semitic restrictions at that time was in part the result of the exposure of large numbers of illegal visas issued to Jews in Europe by unscrupulous Paraguayan consular officers who lined their pockets through this traffic in visas. The record discloses that through our own government a substantial portion of these irregular visas were disclosed, and even during the past three years this Embassy has brought to the attention of the Foreign Office a number of similar cases with the result that at least three Paraguayan consular officers have been dismissed.

Although the prohibition against the immigration of Jews into Paraguay still remains legally in effect, until only a few months ago Jews were being admitted to the country after having been subjected to extortion by consular officers abroad and by the Immigration Department here upon their arrival. Abuses were frequent and newly-arrived immigrants were often stripped of any valuables they still possessed after the voyage to Paraguay (see confidential paragraphs of despatch No. 347 dated January 7, 1942). In December 1943 Colonel Juan Lisboa was appointed Director of the Department

- 3 -

of Lands and Colonization, which includes the Office of Immigration. Colonel Lisboa was given this post by the President in order to purge this department of the scandalous notoriety associated with its name as the result of the nefarious activities of preceding directors, notably Agusto FUSTER (brother of Secret Police Chief Marcos FUSTER, and shady ex-employee of the German Legation). Colonel Lisboa is living up to the President's expectations and is effecting thoroughgoing reforms and reorganization of his department.

Consequently, since December 1943 the administration of the immigration laws has been fairly humane, just and regular. The Director's personal sympathies are not only pro-Allied but sincerely humanitarian toward the plight of persecuted minorities. When a case comes to his attention involving the racial extraction of inmates of German concentration camps or persons who have an opportunity to escape the Nazi grip, he derives genuine satisfaction in facilitating officially their immigration to Paraguay. Although he is aware of the decree prohibiting Jewish immigration, he bases his decisions on immigration applications entirely on non-racial considerations, i.e. nationality, vocation and aptitude for settlement in Paraguay.

Nevertheless, in accordance with standing immigration regulations and traditional Paraguayan policies on this subject, an effort is made to obtain a maximum number of agriculturists, with a sprinkling of other vocations for which there is a local need. Thus the practical application of the immigration laws disregards racial discrimination and emphasizes rational and reasonable factors.

When queried by a member of my staff as to the possibilities of annulling the 1936 Franco decree (in view of the incompatibility of Paraguay's official assurances tending to aid the rescue of Jews from Europe with a law forbidding Jewish immigration), the Director stated that he favored the drafting of a new decree which would unobtrusively leave the 1936 decree without effect by restating immigration requirements in accordance with the new bases on which they are being applied.

As a result of the Embassy's efforts to obtain definite information as to the number and kind of refugees that would be accepted as colonists in Paraguay, the Department of Lands and Colonization has been preparing a systematic study of all the factors affecting this problem. Maps have already been prepared for half of eastern Paraguay showing lands that would be available for

- 4 -

colonization (some 500,000 hectares), including those tracts which already have both foreign and native colonists. This work will also cover the facilities which could be offered to immigrants, including rudimentary housing, agricultural implements and farm credits. This Embassy has placed the STICA (Coordinator's Food Project) in touch with Colonel Lisboa so that the two organizations may cooperate on this problem.

In the meantime, a Note from the Minister of Agriculture transmitted through the Foreign Office has set forth the general bases for Paraguay's rapidly forming Immigration Plan. (Reference is made to Embassy's despatch No. 2093 of May 13, 1944). Point 2 of the same makes history by stating that Paraguay will not discriminate against immigrants because of race, color or creed (with the exception of the negro and yellow races). Although this categorical statement of policy is as yet contained only in a Note from a Minister, the latter has taken up the whole question in a Cabinet meeting, and it is therefore a very encouraging turn to the negotiations to bring immigrants here which have been dragged out over a period of eight years.

Additional signs of the earnestness of Colonel Lisboa's efforts to reorganize his Departamento and to shape plans for colonization by immigrants during the post-war period are various newspaper articles and radio speeches by Lisboa and the Secretary of the Departamento, which have appeared during the past few weeks. In each case an attempt has been made to restore the dignity and self-respect of the Departamento, to explain the measures being taken to reorganize it, and to point out the advantages and conditions surrounding a new flow of immigrants to Paraguay.

Further reports of the progress of specific plans for the resettlement of refugees in Paraguay will be transmitted as the work develops.

Respectfully yours,

Wesley Frost

848
GDH/war

CABLE TO AMERICAN LEGATION, LISBON

The War Refugee Board requests that you deliver the following message to Isaac Weissman, 179 Avenida da Liberdade, Lisbon, Portugal:

QUOTE We have complete list most distinguished Hungarian rabbis. Are considering ask for them Mauritius visas as for other rabbis in Nazi-occupied countries. Would like you however to inform us by return mail how the Mauritius scheme worked out; how many rabbis benefited by it; where they now are; what is the attitude of the Portuguese authorities in regard to granting transit visas, etc. According to some, it would be safer to have them provided with Palestine certificates. Expecting your prompt advice and report. World Jewish Congress, Leon Kubowitski UNQUOTE

THIS IS WRB LISBON CABLE NO. 25

May 16, 1944
5:10 p.m.

BAksin:jp 5/13/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: American Legation, Lisbon

DATED: May 16, 1944

NUMBER: 1379

CONFIDENTIAL

From War Refugee Board to Norweg

Please deliver the following message to Dr. Joseph Schwartz, 242 Rua
Aurea, Lisbon, from Moses A. Leavitt of the American Jewish Joint
Distribution Committee:

"Arnsheim Stockholm advises 150 stateless refugees formerly
Fidded now Sweden request \$20,000 their care for one year. Please
inquire Mosaika Feersanlingen and advise. Patrick Malin now planning
arrive Casablanca about June first. Suggest you meet him there."
THIS IS WED LISBON CABLE NO. 22.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Lisbon
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 1477

CONFIDENTIAL

Following is WRB no. 38.

Department's no. 1365, WRB no. 23, is referred to herewith.

It is difficult to press the Government of Portugal further, at the moment, concerning Sephardics, claiming Portuguese citizenship, now in Greece. If all registered Jews are now in Theresienstadt, it would be difficult, if not dangerous for Jews themselves if the Portuguese were to intervene in behalf of unknown claimants to Portuguese nationality who are now in hiding. Our efforts to obtain assent repatriation in principle will be continued. It might apply to claimants in Theresienstadt if granted.

NORWEB

MESSAGE TO AMBASSADOR HAYES, MADRID, FROM WAR REFUGEE BOARD
(BY COURIER)

Annexed is a copy of a communication received by the World Jewish Congress, New York, from Isaac Weissman, its representative in Portugal.

The Board would appreciate any comments or suggestions you might make regarding the conversation between Ambassador Franco and Mr. Weissman, reported in this communication.

In this connection, the Board would be grateful for any information bearing upon Department's cable no. 1108 to Madrid of April 21.

BAksin:jp 5/16/44

COPY

WORLD JEWISH CONGRESS
Lisbon

Spanish Sephardi Jews in Greece
(see enclosed copy of cable from
Mr. C. Barlas).

Confidential

Note

on my meeting with D. Nicolau France, Spanish
Ambassador to Lisbon, on April 8th, 1944.

The Ambassador began by enquiring if the Jews in Athens are Spanish citizens or only Spanish protected people (among the Sephardi Spanish Jews part are considered only as protected people owing to lack of certain administrative formalities which they did not fulfill in time, and part are considered as regular Spanish citizens). He added that he was asking this question merely from an informative point of view, since the answer would have no influence on the action to be taken. I then showed the Ambassador the cable in which mention is made of Jewish Spanish citizens and not of proteges.

D. Nicolau tried to explain that the world overestimates the so-called influence of Spain on Germany, saying that Spanish relations with Germany are only friendly and nothing more. On my remark that neither influence nor special friendship applied when a country intervenes on behalf of its own citizens, the Ambassador answered that intervention would take place.

He then explained in friendly words that Spain is not only not anti-Semitic but on the contrary, his brother, General Franco, is very interested in the Jewish question, especially in the Sephardi Jews. He told me further that in spite of all endeavors by the Germans Spain has introduced no anti-semitic laws and that his brother has always avoided introducing measures which might involve difficulties for the Jews in Tanger, where banking and commerce are, to a large extent, in their hands. At this, I ventured to draw the attention of the Ambassador in clear terms to the difficulties which Sephardi Jews of Spanish citizenship are enduring in Spain and all the occupied countries. I also mentioned the fact that 450 Sephardi Spanish Jews who entered Spain some weeks ago must leave that country before any more are allowed to enter. There are about 200 such Jews on the Franco-Spanish border at Perpignan who are unable to obtain their Spanish visas, although they are Spanish citizens, so long as the aforementioned 450 Jews are still in Spain. I then went on to inform him of the 500 Spanish Jews at present interned in the Camp of Drancy near Paris; about the many Jews (Spanish) living in hiding in Paris and who cannot obtain visas for Spain and are in no way protected by the Spanish Consulates in spite of their Spanish citizenship. I added that I surmised that these facts were not of the knowledge of the high officials, and even less in the possession of the Spanish ministers, otherwise and seeing what he had just told me, they would have preferred protection to their nationals.

Page 2

The Ambassador was visibly impressed by my remarks and assured me that his Government is sincerely interested in helping all these unfortunate people. He said he was grateful to us for turning the light on these events.

We finally came to the decision to deal in the first place with the 400 Spanish Jews in Greece, mentioned in the cable, and as soon as this is achieved, D. Nicolau France will request my presence again for the purpose of submitting our other claims.

With regard to the 400 Spanish Jews in Greece, the Ambassador promised me he would immediately contact by telephone Count Jordana, Spanish Minister for Foreign Affairs and he assured me again that steps will be taken without delay to obtain from the Germans their release and permission to leave Greece.

I. W.

Lisbon, April 11th, 1944.

COPY of a cable received from Istanbul the 5th April 1944

ISTANBUL 5/4/44

WEISSMAN AVENIDA LIBERDAD LISBON

1982 ACCORDING RELIABLE INFORMATION 400 JEWS SPANISH CITIZENS LIVING IN
ATHENS SENT TO CONCENTRATION CAMP HAIDARI STOP NECESSARY INTERVENE THROUGH
SHAGRIRUT MADRID ASKING PROTECTION SPANISH GOVERNMENT STOP NEGOTIATING RE
POSSIBILITY ARRANGING TRANSPORTATION BY SWEDISH BOAT RUNNING FOR INTERNATIONAL
REDCROSS RELIEF STOP ON ARRIVAL HERE IMMIGRATION CERTIFICATES PALESTINE
ASSURED STOP ESSENTIAL PREVENT DEPORTATION TIMEBEING WIRE ACTION - BARLAS

May 24, 1944
2:25 p.m.

PARAPHRASE OF TELEGRAM SENT

125

FROM: Secretary of State, Washington
 TO: American Embassy, Madrid
 DATED: May 16, 1944 10:00 p.m.
 NUMBER: 1384

SECRET (NIACT)

Contrary to the recommendations of the United States Government and the other American Republics associated with it, there are included, (a) alien relatives of American citizens and (b) persons bearing Latin American passports whose nationality has not yet been established, in the list of nationals of the United States and the other American Republics approved by the Germans for exchange against a group of 60 Germans from the United States being repatriated on the GRIFSHOLM.

In respect to (a) and persons under (b) for whose embarkation authorization is contained in this telegram, you are informed that upon arrival in Barcelona the Department is waiving non-immigrant visa requirements for all alien passengers not in possession of appropriate visas. After their admission on a temporary basis, those persons coming to the United States as immigrants will be admitted as non-immigrants and will be able to arrange for the procurement of immigration visas. Admittance will be granted only in transit to those aliens in transit to Western Hemisphere destination.

With respect to (b), Pedro and Lydia Chuprine and Jules and Anna Grunstein, bearers of Costa Rican passports, the Costa Rican Government has authorized entrance into that country. Embarkation on the GRIFSHOLM will therefore be accorded to them.

Authorization has not as yet been granted for admission to their respective countries of the following individuals:

Mexico	-	1. Alexander Schweitzer
Columbia	-	1. Ramon Morano 2. Alvarex Morano
Peru	-	1. Clementine Muller 2. Isidore Poiry 3. Zisold de Valdes 4. Mario Baretto
El Salvador	-	1. Bruno Hecht-Sandoval
Nicaragua	-	1. Herman Zwillenberg 2. Zwillenberg - wife 3. Zwillenberg - child 4. Zwillenberg - child
Dominican Republic	-	1. Sinia Maria Castillo 2. Jacques Castillo 3. Robert Castillo

The surname is given last in the foregoing list.

Authorization is

- 2 -

Authorization is granted by the Department for embarkation on the GRIFSHOLM of such of the foregoing individuals who are bona fide nationals of the American Republics and whose status has been clearly established upon the arrival at Barcelona. You should telegraph most urgently from Barcelona passport or other identifying data regarding them. The Department will inform you urgently if it is subsequently informed by the Republics named that any of the above individuals, who may be unable to qualify for embarkation on basis of examination at Barcelona, are admissible to their territory.

Information has already reached the Department that admittance to the countries whose documentation they bear will be denied to the following individuals:

Nicaragua	-	1. Otto William Strauss 2. Regina Strauss nee Maier
Dominican Republic	-	1. Jenny Muller nee Silverstai

Accordingly, authorization for embarkation of the foregoing individuals on the GRIFSHOLM cannot be granted.

Until they can be included in a transfer of refugees to the Fedhala Camp, North Africa, arrange through Blickenstaff to provide at the expense of the War Refugee Board for care of those of the foregoing individuals who are not embarked on the GRIFSHOLM.

The foregoing message was repeated to Barcelona for attention of Smith.

HULL

DCR:MAS:HL

5/17/44

CABLE TO STOCKHOLM

From War Refugee Board to Johnson

Please deliver the following message to Hilel Storch, Furusundegatan 10, Stockholm, from Dr. A. Leon Kubowitzki of the World Jewish Congress:

"Please have urgently thorough discussion on rescue program for Hungary with Wilhelm Bohm, Uppfortovagen 5/4, Stockholm - Rasunda, and have the program forwarded to us through American Legation. Forward also urgently through same channel Hungarian rescue program agreed upon with Chief Rabbi Ehrenpreis. Are very much worried because had no report recently on situation Lithuania, Latvia and Estonia. Expect to hear from you without delay."

THIS IS WRB STOCKHOLM CABLE NO. 10

May 16, 1944
4:00 p.m.

FH:lab 5/15/44

CABLE TO AMERICAN LEGATION, STOCKHOLM

The War Refugee Board requests that you deliver the following message to Rabbi Wilhelm Wolbe, 11 Olefsgotten Strasse, Stockholm, Sweden:

QUOTE Received your message concerning Lithuania. Advise exact nature of permits you request, how many needed and sums necessary. Ready cooperate fully supply larger sums. Deeply concerned whether actual present possibilities exist for rescue from ghettos. Vaad Hahatzala Emergency Committee Rabbi Kalmanowitz UNQUOTE

THIS IS WRB STOCKHOLM CABLE NO. 11

May 16, 1944
5:10 p.m.

BAksin:jp 5/12/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 1738

SECRET

OLSEN TRANSMITS THE FOLLOWING FOR ATTENTION OF
WAR REFUGEE BOARD.

NO. 14.

A program for accomplishing evacuation of Estonian political and intellectual refugees has been discussed with a group comprising the former Estonian Minister here, Military Attache and Attache. The group as a whole is in danger and during the past two weeks over 700 such leaders have been arrested by German occupying authorities.

Through excellent underground organization the above three persons are currently operating a limited evacuation program. Having only extremely limited funds, the group at present has facilities to make not more than two trips a month. Requiring the equivalent of \$50,000 and covering a period of the next three months, a program has been developed to accomplish the evacuation of perhaps 1000 Estonian political, intellectual and other refugees. It will be necessary to purchase suitable boats which will require approximately half of the aforementioned amount.

Can guarantee close financial control and accounting of expenditures and I believe arrangements can be made to advance funds on a piecemeal basis against established results, provided the Board can find financial support for the above program. Gasoline requirements in this program is one of the important complications; however, if the Board approves of the program this will be further explored. If sent, the funds must not be transmitted through banking channels and it is obvious that we must keep strictly confidential the entire operations.

Although it is extremely complicated and will be sensitive to changed developments in the Baltic, the success of this operation seems favorable. Although this problem has been explored carefully, it is also not possible to precisely control the types of refugees which will be evacuated. A gamble appears justifiable because of human-

-2-

itarian considerations which are extremely urgent. We have also had discussions with an identical type of group representing Latvians and Lithuanians who, even though more limited, also operate a similar underground work. In the next few days we will forward the final proposal for these two groups. On the foregoing underground operations it appears that the three former Baltic Ministers in Stockholm work together very closely. Perhaps all three groups can jointly use some of the facilities required to operate the program, particularly scouting vessels.

The aforementioned operations are known to and facilitated by the Swedish Foreign Office which, through its general staff, is actually supplying the group with German identification cards and gasoline and this information has been conveyed individually to Olsen by these three former Ministers.

On a preliminary and confidential basis, the above three operations have been discussed with an appropriate official of the Foreign Office by Olson. This official is sympathetic and, on a very secret basis, will cooperate.

JOHNSON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 1740

CONFIDENTIAL

The following is No. 16 for War Refugee Board.

Given below is the substance of a message from Frank Kingdom, New York, care of International Rescue and Relief Committee, from Elise Ottesen Jensen:

We received May 2 cable and \$1000, which was greatly appreciated. We have sent report through Iyan Olsen. Pursuant to your wish, money is paid regularly to Lubinger and others.

JOHNSON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
 TO: Secretary of State, Washington
 DATED: May 16, 1944
 NUMBER: 1744

SECRET

Following is our No. 15 for VEB in reply to War Refugee Board, No. 9 (Department's message dated May 12, No. 895).

We have approached the Swedish Foreign Office with respect to the vessel **RANDALAND** and it seems distinctly cooperative and if all details can be satisfactorily worked out it is willing to divert the boat. This evening, as preliminary to problem, the Foreign Office is wiring the ship's master to determine whether he considers the boat sufficiently seaworthy for this purpose. You will recall that the vessel is being withdrawn from Greek relief primarily because it is badly in need of overhauling. Pending receipt of advice, the following information from the War Refugee Board would be appreciated by the Legation.

(a) We would like to know how many refugees are involved also how many trips are involved and between what ports. You should note that the **RANDALAND** is a cargo vessel of 4575 deadweight tons with virtually no accommodations for passengers.

(b) We would like to know who the charter party will be. We suggest that you give consideration to the international Red Cross or other neutral organization which would be in a position to make original request for safe-conduct instead of the War Refugee Board (Department's No. 895).

(c) Until the refugees reach their final destination, what organization will assume responsibility of taking care of them?

(d) On May 18, the vessel will be released from charter to Swedish Red Cross, which charter cost runs between 3,000 and 4,000 kroner daily. We would like to know if the War Refugee Board will assume responsibility for charter costs beyond May 13 which are occasioned by delays in negotiations to place the vessel in refugee work even if such negotiations are unsuccessful ultimately.

(e) Upon withdrawal from Greek relief, the **RANDALAND** was to return directly to Swedish waters under agreements concluded separately with the Germans and British. The Swedish Foreign Office, consequently, will be required to secure German permission to divert the boat, in addition to German safe conduct. It is asked by the Foreign Office whether it should take steps to secure such permission immediately. However, it is believed by the Legation that the first question which will be asked by the Germans is who is the charter party, and the Legation feels that until this point is clear, the Swedes should not make approach. It is noted confidentially that after May 18 the **RANDALAND** was scheduled to depart for Lisbon and cross the Atlantic to pick up cargo for which German permission was secured. This will suggest favorable prospects that for the refugee work the vessel is sufficiently seaworthy.

JOHNSON

DOR:VAG:EL 5/18/44

CABLE TO BERN

From War Refugee Board to Harrison for McClelland

United Yugoslav Relief Fund being requested supply assistance Yugoslav nationals Switzerland following categories (a) Jewish refugees (b) students (c) interned escaped civilians (d) escaped prisoners of war. These groups under care of Swiss Government and Swisscross. Accounts here vary as to seriousness unmet needs.

United Yugoslav Relief Fund willing to supplement current program if necessary. Please cable report covering nature and extent of needs of these groups and if Swiss Government and Swisscross welcome assistance.

THIS IS WRB BERN CABLE NO. 19

May 16, 1944

11:25 a.m.

PJMcCormack:FH:lab 5/15/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 3105

SECRET

The following message is for Leiper, American Committee for Christian Refugees, 297 4th Avenue, New York City, from Thooft, Freudenberg and Beguin (from McClelland).

Reference is made herewith to the Department's telegram of April 27, 1944 No. 1452. It has been decided by Swiss authorities to unblock 1943 balance and on conditions that balance of American gifts is transmitted in free francs, they are ready to unblock in 1944, \$132,000 representing 71,000 Bible, 48,000 refugees and 13,000 Council.

Consequently, Freudenberg asks to prepare for sending at least 48,000 in free francs representing four months as only January-February have been paid in free francs so far.

The budget of Beguin is based on the expectation that 7,000 in dollars and counter part of 71,000 in free francs will be sent by Bible Society and he is convinced that printing scriptures here to meet the increasing Bible famine in Eastern and Central Europe remains an urgent task; and larger editions would not be expensive now that Polish, Czech, Serb, Italian Galvanos are available. It is suggested that your reconstruction committee send \$42,000 for reconstruction, making use of the above mentioned to unblock, since \$100,000 would be sufficient to meet most urgent printing needs this year and since funds to meet first urgent relief needs are required by reconstruction committee. It is requested that you discuss with North the foregoing.

HARRISON

DCR:IDB:HL 5/10/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: May 16, 1944
NUMBER: 2107

CONFIDENTIAL

McClelland transmits the following for attention of the Visa Division and WBS.

Reference is made herein to the Legation's cable of April 6, No. 2123.

To date no visas have been issued to refugee children and the following reasons are submitted as the explanation. In order to determine the eligibility of a child for overseas emigration the organizations officially responsible for all refugee and emigrant children now in Switzerland desire first to conduct a thorough investigation in each case. This was started early in April and it is aimed particularly at securing as accurate information as possible the whereabouts of the child's near relatives. Also the organizations are concerned as to the advisability of emigrating children whose parents have been deported to the east, but who cannot at the same time be considered as deceased. In some cases the question therefore arises whether it will not be advisable to plan for awaiting period after cessation of hostilities or until it can be determined by various channels whether parents are still in Europe and whether they are alive. No doubt such waiting would be in Switzerland in which case assurance of material assistance from overseas for children here would be desirable. All children, unequivocally eligible for emigration to the United States can begin receiving their visas, as soon as investigation individual cases this angle is completed.

Approximately 3,500 refugee and emigrant children under 16 years, who arrived prior to January 1, 1944 are at present in Switzerland. Due to death, deportation or disappearance of parents, of these 3,500 between 700 and 1,000 only can be considered as abandoned and consequently in the first instance eligible for part of the 4,000 visas of the United States. Not only relief organizations but Swiss authorities desire postwar emigration possibilities especially for this group, the paramount concern of Swiss in whole refugee problem being assurances that there be reduced to a minimum the number of refugees liable to remain on their hands after the war. From their point of view this question is vital and their whole policy regarding admission of additional refugees has an important bearing.

About 350 parentless Jewish children under 16 entered Switzerland clandestinely from France between January 1 and May 4, 1944. Along with parents or relatives approximately 125 more have entered. Although border control measures on the German-occupied side particularly in Haute Savoie are becoming increasingly stringent, they continue to arrive irregularly in small groups. Because all movement of persons are strictly controlled it is progressively more difficult for organizations effecting rescue, primarily the Jewish "Oeuvre de Secours aux Enfants", to bring children within striking distance of the border on the French side. At present Haute Savoie is now "zone interdite". Considered as a safer route, children who recently arrived in Geneva were brought through Department of Ain and Bellegarde. Naturally, with coming military operations, this rescue work will become more difficult than now if not impossible, a factor in general which will operate more against the arrival of refugees in Switzerland than limited measures of "refoulement" of the Swiss. It is doubtful for this reason that a number of children eligible for visas able to reach Switzerland from France by July 1, 1944, will reach six hundred.

Would it not be possible, in view of the small overall number of refugee and emigrant children at present in Switzerland eligible for United States immigration visas (including arrivals up to May 4, 1944 a maximum would be 1,500) to consider our visas as available to all of them, provided this would be in harmony with our immigration laws, rather than just to those who have entered the country since January 1. The number eligible will further be reduced by the fact that at least 10% of these children will have passed their 16th year by December 31, 1944 toward alleviation of Switzerland's refugee problem after the war such a possibility would constitute valuable if small concrete gesture by our Government and any other steps which we might desire to take in order to persuade the Swiss to admit additional refugees would thus be facilitated.

HARRISON

DOE:MAS:EM
5/17/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: May 16, 1944
NUMBER: 3110

SECRET

McClelland sends following for WRB attention.

This refers to April 22 telegram No. 1405 from Department.

Your greetings and the confidence placed in me by Board's nomination are sincerely appreciated. Although practical possibilities are distinctly limited as regards refugee rescue work from Switzerland I will do all in my power to forward aims of the Board. Continued assistance to reliable relief organizations is recommended, and as initial step of great practical importance in this direction it would be helpful to enable them to receive their funds for use in occupied territories regularly at official rate of exchange. If possible all publicity should be avoided and only in strictest confidence should reports concerning progress and plans of relief rescue operations be discussed with organizations in the United States. To certain extent publicity given through U. S. press dispatches to my appointment has already compromised aid which neutral authorities such as the International Red Cross and Swiss authorities might be prepared to lend to refugee rescue operations from base in Switzerland.

Fairly close contacts have been established with situation of refugees of France. I also hope to send you shortly reliable reports on Jewish situation and other endangered refugees of Hungary and northern Italy together with whatever suggestions possible as to steps concerning rescue or practical relief. However, I fear that very little can be accomplished from Switzerland in case of Hungary.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATE: May 16, 1944
 NUMBER: 3122

SECRET

For WRB from McClelland for Union of Orthodox Rabbis from Sternbuch.

Since March of 1943 there has been a camp at Bergen near Hannover. Bergen Belsen is located in province called Celle. Between 150 and 200 people in this camp possess South American papers at present time. Many have been deported we fear. Near Dresden at Bergau there is another larger camp with at least 1,400 internees whose protective powers are Switzerland and Spain. It is understood that in these two camps the situation is worse than at Theresienstadt camp. To our surprise the Red Cross has not been admitted to them thus far. It is said that internees there are actually starving and do not receive any Red Cross parcels. Apparently they are not permitted to receive mail or to dispatch it. Camp is excluded from outer world and news is very rare. According to reports deportations have been made.

It is urgent that steps be taken by protecting powers for both camps similar to other camps as Department's April 22 telegram to Legation at Bern indicated. Red Cross parcels and free post should be accorded internees of these two camps. It might be that transfer could be promoted to Vittel or other safer places.

It is very difficult to get assistance to those in Hungary. Various things are being tried but to date with no evident success. As yet situation is not clear. A courier with eighty South American papers has been sent by us once again. If Turkish transit permits were given many families would like to try to emigrate illegally. However, until now this has not been the case. For people who escape through or from Rumania such transit possibilities are urgent. The family of Bobrow-Halberstam has arrived in Bucharest now.

Although we

Although we are in contact with Griffel he cannot render great assistance as long as transit through Turkey is not allowed. Our recommendation is that no larger amounts be sent to that place. If he can do something positive he can get as much money as he needs from us.

Only San Salvador papers are available for this rescue work. It is requested that whatever steps are necessary be taken by you in order that such papers can be granted by some other Consulates in Switzerland also. In order to save his family of twenty-seven persons the Wisnitzer Rabbi Hager of Cross Wardein has asked for help. Twenty thousand Swiss francs have been sent via courier to him.

Our telegraphic requests for certificates which Jim Lewin passes on are being handled very slowly by Jewish agency at Jerusalem. In our opinion it would be most helpful if we intervened by wire.

With various good results our rescuing of men from Italy and France to Switzerland has been begun.

Pressing calls for help are coming to us from Theresienstadt Krakau and other towns for clothing and food parcels to save the lives of people hiding in vicinity. Calls are coming from working camps in Poland also. Kindly inform us if we may participate in this matter.

Their parents having been deported approximately one hundred children have crossed the border into Switzerland illegally and these children are from our best families in Belgium and Holland. Part of them we were able to place with families but as there were not sufficient private places available, part had necessarily to go to Klosters. Permission from Swiss, supported by Polish Legation, has been received to supervise their education and to place them in children's homes. For 100 to 150 children it costs 150 francs monthly per child at present moment in a home. However, only half of this sum can be raised by us. Permission is hereby requested by us to help in this work also.

HARRISON.

MESSAGE FROM DR. LEON KUBOWITZKI, WORLD JEWISH CONGRESS,
1834 BROADWAY, NEW YORK 23, NEW YORK, TO MR. BARLAS, PERA
PALACE, ISTANBUL, TURKEY.

We strongly recommend for granting Palestine certificates
following outstanding Hungarian people selected by special
sub-committee:

Dr. Izre Gyorki - Member of House of	Representatives & Wife	Budapest	V. Honrad-u 16
Mano Buchinger	" "	"	XIV. Nuremberg-u 29
Dr. Erno Brody	" "	"	I. Ferry Oskara 78
Dr. Bela Fabian	" "	"	VI. Teres-kerut 43
Dr. Gesa Desi	" "	"	V. Bathory-u 5
Dr. Lajos Szabelcsi - Editor	" "	"	I. Trembitas-ut 16
Dr. Hugo Csorge - Writer	" "	"	VII. Sip-uca 12/Festi
			Israelia Hitkosseg Szekhara
Jossef Buchler - Journalist	" "	"	VII. Nepesinhas-u 21
Dr. Mihaly Revess - Editor	" "	"	IX. Ullod-ut 63
Jeno Wallasz	" "	"	XIV. America-ut 74
Mano Abrahamson - Cantor	" "	"	VII. Rembach-u 9
Abraham Freudiger de Obuda	" "	"	VI. Isabella-u 51
Denes	" "	"	VI. Andassy-ut 128
Fulop	" "	"	V. Csaky-u 9
J. Lipot	" "	"	VI. Andassy-ut 128
Karoly	" "	"	VI. Podmanicky-g 35
Samuel	" "	"	V. Nador-u 31
Dr. Henrik Madrei	" "	"	VII. Erzsébetkerut 26
A. Emil Dinner	" "	"	VII. Dob-u 18
Bela Fulop	" "	"	VI. Szinyei Merse-u 1
Kalman Donath	" "	"	V. Pannonia-u 8
Bela Revess - Writer	" "	"	VI. Szondy-u 93
Lajos Land Dr. - Senator	" "	"	V. Deak Ferenc-u 16-18
Ander Glucksthal - Advocate	" "	"	I. Hapagy-ter 3
Karoly Keleti / 28 Years/Wife Eva 23 Years/Daughter Judis 1 Yr./		Budapest Kiraly-	Kiraly ut 3/0
		Budapest, Dehany-u 30	
Lasslo Hirschler	Wife Klara	Son 3 Yrs.	
Klein Isaacne, 52 yrs. and 5 children, Sateralsaujhely, Karolyi ucca, 18, Hungary			
Katz Terek, 50 years, and 5 children, Kisvarda, Hungary			
Lemberger, Erno, rabbi, 37 yrs. and 4 children, Szerencs, Hungary			
Lefkovitz Lipotne, 42 yrs. and 7 children, Kisvarda, Hungary			
Oestreicher Rosa, 43 yrs. and 4 children, Huszt, Hungary			
Perlstein Kati, 56 yrs. and 4 children, Szatmarasneti, Tompa ucca 15, Hungary			
Pollak Erno, 28 yrs., c/o Lemberger Rabbi, Szerencs, Hungary			
Pollak Jeno, 27 yrs., c/o Lemberger Rabbi, Szerencs, Hungary			
Pollak Janone, and 2 children, Kisvarda, Hungary			

- 2 -

Rottenberg Israel, 63 yrs., and wife, Mezokaszony, Hungary
 Shonfeld Marton, Rabbi, 32 yrs. and 2 children, Ermihelyfalva, Hungary
 Schuck Soma Rabbi, 40 yrs. wife and 2 children, Budapest, Istvan ucca 20, Hungary
 Spitzer Milksa, Hajduboszormeny, Pecs ucca 20 - Czechoslovak
 Stern Daniel, 51 yrs. and 5 children, Kisvarda, Hungary
 Engel Mor, 65 yrs. and wife, Szerencs, Hungary
 Engel Jozsef, 38 yrs. wife and 3 children, Szerencs, Hungary
 Ehrenfeld Samuel, 49 yrs. and wife, Nagysurany, Hungary
 Frankl Lazar, Rabbi, wife and 5 children, Salgotarjan, Hungary
 Friedman Samunne, 50 yrs. and 3 children, Nyirbator, Piacster, Hungary
 Fleishman Hermin, 30 yrs. and 3 children, Make, Deak, Ferencz ucca, Hungary
 Fruchter Fani Feige, 56 yrs. and 2 children, Maramaros Sziget, Hungary
 Gruber Lazar, 55 yrs. wife and 5 children, Budapest, Hungary
 Teitelbaum Joel, 58 yrs. and wife, Szatmarnemeti, Hungary
 Teitelbaum Zal an Leb, 35 yrs. wife, Maramarosszieget, Hungary
 Weinstock Lina, 51 yrs. and 5 children, Dees, Hungary

World Jewish Congress, Leon Kubowitzki

May 16, 1944

5:10 p.m.

BAKzin:jp 5/13/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: May 16, 1944
NUMBER: 876

SECRET

Following is No. 54 from Ankara for the War Refugee Board.

Department's cable of May 13, No. 425, is referred to herewith.

I again urged the Minister for Foreign Affairs, in the course of one of my recent talks with him, that he should do everything within his power to stay the deportation from France of Jews who claim Turk nationality. I was informed by the Minister that on several occasions the Turk Ambassador in Vichy had received specific instructions to do everything within his power to be of help in those cases, and that it was indicated from the very considerable number of Jews claiming Turk nationality who have already arrived in Turkey that the Ambassador's efforts had been partially successful at least. It was stated by the Minister that the Ambassador's position in dealing with the authorities in Vichy was "none too advantageous" in that over 90% of the Jews in France who claim Turk nationality "have not the remotest claim thereto, since in many instances their ancestors left Turkey several generations ago".

I was informed by the Spanish Minister, with whom I have had a talk, that he has made representations to the government of Turkey on behalf of Spanish Jews in Greece and other Axis occupied countries. I offered to support his representations to the Turk Foreign Office should he wish me to do so. It was stated by the Minister that I would be informed by him if the Turk authorities failed to act and he would further discuss the matter with me.

STEINHARDT

DCR:VAG:HL 5/18/44

MJB-790

This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (BR)

Ankara

Dated May 16, 1944

Rec'd 9:04 p.m., 17th

Secretary of State,

Washington.

880, May 16, 6 p.m.

Department's 433, May 15.

FOR HIRSCHMANN OF WAR REFUGEE BOARD FROM THE

AMBASSADOR.

Ankara's 55.

Delighted to learn you have been able to arrange
your affairs so as to permit of your early return to
Ankara.

STEINHARDT

EH
HTM

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 156

Information received up to 10 a.m., 16th May, 1944.

1. NAVAL

On 14th aircraft from the Home Fleet attacked RORVIK north of TRONDHEIM. 1 ship of 4/6,000 tons was hit and 3 possibly damaged. 4 Heinkel aircraft were destroyed and another probably destroyed. 1 Hellcat lost. Later a fish oil factory northeast of STADTLANDET and 2 armed trawlers were damaged. During the withdrawal an attack on H.M. Ships by ME 110 aircraft was driven off by gunfire. One of H.M. Submarines off Southern FRANCE sank an 800 ton ship on 11th and damaged and beached a small coaster on 15th. Another of H.M. Submarines sank 5 caiques in the AEGEAN between 3rd and 5th. One of H.M. Submarines sank a large junk northeast of SUMATRA on 7th. A native dhow was sunk by U-boat east of the MALDIVE ISLANDS, on 10th. 28 survivors rescued.

2. MILITARY

ITALY. 8th Army. No further developments north of CASSINO or in town itself, but severe fighting has continued to the south, especially against U.K. troops. Indians have advanced to within a quarter of a mile of PIGNATARO, 4 3/4 miles southwest of CASSINO. We now have 9 bridges over RAPIDO.

5th Army. South of the LIRI S. GIORGO and a height to the west of it have fallen to French troops who are now pressing on towards ESPERIA. Goums have taken 2 heights west of AUSONIA. On the left U.S. forces have pressed on across the AUSONIA-FORMIA road and captured SPIGNO. Excellent air support over whole front of attack.

3. AIR OPERATIONS

WESTERN FRONT. 15th. U.S. heavy bombers dropped 432 tons on military objectives in the PAS DE CALAIS. Total of 131 tons dropped by medium, light and fighter bombers on 4 airfields and 6 railway centres in Northern FRANCE.

15th/16th. Aircraft despatched:

LUDWIGSHAFEN
Other Objectives
Sea-mining
Intruders, Leaflets, etc.

30 Mosquitoes
13 Mosquitoes
33 (3 missing)
42 (3 enemy aircraft destroyed, 1 Wellington missing).

About 80 German aircraft operated over the South coast with some concentration over PORTSMOUTH, ISLE OF WIGHT area. 5 were destroyed by night fighters. Damage to property and 1 fatal casualty, PORTSMOUTH. Hits on hospital and a factory, COWES, 8 killed.

ITALY. 14th. About 1,400 tons were dropped by U.S. heavy bombers on airfields and railways in Northern ITALY. Photographs show severe damage to railway centres at VICENZA, TREVISO and MESTRE.

May 17, 1944

9:30 a.m.

GROUP

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

H.M.JR: I signed that thing to Byrd. I don't know who wrote it. I don't think it is too hot.

MR. D.W. BELL: Don't you? It is hot from Byrd's standpoint. It criticizes his report, I think, rather severely.

MR. C.S. BELL: Would you have gone stronger?

H.M.JR: Yes, I would show how many cars we had, and how many we laid off.

MR. D.W. BELL: There is a statement in there that the use of the cars was materially reduced. It doesn't show the number, it is true.

H.M.JR: Yes, but it - I don't think it goes far enough, if our record is all right.

MR. C.S. BELL: Our record is all right. This is the second time we have torn one of his reports to pieces. A year ago we took it all apart and they sent their men down here.

H.M.JR: If you men are satisfied - I signed it.

- 2 -

MR. C.S. BELL: I thought it was pretty strong.

H.M.JR: O.K. All right.

Dan?

MR. D.W. BELL: I think he will change it, based on that report. I don't think he will want that letter printed in the record; at least, he never has printed one of your critical letters in the record.

H.M.JR: I don't like comparing it to the other Departments.

MR. C.S. BELL: You have seen his report; he makes those comparisons.

H.M.JR: Oh, does he? O.K.

MR. D.W. BELL: It is a little critical of us - of the Department of Justice; not too much, I don't think.

H.M.JR: That won't bother them!

MR. D.W. BELL: I called Senator George yesterday afternoon about the debt bill and told him I thought that in view of the fact that the other subcommittee was not going to start hearings until the 26th that it would be too late, and we would get into quite a wrangle over the pension trust amendment.

Now, I asked him if he thought the house would accept that amendment, and he said, "No, I am sure they won't."

I said, "Don't you think an attempt ought to be made to keep it off the debt bill."

He said, "Yes, when I come back Friday I will take it up with Taft and see if we can't get him to eliminate his thoughts about the debt bill. I think I can get him to agree to it."

- 3 -

So in view of his attitude, I did not call Doughton. I thought I would wait until Friday and see what the results are.

You saw in the paper, probably, or on the ticker, about the reduction of the Budget's expenditures. That is entirely wrong. The President got all mixed up on a statement which Smith had sent to him, and I guess they found out afterwards it wasn't a very good statement. It is a reduction in contemplated appropriations, and not expenditures at all.

In other words, he said that in the budget of last January there probably would be ninety billion dollars in appropriations - additional appropriations - to run the Army and Navy in 1945. Instead of asking for ninety, he is going to ask for eighty-two, or something like that. The expenditure figure isn't changed one bit.

H.M.JR: Who is going to catch up with him on that?

MR. D.W. BELL: I called them last night and asked them if they wouldn't hold a press conference in the Budget after the President's press conference, and Smith agreed to it. He did straighten some of it out. The Post wasn't bad, but the ticker was terrible. They did straighten some of the papers out before it got out.

We have received from the Federal Reserve Bank of New York those gold coins - do you remember - that we talked about.

H.M.JR: Oh, did we?

MR. D.W. BELL: The box has not yet been opened, but there are seven hundred and two coins. They must have had one of every mint and every mintage, because there are one hundred and seventy-one twenties, and one hundred and seventy-eight tens, two hundred and twelve fives, eleven threes, one hundred and twenty-nine two-and-a-half's, and one one-dollar piece, which ought to be quite valuable.

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H.M.JR: Do they keep one set for themselves?

MR. D.W. BELL: Yes. Now, that is going to take quite a case. I think possibly we ought to take out one of each and put those in the case.

H.M.JR: What about the others?

MR. D.W. BELL: We are required by law to destroy them or melt them down.

H.M.JR: Oh, I wouldn't do that.

MR. D.W. BELL: But we can hold them in the vault, I think, temporarily.

H.M.JR: Some day, when the Treasury is hard up, they can sell them to some collector and make money.

MR. D.W. BELL: They are probably collectors' pieces - old coins. 'Frisco kept a collection and we told them that they could keep one, too. They only kept one hundred and sixty-eight dollars in their collection.

We will open them up and see what we can do about a case. I think we will have to have a very strong case, probably steel lined, and something to put over the top of it at night, or steel bars to go across, so people can't break the glass.

H.M.JR: You can have this bullet-proof glass which is two or three inches thick.

MR. C.S. BELL: Hook it up by an alarm system to the guard's office. How many thousand dollars will it represent?

MR. D.W. BELL: It won't represent so many dollars, I think.

MRS. KLOTZ: To one of the guards who stole it before? I don't think I would do that!

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H.M.JR: All right?

MR. D.W. BELL: Probably wouldn't be over a couple of hundred dollars in the case, at the most.

That is all I have.

H.M.JR: Charlie?

MR. C.S. BELL: This letter that Mr. Mack has prepared to Secretary Stimson is for you to sign. I think it is all right. It contemplates the Army making these inspections of warehouses. It is a one-time proposition. They will make up their own minds as to which should be kept on a current basis.

H.M.JR: How are we getting along over there, anyway?

MR. C.S. BELL: I think we are coming along very well. Mr. Olrich was out of town for two or three days. I talked with him yesterday and told him I was coming down to see him today. He is perfectly satisfied - Olrich - but there may be some things that he will need a little guiding on. He is accepting practically everything up to this point.

H.M.JR: Is he making progress?

MR. C.S. BELL: Yes, sir. He received his first statement of fifty thousand and over, yesterday. That was in a little memo that I gave you. A copy of that is coming over here today.

He also will receive this morning the first IBM statement, which will put some bugs in it.

H.M.JR: Does Haas' office supervise this?

MR. C.S. BELL: I have the report that you spoke of, already, and I talked with him about that yesterday. That is one of the things he wants to go into today - that Mr. Haas' office prepared. It is rather an elaborate report that Tickton got up.

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H.M.JR: Will I see it?

MR. C.S. BELL: I thought I would talk with Olrich first and see if he understood it thoroughly; then we would bring it in. There may be some things he wants to eliminate, himself.

H.M.JR: He is coming at three-thirty. How about that?

MR. C.S. BELL: All right, sir. It is a dummy report - an outline of a report.

MR. D.W. BELL: Mr. McConnell is about to wind up his work over there on the contract termination of financing. He isn't so worried about it, himself, but he says it isn't costing the Government very much for him, at a dollar a year, but Mr.Claire is here helping him, and he will finish up, too.

H.M.JR: Who is he?

MR. D.W. BELL: The gentleman we got from Harvard Business School. We thought at the time we were getting him for Procurement because they were then going into surplus property matters. But McConnell got tied up with this contract termination of which he was the chairman of the subcommittee, and he used him, and the man detailed from the Securities and Exchange Commission. I think it might be a good thing to give Mr.Claire to Mr. Olrich. He is an excellent man.

H.M.JR: See if he wants him. I can't make any work for Bob McConnell?

MR. O'CONNELL: No.

H.M.JR: Do you know of anything?

MR. O'CONNELL: No, I have been puzzled about what he ought to do, frankly. He has done very well with what he has been doing, but he has just about worked himself out of a job.

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H.M.JR: What is there we could give him?

MR. D.W. BELL: I don't know of anything, unless he could help out on post-war taxes. He is not an expert at all. You would get the businessman's viewpoint.

H.M.JR: I wouldn't have him on there.

MR. BLOUGH: Thank you, sir.

H.M.JR: No, I wouldn't pick him for that.

MR. WHITE: Couldn't he be available until something does develop? He is in and out.

MR. D.W. BELL: I think he would probably like to loaf awhile. He has a beautiful summer home up here.

H.M.JR: The only thing he might do - we could put him to work looking around the raw materials situation in the world. I mean, he does know that; that is his line - what raw materials we need - the question of barter with Russia, and so forth.

MR. WHITE: I don't think it is very fruitful. Anything he could find out at this stage of the game - I doubt whether it will affect any decisions, but you could try.

MR. D.W. BELL: Anything he could do to help out in Procurement?

H.M.JR: No, he doesn't want to. He says it isn't his business. Do you want him on any of that raw material stuff, Harry?

MR. WHITE: I shouldn't think so. Certainly not for this stage of the game. I think if it could be arranged, and I gather from his own remarks that it would fit his needs if he could just be available. Let him take a few weeks or a month off; something

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is certain to turn up in which I think you would be glad to have him, but I think it is better to have it that way than to pick something for him to work on merely to keep him busy when there really isn't something worth it.

Isn't it true, Joe, that he would be available or is he planning to go to something else?

MR. O'CONNELL: Oh, sure. I think he would be entirely happy with that sort of arrangement for the summer, because, as you say, he has a nice place, and enough varied interests so that he won't be particularly bored. I think he would be happy to just keep an anchor to windward here.

H.M.JR: Who is going to tell him?

MR. O'CONNELL: I don't think anybody needs to tell him.

MR. D.W. BELL: I can talk to him. I know him pretty well.

H.M.JR: Supposing you have a talk with him, will you?

MR. D.W. BELL: Sure, I see him every day or two.

H.M.JR: Is he around?

MR. D.W. BELL: Yes, he was around last week up to about Thursday or Friday morning. I don't know whether he is here this week or not.

MR. O'CONNELL: I haven't seen him.

MR. D.W. BELL: He goes to New York about every other week and stays there three or four days.

MR. WHITE: While we are on it, I tell you a spot he could do well, but I don't know how to work him in on it - whether it is at all possible - but I believe

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we are getting rooked in Spain on what we are paying for that stuff, and in Portugal. I believe that they are just running up the price on us without our getting any more, and I think he would be a man who would certainly know a good deal about it.

H.M.JR: Yes, but that isn't our business, Harry.

MR. WHITE: No, I was just wondering whether we could suggest him to FEA for that job.

H.M.JR: That is their business.

MR. WHITE: Definitely their business.

H.M.JR: Are they interested?

MR. WHITE: With your permission I'd like to sound out Currie on it, and if they want to use him, then it will be all right for you to loan him for a few months.

H.M.JR: I have a much better suggestion than that. If we take over SKF, I'd like to see him put in as Government manager there.

MR. O'CONNELL: I don't see how you could do that, because it will be the APC that takes over SKF.

H.M.JR: You could tell it to Lauch Currie.

MR. O'CONNELL: All right, but--

MR. D. W. BELL: They are not very friendly to him, are they?

MR. O'CONNELL: In the past there was a difference of view which resulted in his being relieved of his job in running General Aniline; but for that it would be a good idea, because he would be good for that thing.

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H.M.JR: Letting the past be the past, that would be a job for Bob McConnell.

MR. O'CONNELL: He wouldn't be very happy to do it.

MR. D. W. BELL: It would be a good job for him. No, I don't think he wants to work with Crowley.

MR. WHITE: I think the conversation has indicated that something is bound to come up sooner or later in which he will be a useful man.

H.M.JR: Yes, that would be a good job for him.

I didn't see the release, incidentally, on SKF. Will you ask them?

MR. SMITH: Oh, yes. It was all over the papers this morning - the Treasury and the other agency, APC.

MR. WHITE: I think you can be certain that that release will get plenty of publicity.

MR. SMITH: It certainly did. And Batt was there with an Admiral and a General, making speeches yesterday, up at SKF.

MR. WHITE: That press release exonerated the management.

H.M.JR: Luxford wanted to do it.

MR. WHITE: I know it. We talked it over. There really wasn't much choice.

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H.M.JR: You heard what happened? The SKF baseball team played another one and they broke the game up because the other company called the SKF nothing but a bunch of Nazis, and there was a free-for-all fight. We had to do something about it.

Well, I think the thing will get hot enough so that something will happen.

MR. C. S. BELL: Did you want to have the Executive Order changed to eliminate the General Counsel as an Acting Secretary in the absence of the Secretary? It stands on the books now on this Executive Order dated March 1941.

H.M.JR: The answer is yes. Then when these fellows come around and get kind of hot and tired on Saturday and they want him to act--

MR. O'CONNELL: I can take the afternoon off!

H.M.JR: Yes, they will be around.

MR. C. S. BELL: That is all.

H.M.JR: Harry?

MR. WHITE: I have nothing. We will continue with the hearings this morning. They will be over today.

MR. D. W. BELL: I understand Mr. Dewey is going to take you on this morning.

MR. WHITE: He asked to testify. I didn't know whether he was going to ask questions or make a statement.

MR. O'CONNELL: He was a little confused. He asked for an opportunity to appear as a witness, and at the end of the hearing Bloom announced that he had given Mr. Dewey permission to ask questions.

Now, Dewey hasn't asked to ask questions, so whether he will want to ask questions this morning is not entirely clear to me, although I think he probably will. He will ask Harry some questions and make a statement.

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MR. WHITE: He was writing questions and giving them to Voorhis. Voorhis was asking them.

H.M.JR: Do you think this was a mistake, this statement?

MR. WHITE: No, sir. The release? No, I don't think we could have done other in view of their claim that there was a reduction in output and that it was necessary to reassure the workers that they were not working for Germany. That release was all right. There was only one phrase put in there which we didn't think was necessary, but we didn't think it was worth fighting about. It was added by Markham, who, I understand, was quite friendly with Batt.

H.M.JR: What is Markham's background, anyway?

MR. WHITE: Wasn't he with Jones in RFC?

MR. O'CONNELL: He has been with Leo Crowley in FDIC for almost the past ten years. Before that, I believe he was a lawyer, and I know he is from Boston, but what his earlier history was before he came here, I don't know. He has been here about ten years.

H.M.JR: He used to do all of Crowley's political work. He was his political contact on the Hill, and so forth.

MR. O'CONNELL: I think he was his General Counsel.

H.M.JR: He wasn't a General Counsel.

MR. D. W. BELL: Brown was.

MR. O'CONNELL: Before Brown. Brown used to be assistant, and I think Markham was his General Counsel.

H.M.JR: Anything else, Harry?

MR. WHITE: No.

MR. BLOUGH: Henry Long of Massachusetts, whom you may know, heads up a joint committee of the American Bar

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Association and the National Tax Association on Federal, State, and fiscal relations. They are having a big shindig in New York on Friday, a sort of semi-final report, and have invited me to be present. I would like to go if it is not inconsistent with other work.

H.M.JR: These little trips all count up against your trip to England, don't they?

MR. BLOUGH: No, I hope not.

May I report on the English situation briefly? King and Fales had about a week's discussion with the British. Then the British said, "We will have to go to our principals and find out whether they want to go ahead on an income tax treaty, and if so, along what lines. It will take a while, ten days or two weeks, because they are busy with the budget."

Well, it was two weeks last Saturday. We have heard nothing yet. Unless the British are ready to go into it, really there is no sense in sending anybody else over. If the British really want to go into it and the war isn't too hot, I would like to go over.

H.M.JR: All right, sir. Are you on the Hill today?

MR. BLOUGH: No, there is nothing going on there. The bill comes up on Friday in the Senate for debate. The present prospects are that things will be very mild.

H.M.JR: Should I do anything about telling George I am pleased at the way it went through the Committee yesterday, or not?

MR. BLOUGH: At some stage, I think you should.

H.M.JR: Is today the stage?

MR. D. W. BELL: He is out of town.

MR. BLOUGH: He will be out of town today and tomorrow.

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H.M.JR: Will you keep that in mind?

MR. BLOUGH: Yes. I think after the bill has passed the Senate it would be a very nice thing.

H.M.JR: Let me know when I should butter him, and you supply the butter.

MR. O'CONNELL: They report the Public Debt Bill Friday. You might cover both.

MR. BLOUGH: I have nothing else, sir.

MR. HAAS: I am still looking for a "hot sewer." You couldn't give us another clue, could you? Some of the boys will have a nervous breakdown.

H.M.JR: I want to know what the breakdown is on the four hundred million dollars of non-military work that they are doing.

MR. HAAS: Oh! Well, they claim all of it fits into the form of military necessity or--

H.M.JR: Have you seen the justification?

MR. HAAS: Yes, we have their formula which they use, and here is what we are doing, but we haven't been able to unearth anything: We haven't completed them, but we have covered several stages. For instance, we have taken all the cities reported by War Production that have large war contracts. That is one criterion. Then we match the sewers up and eliminate some of them for those we fear we have no case against. Then we take the defense housing areas. If there are sewers in that, we have not much of a case. But we go through that, and today--well, I know for California and Texas--you only have four sewer jobs outside of that. Now, we are looking into that, but we are not very hopeful that we will get very much out of this thing.

H.M.JR: They have other things besides sewers.

MR. HAAS: We are going to take those up, too.

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H.M.JR: Why don't you send somebody in the field? Supposing they say it is a housing thing.

MR. HAAS: That is what we are going to do as soon as it looks like a suspicious situation.

H.M.JR: Yes, but you say housing--you may go there and find out they don't need it.

MR. HAAS: You mean even if it is a defense factory town, and so forth?

H.M.JR: You might say Bridgeport. Well at Bridgeport the peak of the thing is over. Let's say they are building a sewer in Bridgeport. They can't claim it, particularly.

MR. HAAS: Well, we intend to have someone go out there as soon as we got a suspicious area, but otherwise we would be running all over the country.

H.M.JR: But they are working on it?

MR. HAAS: Yes.

H.M.JR: What other things are you working on?

MR. HAAS: On the one job you gave to us about this post-war thing, I mean, what the budget is going to be. Then we are working on this whole financial picture from now until the end of the year, revising all our estimates on that. Murphy and his crowd are fooling around with this whole problem of Federal ratios. We have Likert going on a new job in Louisville. He is making another effort.

H.M.JR: Get me up a little short report and send it to me through Charlie Bell, just what is going on in your shop, will you, please? I would like it by tomorrow morning.

MR. HAAS: All right.

MR. O'CONNELL: The ad that you mentioned yesterday, the Safeway ad, made the Congressional Record yesterday, too.

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The Congressman made a nice little speech pointing out the implications in terms of price control. It may be more than a coincidence. It is the same statement that Fred Smith wrote, and which I sent down to Wright Patman. He gave it to another Congressman to make for him, but it was a pretty good job.

H.M.JR: A statement about what?

MR. O'CONNELL: Fred wrote a short statement, a couple of pages, around the ad of Safeway's.

H.M.JR: I didn't know this.

MR. SMITH: It said this was the final proof on whether or not price control worked. Here was a store that was obviously making a good living, and yet its prices were less than a year ago.

MR. O'CONNELL: It is part of our general arrangement with Wright Patman on which we give him material on occasions.

H.M.JR: He sparked on this?

MR. SMITH: We sent it to Wright Patman. He is now spreading out, and we are apparently getting some more Congressmen on his team.

MR. O'CONNELL: This Congressman was a friend of Patman's named Dilweg from Milwaukee, or Wisconsin.

H.M.JR: Is it in the Record? Will you mark up those two things?

MR. O'CONNELL: Sure.

H.M.JR: Fred is spreading out, too, isn't he?

MR. SMITH: Getting practically subversive here!

MR. O'CONNELL: He made another good speech yesterday on this proposed constitutional amendment which Gannett and his group are sponsoring, limiting inheritance taxes.

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Patman has made two good speeches on that. I think he is going to be quite effective in scotching that scheme. Without any publicity at all, they have had sixteen State legislatures approve a constitutional amendment which would limit the income tax amendment in that fashion.

H.M.JR: I tell you what you might do. Why don't you take Porter out and buy him a luncheon. Isn't he the man that works with Hannegan?

MR. SMITH: That is right.

H.M.JR: Find out what he is doing. "Well, I wish I knew you were doing that," he might say, or "I am doing this," or "I am doing that."

MR. SMITH: For your own information, every time we do something like this, we send Hannegan copies so he can spread it around.

H.M.JR: I still think it would be good to take Porter around. Do you know him?

MR. SMITH: Yes. I don't know him well; I have met him two or three times.

H.M.JR: Find out what they are doing.

MR. HAAS: I know him well.

H.M.JR: Do you? From where?

MR. HAAS: Don't you recall him from in the early days? He was Chester Davis' assistant. He was at meetings in the White House in 1933. But I have known him since. That is where I first ran into him.

H.M.JR: I would like to know him, myself.

MR. O'CONNELL: He worked for Leon Henderson and went over and worked for Marvin Jones.

MR. WHITE: He is a very fine chap.

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H.M.JR: I think it would be a good idea.

MR. D. W. BELL: I wonder if some place along the line we should do something about this group that is advocating the constitutional amendment. They have sixteen States now to take action in their legislatures.

MR. BLOUGH: We have a memorandum in your hands, George, to fill in some figures, which pretty well takes the thing to pieces. I hope it does, anyway. I don't know to what extent we could make some public use of that, but that ought to be ready very shortly. Some effort is needed, because you talk to people like--well, I talked to Beardsley Ruml about this when I was in New York a couple of weeks ago. He said, "If anybody but Gannett was back of this, the businessman would take up with it." They don't like Frank Gannett.

But Bob McConnell the other day didn't say anything about this amendment, but he said he thought that twenty-five percent of the income was about as much as the Government ought to count on taking, or something like that. A lot of businessmen have--

MR. O'CONNELL: Bob is against income taxes, anyway, on principle. He really is. He is in favor of a spendings tax as the usual method of taxation. He thinks it is the only tax, on the basis of what you spend, and not what you earn.

MR. WHITE: He must have been conferring with Blough.

H.M.JR: Well, don't hurt yourself, Roy.

MR. WHITE: You will hear about him sooner or later. He is spreading around.

MR. D. W. BELL: About sixteen States have gone on record, and they have done it very quietly without any publicity at all. It seems to me--

H.M.JR: That is about all I have.

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MR. HAAS: May I ask something? Do you have to have this report from my shop? It is a tremendous mechanical job putting all these in. We have a project card for every project in the place. Do you remember those monthly reports you used to get up? It took several days each month to put it together. I mean, if you have to have it tomorrow, we would have to stay here tonight to work it out.

H.M.JR: No, I don't want anybody to work tonight. Get it in in a couple of days.

MR. HAAS: O.K., fine.

MR. BLOUGH: For the record, that name is Hazlitt.

MAY 17 1944

My dear Mr. Chairman:

I have received your letter of May 12, with which you transmitted a draft copy of a report proposed to be submitted by the Joint Committee on Reduction of Nonessential Federal Expenditures, regarding the ownership and operation of non-military Government passenger-carrying automobiles.

You request that I furnish you with my comments and suggestions, and that I indicate my approval of the proposed report. Since the report as drafted contains certain statements in which I am unable to concur, I regret that I cannot approve it in its present form.

On page 3, under "Analysis of the Records of Certain Agencies," the report presents what are purported to be comparative figures relating to the operation of passenger-carrying automobiles in the Department of Agriculture, the Department of the Interior, the Department of Justice, the Treasury Department, and the Tennessee Valley Authority.

As Secretary of the Treasury, I cannot subscribe to the statement on page 4 of the report, that the Treasury "did not make particularly good utilization of its vehicles." It is not understood how this conclusion could have been reached, nor is it possible, on the basis of available information, to confirm the statement that the Treasury's cost of operation "was the highest of these five agencies named." The Treasury's average cost of operation, per vehicle, was \$278.29 as compared with the Tennessee Valley Authority's average of \$547.88, and with respect to total expenditures, the Treasury's total cost of operation was \$710,624 as compared with \$781,215 for the Department of Agriculture and \$612,445 for the Department of Justice. On the basis of the foregoing figures, it would not appear that the Treasury's cost of operation was as high as that reported by the other agencies above-named. It is noted, however, that considerable emphasis has been placed on the average mileage of cars operated by the Department of Justice, which leads me to believe that certain important factors must have been ignored, insofar as the Treasury Department is concerned.

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As you know, the Treasury Department's utilization of passenger-carrying vehicles is necessitated almost entirely by the law-enforcement activities of the Bureau of Narcotics, the Bureau of Customs, the Secret Service, and the Alcohol Tax Unit of the Bureau of Internal Revenue. You are familiar, I believe, with the type of law enforcement performed by these agencies, which involves constant activity against criminals who themselves use motor vehicles as a means of transporting counterfeit money, smuggled merchandise, narcotics, illicit spirits, and the like. The pursuit and arrest of these law violators calls for exceedingly hard usage and constant risk of wreckage of the Government's automobiles. We should not overlook the additional important fact that over 50 per cent of the automobiles operated by the Treasury are cars which were originally confiscated from law violators. Nearly all of these cars had already been subjected to hard use by the persons from whom they were taken, and it naturally follows that they would be substantially more expensive to operate and maintain than in the case of new cars obtained through purchase. In most cases the confiscated cars are in need of repair before they can be placed in service, and, in addition, the Treasury must pay the storage charges which have accumulated on the cars while under seizure, all of which obviously increases the operating costs as compared with new cars acquired by purchase. As to the number of cars operated by the Treasury, it is believed that the existing total represents the minimum number necessary to accomplish the law-enforcement programs of the various bureaus, with due allowance for adequate geographic distribution of the cars.

In its analysis of the record of certain agencies, the report refers to an annual average of 25,279 miles per vehicle operated by the Department of Justice. In comparing this figure with the Treasury's average of 11,625 miles per vehicle, it is implied that the car utilization record of the Department of Justice is the more favorable. This Department does not concur in such implication, but would, on the other hand, regard its own record as the more favorable.

Since the entry of the United States into the War, Federal departments and agencies have been urged to reduce transportation by motor vehicles to an absolute minimum. To this end, a goal of 40 per cent below the 1941 mileage was urged. In an

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effort to comply with this policy, the various bureaus of the Treasury Department have resorted to the use of common carriers in every instance where the latter means of transportation could be substituted for motor vehicles without serious impairment of operations. An evident weakness of the proposed report, in my opinion, is its failure to clarify what the Committee regards as "good utilization of motor vehicles." In view of the appeal of the Office of Price Administration for nation-wide conservation of gasoline and rubber, it would appear to be inconsistent for the Committee to regard as commendable the record of the Department of Justice in utilizing its automobiles to an annual average of 25,579 miles per vehicle, while the Treasury's average mileage of 11,625 miles is criticized as reflecting poor utilization. It is believed that under the conditions prevailing today, a reduction rather than an increase in the mileage of passenger-carrying vehicles should be regarded as the more desirable achievement. I mention this fact only for the reason that the report, as drafted, might be erroneously construed as urging the resumption of high mileage at a time when equipment, gasoline, and rubber should be carefully conserved.

For the foregoing reasons I feel that the Treasury's record is a good one, and I take pride in the fact that despite the great volume of additional work imposed by reason of the War, this Department has been able to make a considerable over-all reduction in its automobile mileage. It has not been possible, of course, to attain a reduction of 40 per cent below the 1941 figures, but in the face of its heavy additional duties, the Treasury has nevertheless been able to achieve substantial progress, which compares very favorably with the record of other agencies.

On page 6, under the caption "Conclusions," the Committee proposes to recommend "that a provision be placed in all appropriation bills which will reduce travel expenditures of this nature by 40 per cent." I desire to point out, first, that the report fails to state the basis upon which the proposed reduction would be computed. Moreover, the proposal, in my opinion, would be far too drastic, since a statutory reduction of any such proportions would undoubtedly jeopardize, if not impair, the Government's functions.

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I am not familiar, of course, with the problems of other departments and agencies, but there are a number of factors that should be considered in connection with any reduction such as that proposed in the report. In my opinion, this matter is one for consideration by the Bureau of the Budget and the Appropriations Committees of Congress, who should be able, after proper inquiry, to determine the extent to which the various Federal departments and agencies might be able to curtail their use of motor vehicles without actual impairment of essential functions.

With further reference to the Committee's "Conclusions," I do not feel that I can approve the introductory paragraph, which implies that the Federal government has been unable to accomplish any reduction in the operation of its passenger-carrying vehicles. In comparing the reductions accomplished by the State governments with the record of the Federal government, the fact has apparently been overlooked that while the State governments are making a splendid contribution to the War effort, the Federal government is bearing the major share of the burden of the present emergency. It follows naturally, therefore, that the Federal departments and agencies cannot at this time curtail their activities in the same proportion as the State governments.

Certain of the Federal agencies which the report describes as heavy users of passenger-vehicles, i.e., the Department of Interior, the Department of Agriculture, and the Department of Justice, are engaged in essential activities, such as the conservation of natural resources, the control of immigration, the preservation of the forests, soil conservation, public power projects, etc., which require extensive use of passenger-carrying automobiles. I believe it only fair, therefore that the Committee, before recommending a reduction in the activities of these agencies, should grant them an opportunity to appear for the purpose of explaining and justifying their requirements.

Finally, it is believed that a slight change should be made on page 4 of the report, where reference is made to the "nonessential passenger travel paid for by the Federal government." Since the travel reported by this Department, and, I presume, by other Federal agencies, was essential in every respect, it is suggested that the use of the word "nonessential" be avoided in this connection.

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I shall appreciate your consideration of the foregoing suggestions. If the report could be revised to meet these objections, I shall then be pleased to give it my approval.

Very truly yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury.

Honorable Harry F. Byrd,
Chairman, Joint Committee on Reduction
of Nonessential Federal Expenditures,
Congress of the United States,
Washington, D. C.

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 ROBERT L. MOORE, CLERK

Congress of the United States

JOINT COMMITTEE ON REDUCTION OF NONMILITARY
 FEDERAL EXPENDITURES

CREATED PURSUANT TO SEC. 51 OF THE REVENUE ACT OF 1941

May 12, 1944 r

Honorable Henry Morgenthau, Jr.

The Secretary of the Treasury

My dear Mr. Secretary:

I am enclosing a copy of the Committee's
 report on Ownership and Operation of Nonmilitary
 Government Automobiles. I would appreciate your
 comments, suggestions and approval.

I hope it can be presented to Congress
 early next week.

With kindest regards.

Cordially yours,

Harry J. Byrd

[COMMITTEE PRINT]

78TH CONGRESS
2d Session

SENATE

REDUCTION OF NONESSENTIAL FEDERAL
EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION
OF NONESSENTIAL FEDERAL EXPENDITURES
CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

OWNERSHIP AND OPERATION OF NONMILITARY
GOVERNMENT AUTOMOBILESMAY — (legislative day, MAY —), 1944.—Referred to the Committee
on Appropriations and ordered to be printedUNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

[COMMITTEE PRINT]

SENATE

1944

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CONGRESS OF THE UNITED STATES

CREATED PURSUANT TO SECTION 901 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, Chairman

ROBERT L. DOUGHTON, Representative from North Carolina, Vice Chairman

SENATE

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JOHN TABER, Representative from New York

HENRY MORGENTHAU, Jr., Secretary of the Treasury

HAROLD D. SMITH, Director of the Bureau of the Budget

II



MAY — (definitive day) — 1944 — Referred to the Committee
on Appropriations and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF
NONESSENTIAL FEDERAL EXPENDITURES,

May —, 1944:

The VICE PRESIDENT,
United States Senate, Washington, D. C.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonesential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States, with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, Chairman.

III

REPORT ON THE OWNERSHIP AND OPERATION OF FEDERAL AUTOMOBILES

In accordance with title VI of the Revenue Act of 1941, Public Law 250, Seventy-seventh Congress (55 Stat. 726), an additional report herewith is presented by the Joint Committee on Reduction of Non-essential Federal Expenditures.

Two previous investigations by this committee on the nonmilitary operating costs of passenger automobiles, owned and operated by the United States Government, have shown that substantial economies can be effected by eliminating all nonessential automobile travel by officials and employees of some 40 agencies of the Federal Government. In the committee's two reports to the Congress it was obvious that the travel expenses of the various Government agencies were extravagant beyond measure and that the justifications for such expenditures should be carefully scrutinized by the Appropriations Committees of the House and Senate. From facts presented to the committee, it is evident that a substantial reduction in these expenses can be made in the executive branch of the Government.

The committee herewith presents to the Congress a third report on the total number and operating costs of automobiles owned and operated respectively by the various Government agencies, exclusive of those used by the War and Navy Departments.

GOVERNMENT COOPERATION NEEDED

The Office of Price Administration has repeatedly called upon the civilians of the Nation and upon the officials of the various State governments to cut their mileage by 40 percent. It appears that both of these groups have substantially complied with this request. On the other hand, the record of the Federal Government shows that it has only cut its mileage by 10 percent. The committee desires to emphasize this fact, for if the nonmilitary departments and agencies of the Federal Government had fully complied with the request to cut mileage by 40 percent there would have been enough gasoline available to send 1,000 Flying Fortresses over Berlin for a 1-week period, or enough gasoline to operate 1 entire motorized division of the Army for a 2-week period.

THE RECORD OF THE PAST 2 YEARS

Upon investigation the committee found that in the fiscal year 1943 executive agencies of the Government owned 1,788 more cars than they did for the previous fiscal year. The committee is glad to report that there was a decrease of 1,845,605 in the number of gallons of gasoline used in these automobiles, but it is convinced that further

reductions in the number of gallons of gasoline consumed by Government-owned cars can be made.

While most civilians were severely restricted in the use of their automobiles through gasoline and tire rationing, the reduction in miles traveled in automobiles owned or operated by the executive branch of the Government was only 10 percent. The greater part of the civilian population would have felt fortunate indeed if they could have driven 10 percent of the peacetime mileage to which they were accustomed. While civilian car owners were thus restricted, Government cars were driven about 90 percent of their 1942 mileage.

Specifically, many of the cars of Government agencies traveled greater mileage than they did before the paramount need for conservation of automobiles, tires, and gasoline developed.

The committee wishes to restate its conviction that the same standard of strictly essential driving should be applied to Government officials and employees traveling in nonmilitary Government automobiles as is now applied to individual citizens. On the basis of a comparison of 1942 and 1943 figures, the committee concludes that these steps are not being undertaken as conscientiously as they might be.

INCREASED NUMBER OF CARS OWNED

At the close of the fiscal year 1943, the Federal Government owned 19,093 passenger automobiles. This figure excludes those operated by the War and Navy Departments and also excludes trucks and motorcycles. This is a substantial increase over the fiscal year 1942 figures of 17,305 cars.

In the fiscal year 1942, the cost of operating these vehicles, exclusive of interest charges and depreciation, was \$4,243,602. In the last fiscal year, the figure was \$3,941,557, a reduction but not a substantial one.

Comparing the miles traveled by Government automobiles in the fiscal years 1942 and 1943, the committee found that in the former year mileage on these Government-owned or rented passenger automobiles totaled 203,550,280 miles, and in the latter year, 190,813,600 miles. Federal Government agencies effected some savings in the consumption of gasoline in both of these fiscal years. The amount used by Government-owned cars in the fiscal year 1942 was 13,793,594 gallons. In the fiscal year 1943 gasoline consumption amounted to 11,947,989 gallons.

In balancing these figures with the restrictions placed on the civilian population, the committee finds that while there were some reductions in the cost of operating these nonmilitary vehicles, the number of gallons of gasoline used, and the number of miles driven, these reductions, the committee is certain, are neither substantial, nor impressive. It is the opinion of the committee that the increase in the number of motor vehicles owned by the Federal Government agencies is wholly unwarranted.

COMPARISON OF FEDERAL AND STATE CONTROL

The committee finds that there is nothing special about the work of some Federal Government agencies that would not permit drastic reductions in the number of miles traveled in Government automobiles

owned and operated by such agencies. This statement is based on reports on reduction in official travel by State governments to the Office of Price Administration.

For example, the Federal Government agencies reported a saving of 12,736,880.5 miles for the fiscal year 1943. The State of Connecticut alone, for the same period, reported a reduction of about 17,000,000 miles. While agencies of the United States Government effected a saving of a little more than 5 percent, the State of Connecticut reduced its mileage figures by 56 percent, a typical and not an isolated instance.

Figures on 8 other States are equally significant. New Hampshire reports a reduction in official mileage traveled of 5,000,000 miles or 64 percent; South Carolina, 20,000,000 miles, or 60 percent; North Dakota, 5,000,000 miles or 48 percent; South Dakota, 3,500,000 miles, or 47 percent; Nevada, 2,500,000 miles, or 45 percent; New Mexico, 6,000,000 miles, or 42 percent; Idaho, 2,363,000 miles or 41 percent; and Washington, 5,000,000 miles, or 40 percent. Thus, the savings of official miles traveled is about 66,000,000 miles for these 8 of the 48 States, a record more than 5 times better than that of the executive branch of the entire Federal Government.

ANALYSIS OF THE RECORD OF CERTAIN AGENCIES

The committee is convinced that it would be worth-while economy to examine the number of automobiles, the miles driven, the number of gallons of gasoline consumed, and the cost of operation in the 5 Government agencies which own more than 1,000 vehicles, exclusive of the War and Navy Departments.

The committee found that during the 1943 fiscal year the Department of Agriculture owned more cars than any other Government agency.

The Departments of Agriculture, Interior, Justice, Treasury, and the Tennessee Valley Authority together own 15,288 of the 19,093 automobiles owned and operated by the various agencies in the executive branch of the United States Government. The Department of Agriculture on June 30, 1943, owned 4,559 passenger automobiles. The average mileage driven in each of these automobiles was 8,795.7 miles, which consumed, per car 523.15 gallons of gasoline. The cost of operation for each of these passenger vehicles for the Department of Agriculture was \$171.36.

Next in the list of the largest owners of automobiles in the executive branch of the Government comes the Department of the Interior with 3,936. For this Department, the committee finds each automobile traveled 7,953.8 miles and consumed 491.65 gallons of gasoline per vehicle. The cost of operating these passenger automobiles on an average equaled \$154.23.

The Department of Justice, the third largest owner of automobiles among Government agencies, possessed at the end of the fiscal year 1943, 3,204 passenger automobiles. Analyzing the figures, it is seen that this Government department makes the greatest utilization of the automobiles that it owns in that these cars traveled on an average of 25,379 miles and consumed 858.3 gallons of gasoline. This improved utilization of automobiles by a Government agency resulted in a higher cost of operation per vehicle, i. e., \$253.57.

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At the end of the last fiscal year, the Treasury Department owned 2,572 passenger vehicles. The average mileage traveled by these cars was 11,623 miles while the gasoline consumption was 737 gallons per automobile. In this Department, which did not make particularly good utilization of its vehicles, the cost of operation was the highest of these five agencies named. The average cost of operation of the vehicles owned by the Treasury Department was \$276.29.

The Tennessee Valley Authority owned 1,017 cars. These vehicles operated by that agency traveled on the average 10,030.18 miles and consumed 669 gallons of gasoline. The average cost of operation for the automobiles operated by this department was \$347.88.

A more striking comparison was noted by the committee in the average number of miles that each of these vehicles was able to get out of each gallon of gasoline. The Department of Agriculture automobiles averaged 16,813 miles per gallon; Interior, 16,179 miles per gallon; Justice, 15,368 miles per gallon; Treasury, 15,762 miles per gallon, and Tennessee Valley Authority, 14,932 miles per gallon.

The committee observed that in the fiscal year 1942 the average Government car traveled 14,757 miles per gallon of gasoline, while a year later the average Government car traveled 15.97 miles per gallon.

Considering the average Government car for the fiscal year 1942 and the average Government car for the fiscal year 1943, the committee finds that for the former fiscal year each car traveled 11,762.5 miles and consumed 797 gallons of gasoline, while in the latter fiscal year each car traveled 9,993.9 miles and used 625.77 gallons of gasoline. The average operating cost for the fiscal year 1942 was \$245.22 and \$206.44 for the fiscal year 1943.

These figures do not tell the entire story of nonessential passenger travel paid for by the Federal Government. It is a recognized fact that Government departments allow employees to travel and be reimbursed for expenses incurred in privately owned automobiles. Employees on official business are paid on a mileage basis. In the fiscal year 1942, 5 agencies report that they paid employees \$7,261,856.32 for 145,806,241 miles.

It is evident to the committee, therefore, that much more Government travel was done in private automobiles, also at Government expense. It is difficult to supervise traveling habits of officials and employees of the many bureaus of the Federal Government which result in wasteful expenditures of this nature. A conservative estimate of the total number of miles traveled on Government business at Government expense in passenger automobiles is still between 400,000,000 to 500,000,000 miles per year with an accompanying consumption of between 25,000,000 and 35,000,000 gallons of gasoline.

INCREASE IN NUMBER OF AUTOMOBILES OWNED

The committee finds that it is particularly extravagant for non-military Government agencies to have purchased more than 1,700 new automobiles in the last fiscal year. Again taking the examples of the 5 largest owners of automobiles among the Government departments, the committee finds that the Department of Agriculture has 200 additional automobiles. This, the committee is certain, is entirely wasteful in these days when it is extremely difficult for the average citizen to obtain a new automobile.

The Department of the Interior, at the end of the last fiscal year, had 27 more cars than it did at the end of the 1942 fiscal year. The Department of Justice closed the last fiscal year with 837 more automobiles; the Treasury Department, 67; and the Tennessee Valley Authority, 257.

In all fairness the committee is aware that some increase in the number of automobiles in a Government agency, such as the Department of Justice, is justifiable due to the numerous and varied activities of the Federal Bureau of Investigation, but it sees no reason for a 400-percent increase in the number of cars owned by the Selective Service System.

PRESENT CONTROL SYSTEM FAILS

Under the terms of Circular No. 422 of the Bureau of the Budget all departments, independent establishments, and agencies, except the War and Navy Departments, the Maritime Commission, and the War Shipping Administration, are required to submit to the Public Roads Administration pertinent information concerning Government-owned vehicles. In the course of its investigation the committee was notified that the system of reporting was not being carried out effectively by all the agencies. Some failed to supply the exact information requested and others delayed sending in the information until it was of no value to the controlling agency. To further aggravate the situation, it was found that the information now gathered by the Public Roads Administration failed to meet the needs of the Office of Price Administration, thus necessitating the setting up of a separate system.

It is the opinion of the committee that when information on a subject as important as this one is compiled only on an annual basis, its value is nowhere as great as it would be if the agencies were required by law to supply this information on a quarterly basis. Thus, if the committee had known that in the first quarter of the fiscal year 1944 the Federal Power Commission effected a reduction of 66 percent in miles traveled over the same period in 1941, while the Federal Communications Commission's savings totaled only three-tenths of 1 percent, at that time it could have taken steps immediately to determine if the Federal Power Commission or any other agency had developed an adequate system of reducing travel in Government-owned cars. In this way prompt attention could have been given the problem of travel expenditures in Government-owned passenger automobiles, while most agencies, to give this matter any serious consideration at all, either were failing on a quarterly or an annual basis.

CONCLUSIONS

It is apparent that the Federal Government is in the embarrassing position of urging the State governments and its citizens to drastically cut down on the use of automobiles, the consumption of gasoline and tires, while it is unable to see that its own employees do likewise and set an example.

1. The committee recommends once again that any Government official or employee who uses or authorizes the use of any Government-owned or leased vehicle other than for official purposes shall be summarily removed from office, and may, also, upon conviction thereof,

6 REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

be subject to a fine of not more than \$1,000, or imprisonment for not more than 1 year, or both.

2. The committee recommends that the Appropriations Committees of Congress carefully survey the need for passenger cars owned by each of the agencies of the Federal Government and adjust accordingly the appropriation requested for such cars as are necessary.

3. The committee recommends that the various agencies consider establishing merit raises for employees who suggest successful ways of decreasing the use of Government-owned automobiles, saving gasoline, and reducing the cost of operation.

4. The committee recommends that the Bureau of the Budget study methods of operation of the agencies which get the most miles per gallon and have the lowest cost of operation and which make the best use of their automobiles in order to determine if some standard operating procedures might not be profitably adopted by all Government agencies.

5. The committee recommends that the Congress enact legislation requiring all Government agencies, except the War and Navy Departments during wartime, to report to the Public Roads Administration, each quarter, the number of passenger automobiles owned, the number of miles traveled, the number of gallons of gasoline consumed, the cost of operation, and all other information which is now required by the Office of Price Administration.

6. That a provision be placed in all appropriation bills which will reduce travel expenditures of this nature by 40 percent.

Nonmilitary automobiles (passenger) owned by the U. S. Government—summary of operating costs and mileage by departments, fiscal year 1943

Agency or department	Vehicles as of June 30, 1943	Miles driven	Number gallons gasoline used	Cost of operation
Department of Agriculture.....	4,559	40,099,700	2,385,080	\$781,215
Department of Commerce.....	725	9,125,800	529,640	167,081
Department of the Interior.....	3,028	81,322,100	1,035,028	907,370
Department of Justice.....	3,204	62,280,900	2,749,944	812,445
Department of Labor.....	6	32,900	2,795	1,206
Post Office Department.....	49	200,300	24,019	13,105
Department of State.....	159	665,000	37,560	12,322
Department of Treasury.....	2,672	29,898,500	1,895,919	710,024
Board of Economic Warfare.....	6	59,900	8,395	2,060
Bureau of the Budget.....	3	20,700	2,080	547
Civil Aeronautics Board.....	20	306,000	17,807	5,959
Federal Communications Commission.....	176	2,302,700	137,569	38,143
Federal Power Commission.....	15	121,000	6,620	1,064
Federal Security Agency.....	588	5,600,700	346,469	100,053
Federal Works Agency.....	634	6,291,500	361,638	90,708
General Accounting Office.....	2	8,800	830	104
Government Printing Office.....	4	24,250	2,072	1,174
Interstate Commerce Commission.....	133	1,248,000	68,033	20,485
Library of Congress.....	2	13,000	963	126
Maritime Commission.....	44	248,000	16,830	4,545
National Advisory Committee for Aeronautics.....	33	381,500	28,545	8,906
National Archives.....	1	5,400	400	58
National Capital Park and Planning Commission.....	1	7,000	461	69
National Housing Agency.....	283	1,522,400	90,114	38,644
Office of Defense Transportation.....	2	20,300	1,073	283
Office for Emergency Management.....	79	639,900	48,415	13,533
Office of Strategic Services.....	26	270,600	20,095	8,005
Office of War Information.....	8	28,200	2,860	1,103
Panama Canal.....	2	8,000	747	153
Petroleum Administration for War.....	21	218,700	12,594	2,366
Railroad Retirement Board.....	3	36,700	3,380	1,393
Reconstruction Finance Corporation.....	22	386,100	20,594	5,190
Securities and Exchange Commission.....	1	2,700	240	81
Selective Service System.....	120	1,676,100	92,304	19,334
Smithsonian Institution.....	1	4,900	478	63
Tennessee Valley Authority.....	1,017	10,200,700	680,381	355,803

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

7

Nonmilitary automobiles (passenger) owned by the U. S. Government—summary of operating costs and mileage by departments, fiscal year 1943—Continued

Agency or department	Vehicles as of June 30, 1943	Miles driven	Number gallons gasoline used	Cost of operation
Veterans' Administration.....	257	2,059,000	158,075	\$46,110
War Manpower Commission.....	19	55,900	3,611	927
War Relocation Authority.....	339	3,095,700	227,539	86,390
Office of Censorship.....	38	268,000	18,256	4,961
Total.....	19,093	190,813,000	11,947,969	3,941,527
Fiscal year 1942.....	17,365	203,535,280	12,793,594	4,243,002

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date 5/17/44

TO Secretary Morgenthau
FROM Mr. O'Connell

Attached is the short statement Congressman Dilweg made on the floor of the House yesterday. As I told you, it is the statement we sent to Congressman Patman. Congressman Patman called me yesterday and told me he had given the statement to Dilweg.

You may not care to take the time to read it, but there is also attached a statement by Congressman Patman with respect to the constitutional amendment sponsored by Frank Gannett's Committee for the Constitutional Government, Inc., which would limit income and inheritance taxes to 25 percent. It's well worth reading.

J. J. O'Connell

HON. LA VERN R. DILWEG

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 15, 1944

Mr. DILWEG. Mr. Speaker, we have discussed for some weeks now the pros and cons of price control. We have heard its virtues extolled, and we have heard the opposition's attempt, with all the eloquence at its command, to prove that price control has not worked. We have been treated to endless facts and figures, many of them conjured up more to prove a point than to reveal an existing situation.

I have contended since the beginning that price control has worked extraordinarily well, in the face of great difficulties; and that it has stabilized our cost of living with remarkable efficiency. It has lessened the impact of war on this country to such an extent that the opposition is inclined to claim that we faced no danger in the first place. This, of course, is a far-fetched idea, and we need only to look to those other countries without efficient price-control

methods, and see that the cost of living has doubled, trebled, quadrupled or multiplied so many times that only the wealthiest people can afford even the most common living requirements.

I have an exhibit I want to show you today which, in my estimation, proves beyond doubt the efficacy of our price-control methods. It is not a document conceived and written by an economist; it is not a voluminous analysis by a governmental department; it is not a politically inspired screed. Mr. Speaker, what I have to show you today is nothing more or less than a newspaper advertisement, which I tore out of the Evening Star last Monday—an advertisement for a grocery store.

This advertisement lists 330 articles—meats, soaps, coffee, household needs, canned soups, canned vegetables—all the things a housewife needs to run her home.

The prices of all these 330 articles added together total \$69.64, as of May 8, 1943—a year ago; and do you know what the price of the same articles is as of May 8, 1944—last Monday? The total price as of last Monday was \$69.10—54 cents less than a year ago.

Now, this store surely is not running at a loss, yet they are selling the same goods they sold last year, not for more money but for less money.

What does that mean? It means that the United States Government has done so excellent a job of holding down the prices of goods at the wholesale levels that this store can hold down its retail prices, and even in a few cases reduce its prices, and still make money.

What better proof can we have than this? This is fact. It is experience. It cannot be denied that price control has worked.

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 15, 1944

Mr. PATMAN. Mr. Speaker, I do not contend that anyone who does not agree with me is a Fascist. I know a lot of old dealers would like to have us say that, but I do not say it.

As far as Mr. Frank Gannett is concerned, he is advocating a very damaging amendment to the Constitution of the United States. That amendment, if passed, will restrict even inheritance taxes to 25 percent; all gift taxes, estate taxes, incomes, corporate as well as individual, will be limited to 25 percent. That means we will never pay off the war debt; we will never be able to pay more than the carrying charges. That means that small business will be destroyed, because big business could keep so much of their profits that they could run all small businesses out of existence. It would mean there would be no aid to veterans. The veterans' aid laws now on the books would have to be repealed. There would be no aid to our servicemen. There would be no social-security benefits. We would only have enough money to pay the interest on the national debt and the running expenses of our Government.

So, I say it is a very dangerous and Fascist-inspired amendment to our Constitution.

DISGRACEFUL AND INSIDIOUS PLOT

A few days ago, May 11, I made mention of a foul and un-American conspiracy which is all too close to being foisted upon this Nation. I refer to the disgraceful and insidious plot to secure passage through the legislatures of our several States of the so-called twenty-second amendment to the United States Constitution.

CONGRESS WILL HAVE NO RECOURSE

This proposed amendment has now been endorsed by the legislatures of 16 of our sovereign States. Under article 5 of the Constitution, if 36 of our States express their approval of this program through their legislatures, the Congress has no recourse but to act as a clearing-house for the amendment's formal ratification.

VICIOUS PROGRAM SPONSORED BY GREEDY GROUP

If this amendment was only sponsored by persons whose reputation for patriotism and clear thinking was above reproach and these sponsors were people with whom others could sit down in rational discussion and sift through the arguments, pro and con, I would possibly not be as genuinely alarmed about this matter as I actually am. The true facts in the case, however, are that a little group of greedy men who place love of personal gain above love of their country's best interests are sponsoring this vicious program.

Let no man who reads the printed literature of the organization which sponsors this plan believe that such is not the case.

FOUNDERS OF COMMITTEE

Let us look specifically into the background and early history of this organization, the Committee for the Constitutional Government, Inc. Let us see who founded this committee originally and who runs its affairs today for all practical purposes.

I have in my hand a booklet put out by this committee. It bears a copyright mark of the year 1944 and is therefore recent enough for these purposes.

This booklet says that in the organization's early days it was known as the National Committee to Uphold Constitutional Government, and was originally headed by Mr. Frank Gannett, as chairman, and that "to finance the committee's first operations, Mr. Gannett advanced a considerable sum before any cash came from the public."

The booklet, a little further on, then says:

As of January 21, 1940, former Congressman Samuel B. Pettengill succeeded Mr. Gannett as committee chairman.

A little further on, the text says:

The old committee (meaning the National Committee to Uphold Constitutional Government) decided early in 1941 to disband. But many of its supporters, saying "we have just begun to fight," were determined to put the work on a more solid and permanent footing. The Committee for Constitutional Government, incorporated under the laws of the District of Columbia, with Samuel B. Pettengill as chairman and president, began functioning in April 1941.

Therefore the new group is a continuation of the old one.

CHAIRMAN OF REPUBLICAN FINANCE COMMITTEE A LEADER

Mr. Pettengill continued as chairman of the committee until early 1943 and held that office during 1942 at the same time that he also held the office of Chairman of the Republican national finance committee, according to information supplied me through the office of Mr. Spangler, chairman of the present Republican National Committee.

AMEND AND THEN UPHOLD CONSTITUTION

Although the old committee (the National Committee to Uphold Constitutional Government) was technically disbanded in 1941, practically without exception its same officers and members of its board of advisers were named in similar capacities with the successor group the present Committee for Constitutional Government, Inc. Mr. Gannett and Mr. Pettengill made the switch and are still listed as members of the board of advisers of the Committee for Constitutional Government. They probably decided it did not look so well to advocate amending the Constitution before upholding it.

FASCIST GROUP

The gentleman from Illinois asked me why I chose to call this organization a Fascist group. Due to limited time, I only answered him briefly. Today I would like to direct your attention to one man whose connection with this committee is an established and admitted fact. This man, who has been described by the present acting head of the committee,

Dr. Peale, as "an expert on machinery of organization" is, in my opinion, the real directing head of the organization in its manifold sly and vicious activities and is the man principally responsible for the phenomenal progress which the organization has made in distributing its thousands of propaganda pieces and making such a successful presentation to the various State legislatures before mentioned.

AN EXPERT ON FASCISM ONE OF LEADERS

This man, aided and assisted by a once respectable newspaperman, one S. S. McClure, whose record shows that he spent

2 years in Italy studying the workings of fascism in that country, has for more than 25 years worked often in the name of McClure to accomplish those things he did not feel free to advocate in his own name. Even with this willing and corrupted stooge, this man could not possibly have accomplished what he has thus far succeeded in doing without the aid of the free-flowing purses of Mr. Gannett and his other rich and greedy friends.

I call your attention to one Dr. Edward A. Rumely, originally the cofounder with Mr. Gannett of the National Committee to Uphold Constitutional Government and the executive secretary of that committee until the eagle eye of a senatorial committee brought his present activities and sordid World War No. 1 record once more before public notice.

Incidentally, I have been informed since speaking May 11, that if I expected to link the Committee for Constitutional Government with Dr. Rumely, I would be making a grievous error because, they said, "Dr. Rumely severed his connection with that organization several years ago." Such is far from the case.

RUMELY IN DIRECT CHARGE OF NEW YORK OFFICE

I hold in my hand a photostatic copy of a letter signed by Mr. Homer Dodge in response to a letter addressed to the Committee for Constitutional Government. Mr. Dodge's reply, which is dated September 4, 1943, is written on the stationery of the Committee for Constitutional Government. He says as follows in reference to the activities of the committee:

The principal office is in New York and is in direct charge of Dr. Edward A. Rumely, assistant secretary. The Washington office is used chiefly for the collection of information in which the Committee finds interest.

You will therefore see that Dr. Rumely, the evil spirit; Frank Gannett, the money and power-loving rich man Pettengill, the Republican money raiser and the Fascist expert have been and still are the sinister influences which control the destinies of this flag-waving, but Nation-destroying insidious organization.

RUMELY CONVICTED FOR OFFENSE COMMITTED DURING WORLD WAR NO. 1

Time will not permit me to dwell overlong on Dr. Rumely at this time. For those who wish to know his record in World War No. 1, they have only to check the official court records of the Federal Circuit Court of Appeals—two hundred ninety-three Federal 532, approximately page 500 and thereafter—for a description of the crime for which he was tried and sentenced to serve a year and a day in the Atlanta Federal Penitentiary. For those who do not know the details, let it suffice for me to say that Dr. Rumely was tried and convicted for accepting the sum of more than a million and a quarter dollars from the German Imperial Government for use by him in this country during World War No. 1 and for failure to report his connections with Count von Bernstorff and Dr. Heinrich Albert, the paymasters of the Kaiser on all espionage matters at that time.

GANNETT ORGANIZED WITHOUT ANY ORGANIZATION MEETING

Let me read to you a little from the actual testimony of Dr. Rumely when he appeared before the Select Committee of the United States Senate Investigating Lobbying Activities in 1938. The date was March 18, 1938. The interrogator was Senator Sherman Minton, the chairman of the select committee. The exchange was as follows:

The CHAIRMAN. What is your business now?

Mr. RUMELY. I am working with Mr. Frank E. Gannett of Rochester, N. Y.

The CHAIRMAN. Doing what?

Mr. RUMELY. Acting under his direction as executive secretary of a committee that he organized.

The CHAIRMAN. What is the committee, Doctor?

Mr. RUMELY. The National Committee to Uphold Constitutional Government.

The CHAIRMAN. How long have you been with this committee?

Mr. RUMELY. Ever since it was organized.

The CHAIRMAN. Did you attend the organization meeting?

Mr. RUMELY. Why, there was no organization meeting. Mr. Gannett formed it. He put out a statement. And then he asked me to cooperate in handling the mailings, and doing executive work under his direction.

FINANCES GO TO ROCHESTER, N. Y.

Then again, let me read from the testimony of Mr. Glen Hancock before the same senatorial committee on March 23, 1938. Mr. Hancock identified himself as the assistant secretary of the National Committee to Uphold Constitutional Government and stated that his superior was Dr. E. A. Rumely. The testimony went as follows:

The CHAIRMAN. Do you keep the financial records in New York?

Mr. HANCOCK. No. As far as I know, they are kept in Rochester.

The CHAIRMAN. Who keeps them?
Mr. HANCOCK. So far as I know, the assistant secretary.

The CHAIRMAN. Who is the assistant secretary?

Mr. HANCOCK. A Mr. Franklin.

The CHAIRMAN. His first name, please.

Mr. HANCOCK. I am unable to say. I do not recall.

The CHAIRMAN. But he does not stay in the New York office?

Mr. HANCOCK. No.

The CHAIRMAN. And it is your information that he keeps the records in Rochester?

Mr. HANCOCK. Yes, sir.

The CHAIRMAN. And no records are kept in the New York office?

Mr. HANCOCK. No records of that nature.

Then again, on April 20, 1938, one Sumner Gerard, who identified himself as treasurer of the National Committee to Uphold Constitutional Government and who is at present the very active letter-writing treasurer of the Committee for Constitutional Government, Inc., testified before this same senatorial committee.

Mr. Gerard, after acknowledging that he had been requested to bring certain financial information which is customarily in the possession of any organization, testified that he never handled the funds of the organization. He testified that such checks as happened to reach him personally by mistake were immediately turned over by him to Dr. Rumely,

whom, he stated, he believed sent the money on to a Mr. Franklin in Rochester. Mr. Franklin, he said, he believed to be a certified public accountant employed by Mr. Frank Gannett.

Thus we see that the man of money handles the moneys which are contributed to this organization by, in many instances, well-intentioned persons whom I fear have been misled as to the real and underlying purposes of this efficient and definitely sinister propaganda machine.

I am now in the process of securing certain additional information on this organization, its purposes, and its executive personnel. I propose to submit this additional information to the Congress at an early date and to show, beyond the shadow of any reasonable doubt to any Congressman and citizen that this diabolical group, this sinister syndicate composed of a czar of Journalism, a convicted enemy agent, a Republican money raiser, and a Fascist expert, all of whom have clasped and been clasped to the bosom of a great political party, are pressing upon this country a program which can only lead to a return to feudal practices, pauperism for the many, and power and riches for the few. What is this, I ask, but one step removed from the day when the rabble-rousing orator and the ignorant few who have followed for promise of reward move into the driver's seat, even then throwing aside those who have devised this nefarious millionaire's scheme, and throw this country into the chaos and confusion which preceded the accession to power of men like Hitler and Mussolini? What is this but fascism of the rankest sort swathed in its infant's clothes?

Remember, Vivian Kellems, who refuses to pay her income taxes and asks other people to do the same is one of their platform orators.

I realize that these words of mine are but general charges. It is not my intention to let my case rest here. In a few days I propose to submit to the House more cold facts and figures to further support the assertions which I have just made.

I am inserting herewith a statement appearing in the CONGRESSIONAL RECORD in 1938:

THE NATIONAL COMMITTEE TO UPHOLD CONSTITUTIONAL GOVERNMENT

(Extension of remarks of Hon. Lewis B. Schwellenbach, of Washington, in the Senate of the United States, Thursday, April 14 (legislative day of Wednesday, January 5), 1938)

Mr. SCHWELLENBACH. Mr. President, the Portland Oregonian is one of the oldest newspapers on the Pacific coast. It is and has been conservative and Republican in its policy. Because of this background, the editorial printed in that newspaper on April 7 on the National Committee to Uphold Constitutional Government is of particular interest. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

"MISGUIDED EFFORT"

"The so-called National Committee to Uphold Constitutional Government has done and is doing vast harm to the movement to

prevent passage of the reorganization bill in its present mischievous form. Through high-pressure propaganda methods, directed first at Senators and now against Representatives, it is hurting the cause it seeks to help.

"The voluntary sending of telegrams and letters of protest to Senators and Representatives by individuals or groups who sincerely fear the effects of the proposed legislation upon constitutional government is one thing. That kind of effort is legitimate and right. But the organizing of a mass campaign directed by a highly paid secretary to flood Congress with thousands of telegrams prepaid by the organizers bears an aspect that is repugnant to fair-minded people. There is altogether too much of a show about it of attempted coercion and of vast expenditures of money by sources not in the open. Even if disclosures regarding this campaign do not actually cause passage of the bill, there are bound to be later repercussions in lobbying investigations.

"This Dr. Rumely, who fronts for the National Committee to Uphold Constitutional Government, is not much of an asset to any worthy public movement. He served a jail sentence back in the war years for having made false statements to the Alien Property Custodian in connection with his purchase of control of the New York Mail in 1915 with money furnished by an agent of the German Government. Surely sincere opposition to the pending reorganization bill could have found a better manager than he."

I am also inserting another statement appearing in the CONGRESSIONAL RECORD in 1938:

MR. GANNETT'S COMMITTEE

(Extension of remarks of Hon. Sherman Minton, of Indiana, in the Senate of the United States, Monday, March 28 (legislative day of Wednesday, January 5), 1938)

Mr. Minton, Mr. President, I ask unanimous consent to have printed in the Appendix of the Record an editorial published in the Capital Times, of Madison, Wis., in the issue of March 23, 1938.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

"THE PROSE OF MR. GANNETT'S COMMITTEE SHOULD GO ON"

"The loudest squawk of the week is coming from the headquarters of the so-called National Committee to Uphold Constitutional Government, Publisher Frank Gannett's anti-New Deal propaganda outfit that spent large sums of money fighting the Supreme Court reform bill last year and is now engaged, tooth and nail, in a costly assault on the President's plan to reorganize Federal departments.

"The reason for the loud lament is this: The Senate lobby investigating committee has recently come to life and is inquiring into the identity of the interests behind certain lobbying groups in the Nation's Capital. The National Committee to Uphold Constitutional Government has come under the lobby committee's searchlight.

"Whereupon Mr. Gannett, in a furious statement widely circulated this week by his propaganda agency, declares that 'the infamous Black committee of the United States Senate is again at work in an effort to destroy one of the most vital liberties of the American people—the sanctity of their homes, the freedom of their thought, and the privacy of their papers.'

"Actually, Mr. Gannett's committee was asked by the Senate investigators to produce records showing the committee's source of funds and other pertinent information to which Congress and the public is certainly entitled. An organization that proposes to advise lawmakers what to do and what not to do should surely operate out in the open and

not behind the anonymity of a high-sounding title.

"A subpoena issued by the Senate investigators was served on the executive secretary of the Gannett organization, one Dr. Rumely. That gentleman, on the advice of a former Hearst attorney, defied the Senate committee and refused to produce the records.

"While the Senate probes consider bringing contempt proceedings against Rumely, the facts about the National Committee to Uphold Constitutional Government remain a secret.

"The Capital Times is not surprised at the Gannett committee's refusal to reveal its significant background. Some months ago this newspaper in an open letter challenged Mr. Gannett to make public the names of the individuals and organizations who financed its obviously expensive propaganda campaign.

"Mr. Gannett's reply was angrily evasive—the contributors to his propaganda jackpot

were too numerous to mention, and the amounts each kicked in were almost all small, said he.

"We are not astonished, therefore, that Mr. Gannett should fly into a rage at the Senate Lobby Committee and shout about such irrelevant matters as 'the sanctity of the home,' even though nobody is threatening the sanctity of anybody's home or Mr. Gannett's 'freedom of thought.'

"The Capital Times hopes that the Senate Lobby Committee, now chairmanned by Senator Sherman Minton, of Indiana, will continue its investigation of Mr. Gannett's propaganda organization and exercise its full authority to bring out the facts.

"They should make interesting reading, judging from the extreme reticence of the National Committee to Uphold Constitutional Government to make them public."

There is inserted herewith an excerpt from a tax letter, as follows:

TRYING TO SNEAK THROUGH AMENDMENT TO CONSTITUTION

ENDICOTT, N. Y., March 27, 1944.

DEAR TAXPAYER: * * *

Most serious of all, a lobby, or pressure group, working for the interests of large taxpayers, is trying to sneak through an amendment to the Constitution limiting income taxes after the war to 25 percent of a person's income. This will not save you money; it will cost you money, because what the wealthy save will be levied on the broke. The wealthy, whose fair share of taxes, even before Pearl Harbor, had been set from 25 to 90 percent of their incomes, will save huge sums of money which the Government will need to win the peace and provide employment for the veterans. You will have to pay for this lost revenue by a sales tax, which will be the inevitable result. As a taxpayer having a net income of under \$5,000 and spending by far the larger part of your earnings for food and goods, you will be hit hardest by a sales tax. Again you will be carrying the tax burden for the wealthy who will be literally having a "piggy-back ride" on your shoulders. This lobby just failed by the slimmest of margins, but do not doubt for a minute that they won't try again.

During wartime it is necessary to pay more taxes. However, it is becoming increasingly evident that the tax increases are being thrust upon the smaller taxpayers while special interests and upper-bracket taxpayers are not only escaping their just share of the tax burden through the existence of loopholes in our present law which Congress has refused to close but are also seeking further relief at your expense.

Very truly yours,

JOHN J. DAPOLITO.

MARVIN S. TANENHAUS.

The SPEAKER. The time of the gentleman has expired.

SEATING ARRANGEMENT
for
LUNCHEON FOR MENDES FRANCE
Wednesday, May 17, 1944

White	Wolcott
Spence	France
Bell	H.M.Jr.
Monnet	Jones
Crowley	Szymczak

LUNCHEON FOR MENDES FRANCE

Wednesday, May 17, 1944

Secretary Morgenthau

M. Pierre Mendes France, Commissioner of Finance
of the French Committee of National Liberation

Mr. Jean Monnet, Commissioner at Large, French Committee
of National Liberation

Mr. Jesse Jones, Secretary of Commerce

Mr. M. S. Szymczak, Member of the Board of Governors
of the Federal Reserve System

Mr. Leo Crowley, Administrator, Foreign Economic
Administration

Congressman Brent Spence, Chairman, House Banking and
Currency Committee

Congressman Jesse P. Wolcott, Ranking Minority Member
House Banking and Currency Committee

D. W. Bell, Under Secretary of the Treasury

Dr. Harry White, Assistant to the Secretary of the
Treasury

LUNCHEON FOR MENDES-FRANCE

Wednesday, May 17, 1944

Secretary Morgenthau

M. Pierre Mendes-France

Jean Monnet

Jesse Jones

M. S. Szymczak

Leo Crowley

Rep. Spence

Rep. Wolcott

D. W. Bell

Harry White

May 17, 1944
2:35 p.m.

180

HMJr: If you weren't an Ambassador, I'd ask you where you slept last night.

Ambassador
Winant: (Laughs)

HMJr: But being an Ambassador

W: All right, one of your people was responsible. I got up very early. I want you to know I got out at seven-thirty.

HMJr: But having ex-territorial rights, I have no right to question you.

W: (Laughs) As a matter of fact, I was with one of your fellows....

HMJr: You were?

W:talking about New Hampshire politics.

HMJr: I see.

W: (Laughs)

HMJr: Well, I tried to get you. I spoke to them last night and they said that they were going to put you in to see the President first because the President wanted to get your report.

W: I see.

HMJr: And I would have to wait....

W: I see.

HMJr:until he had seen you first.

W: I see.

HMJr: And that was the message that Miss Tully gave me.

W: I see.

HMJr: And then I spoke to her again this morning and she said she appreciated it and -- but that you would see the President before me, alone.

W: I see.

- 2 -

HMJr: So, I said that was quite proper and I would wait, so that's where it stands.

W: I see. Well, I'm to see him tomorrow at eleven.

HMJr: Yes.

W: All right.

HMJr: Well, then, he may or may -- I have received no word yet.

W: I see. All right.

HMJr: You're seeing him at eleven.

W: All right, Henry.

HMJr: He wanted to see you first alone.

W: I see. All right, Henry.

HMJr: Thank you.

W: Thanks ever so much and I'll report to you as soon as I leave there.

HMJr: Fine.

W: All right.

HMJr: Bye.

W: Thanks for calling.

MAY 17 1944

Gentlemen:

From the beginning of this war your Club has, I understand, turned over all its facilities for war service. As Secretary of the Treasury, I know that your members have helped us to sell War Bonds for many millions of dollars; and on your Silver Anniversary you are pledging even greater support to the Fifth War Loan Drive.

Our War Loan Program does double duty in girding the people for successful achievement in the coming attack. It not only provides the Government with funds urgently needed to buy more guns, tanks, planes and ships, but also it performs an added service in helping civilians to stand aside in the marketplace for scarce manpower and materials, putting their money to work for a more plentiful future instead.

Please accept our sincere thanks for your help.

Sincerely,

(Signed) Henry Morgenthau, Jr.

The Mercantile Club of Baltimore,
Baltimore, Maryland.

JLH:shh

air mail



INSPECTIONS
E. MILTON ALTFELD
CHAIRMAN

SENATE OF MARYLAND
ANNAPOLIS, MARYLAND

Office address: 1311 Munsey Building
Baltimore 2, Maryland

May 10th, 1944

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

Dear Mr. Morgenthau:

You will recollect that I had the pleasure of being introduced to you by Governor O'Connor on the platform when you addressed the Business Colored Men's Association at the church in Baltimore recently.

The Mercantile Club of Baltimore, consisting of three hundred business and professional men, are going to celebrate its Silver Anniversary on Saturday evening, May 20th, at the Hotel Belvedere. Since the commencement of the war our Club has practically turned over all its facilities for war service. So far our members have sold Ten Million Dollars worth of bonds. Coincidental with our Silver Jubilee, we propose to inaugurate the Fifth War Loan Bond Drive.

We are having an elaborate printed program but what we should like is to have a brief message from you on the importance of buying bonds. This message we will print on the back cover of our beautiful silver embossed program.

I should esteem it, as well as every member of our Club, a high privilege to have this message from you. I think it would stir much interest in the War Bond Drive and generate considerable enthusiasm for the cause which we are so deeply and vitally interested.

The program is in process of being printed and I would appreciate receiving your message immediately.

Sincerely yours,

E. Milton Altfeld

E. MILTON ALTFELD

MAY 17 1944

My dear Mr. President:

I have your memorandum of May 11, 1944, returning a proposed Executive order entitled "Inspection of Income, Excess-Profits, Declared Value Excess-Profits, and Capital Stock Tax Returns by the Special Committee on Un-American Activities, House of Representatives" authorizing the Special Committee on Un-American Activities, House of Representatives, or any duly authorized subcommittee thereof to inspect certain returns.

You inquire as to whether the proposed Executive order opens to the Special Committee the right to see anything they want under any of their own resolutions.

The Special Committee was authorized by House Resolution 282 of the 75th Congress, 3d Session, passed May 26, 1938, to conduct an investigation of "(1) the extent, character, and objects of un-American propaganda activities in the United States, (2) the diffusion within the United States of subversive and un-American propaganda that is instigated from foreign countries or of a domestic origin and attacks the principle of the form of government as guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation."

Each subsequent Congress has authorized the Special Committee to continue such investigation and provided that for such purposes the Committee should have the same power and authority as that conferred upon it by House Resolution 282 of the 75th Congress. H. Res. 26, 76th Congress; H. Res. 321, 76th Congress; H. Res. 90, 77th Congress; H. Res. 420, 77th Congress; H. Res. 66, 78th Congress.

- 2 -

Prior Treasury decisions implementing Executive orders relating to the inspection of returns by the Special Committee on Un-American Activities, as well as the Treasury decision accompanying the proposed Executive order, provide that such returns shall be open to inspection by such Special Committee or any duly authorized subcommittee thereof "for the purpose of carrying out the provisions" of the respective House resolutions.

Under prior Executive orders this Department has never questioned the authority of the Special Committee to inspect the returns mentioned in such Executive orders. It has been assumed that such Committee's inspections have been in conformity with the purpose for which it was established. From an administrative point of view, it would not be feasible for the Department to establish to its own satisfaction the relationship of each particular return inspected by the Special Committee to the purposes for which the Special Committee was established. If, however, the Special Committee on Un-American Activities were to adopt a resolution inconsistent with the purposes named in House Resolution 282 of the 75th Congress, the inspection of returns under such resolution would not be authorized under the proposed Executive order.

The papers are returned herewith.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The President,

The White House.

Enclosures.

**THE WHITE HOUSE
WASHINGTON**

May 11, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY:

Doesn't this proposed executive order open to the Dies Committee the right to see anything they want under any of their own resolutions? I think it goes awfully far.

F.D.R.

○ The following were also returned
to the President:

Unsigned Executive Order
TD approved by HMJr

SUMMARY OF ATTACHED MATERIAL

The documents herewith are responsive to the request of the Special Committee on Un-American Activities for the issuance of an Executive Order permitting inspection of income, excess-profits and capital stock tax returns. The request is based on House Resolution 65, adopted February 10, 1943, authorizing the Committee to continue its activities. The documents include, in addition to the Executive Order requested, a Treasury decision regulating the inspection, and a detailed explanation from the Secretary of the Treasury. The Executive Order and Treasury decision have the same effect as the previous Executive Order issued and Treasury decision approved on December 9, 1942, except as a different Resolution of a different Congress is involved.



Office of the Attorney General
Washington, D.C.

May 1, 1944

Through Division of the Federal Register.

The President,

The White House

My dear Mr. President:

I am transmitting (1) a proposed Executive order entitled "Inspection of Income, Excess-Profits, Declared Value Excess-Profits, and Capital Stock Tax Returns by the Special Committee on Un-American Activities, House of Representatives", and (2) a Treasury Decision signed by the Secretary of the Treasury, prescribing regulations governing the inspection of the returns to which the order applies.

The proposed order, presented by the Secretary of the Treasury and forwarded for my consideration by the Acting Director of the Bureau of the Budget by letter of April 20, 1944, has my approval as to form and legality.

Respectfully,



Attorney General

RECEIVED - INCOME

MAY 4 4 32 PM '44

U.S. DEPARTMENT OF JUSTICE
DIVISION OF FEDERAL REGISTER

GC:L&R:PAV
A-390359

Through the Bureau of the Budget
Through the Attorney General
Through the Division of Federal
Register

My dear Mr. President:

I herewith submit to you for your consideration with the recommendation that it be approved, a proposed Executive Order permitting the Special Committee on Un-American Activities to inspect income, excess-profits, declared value excess-profits, and capital stock tax returns made under the Internal Revenue Code and prior revenue acts, beginning with the Revenue Act of 1932. This inspection is to be made in accordance with regulations prescribed by me and approved by you. A proposed Treasury decision making applicable such regulations is likewise submitted.

The Special Committee on Un-American Activities was appointed under authority of House Resolution 282 (Seventy-fifth Congress, third session), passed May 26, 1938. Continuance by

-2-

the Committee of its activities was authorized by resolutions adopted in the Seventy-sixth and Seventy-seventh Congresses. Inspection of returns was authorized by several Executive Orders, each supported by a Treasury decision approved on the same date, as follows: Treasury Decision 4849, approved July 14, 1938; Treasury Decision 4900, approved May 11, 1939; and Treasury Decision 5200, approved December 9, 1942.

On February 10, 1943, the House agreed to House Resolution 65 which authorizes the Committee to continue the investigation begun under authority of House Resolution 282 of the Seventy-fifth Congress. The Committee under date of March 17, 1944, requested that an Executive Order be issued permitting it to inspect returns made under the Revenue Act of 1932 and subsequent revenue acts.

The proposed Executive Order and Treasury decision now submitted for your consideration have the same effect as the last prior Executive Order and Treasury decision, except that the present

-3-

documents cover the activities of the Committee pursuant to House Resolution 65 (Seventy-eighth Congress, first session), adopted February 10, 1943.

Faithfully yours,

(Signed) H. Mergenthau, Jr.

Secretary of the Treasury.

The White House.

PAV/MEW 3-24-44



TREASURY DEPARTMENT

WASHINGTON

May 17, 1944

M

MEMORANDUM TO THE SECRETARY:

Met with Special Committee on Redistribution, Removal and Disposal of Surplus War Property, Automotive Council for War Production, to acquaint them with the disposal problem in the field of automotive equipment and to ask their assistance in setting up an advisory committee. They will send a list of names within two weeks. The automotive men present stressed the fact that we will have considerable quantities of surplus equipment which must be sold as scrap.

Office of Defense Transportation will provide us with a map showing the relative need for trucks in the 142 districts into which this Office divides the country. The map will be changed as the relative need changes in any important degree. We can use this map as a general guide in disposing of trucks.

E. L. Olrich

E. L. Olrich
Assistant to the Secretary

*When you get this map
I would like to see it
M2*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

194

DATE

TO Secretary Morgenthau
FROM Fred Smith *FS*

May 17, 1944

You will be interested in the analysis of editorials on the Montgomery Ward case.

Please note that there was an average of more than one editorial for each paper read by the OWI, and that 70% of these editorials were critical of the Government.

I think Mr. Roosevelt should insist upon having a good public relations man on hand whenever Biddle takes any action. The stupid way in which he went about taking over Ward's is obviously a chief reason for the violent reaction. He also has a nasty habit of blaming the President when anything goes wrong.

DIVISION OF RESEARCH
BUREAU OF SPECIAL SERVICES
Office Of War Information

May 12, 1944

This ANALYSIS OF EDITORIAL OPINION No. 48 -

is prepared primarily for the Office of War Mobilization. It covers 796 editorials on a selected list of topics, published between April 18 - May 9, 1944, and distributed as follows:

<u>Page</u>	<u>Topic</u>	<u>Number of Editorials</u>
2	The Montgomery Ward Case ...	409
10	Relaxation of Meat Rationing	60
12	Economic Stabilization Issues	288
15	"The G. I. Bill of Rights"	39
TOTAL		796

Source: The editorials were provided by the Division of Press Intelligence, OWI, from their Master Subscription List of 369 daily newspapers.

THE MONTGOMERY WARD CASE (CONTINUED)

Period covered: April 26 - May 6, 1944

Number of editorials: 409

The previous analysis of editorial comment on the Ward case (Editorial Analysis, No. 47) was based on a sample of editorials of which the greater number had been written prior to the presentation of the Government's and the company's briefs before Federal Judge Holly and before the crystallizing of Congressional moves to investigate. The earlier analysis cited the clustering of comment around the five following issues: (1) individual freedom vs. governmental control, (2) executive authority in wartime, (3) the wartime responsibilities of individuals and groups, (4) the legitimacy and limits of WLB's orders, and (5) the war-relatedness of Ward's business. Continuing concern over these issues is apparent in later comment but the emphasis changes significantly. Writing against the background of the events mentioned and the wide publicity given the picture of the soldiers carrying Mr. Avery from the Ward premises, later editorials were most exercised over the issue of executive authority in wartime. This was a concern not only over the constitutionality or legality of the authority wielded by the President, but also over the appropriateness of its use in this case, and the larger implications of the Government's conduct.

In commenting on this question, editors examined Mr. Biddle's statements setting forth the basis and extent of the President's powers. The great majority took issue with Mr. Biddle or expressed grave concern. In addition a considerable number castigated the man and his record. Biddle was variously termed:

"No. 1 Jai Jai man" (New York Daily Mirror)

"Synthetic Hitler" (Savannah, Ga., News)

"The most radical Attorney-General since...James Speed." (Richmond, Va., News Leader)

"Jeffreys de Richelieu Biddle" (Green Bay, Wis., Press Gazette)

1. Executive Authority: Validity of Its Use and Implications.

In this particular sample of editorials, 90 percent evaluated the Administration's handling of the Ward case and the Attorney General's rationale. A rough tabulation gives the following breakdown:

Critical of Government's Position.. 70%

Neutral, or Critical of Both
Government and Ward's ... 25%

Approval of Government's Position .. 5%

Selected samples of comment under each of the above categories follow:

A. Critical.

"Violates Spirit of Constitution" (Syracuse, N. Y., Post Standard)

"No Limit?"

"Even if Mr. Avery's stand should serve no other good purpose, it will benefit the nation as a whole by forcing judicial examination of the President's broad judicial powers." (Pontiac, Mich., Press)

"Avery Is Right" (Wilmington, N. C., Star & News)

"The rights of the American people have been taken from them one by one on the plea of necessity of war needs...The American people certainly sowed the wind when the New Deal was put into power and now it commences to be evident they will reap the whirlwind." (Waterville, Me., Sentinel)

"What Attorney General Biddle is arguing, in effect, is that the President in wartime has the right to do just about what he pleases regardless of the written body of law and without even the courts to say him nay.

"The Supreme Court has had something to say on just that point and it said it with undeniable vigor. In the famous 'Ex Parte Milligan' decision handed down by Abraham Lincoln's great friend, Judge Davis, the Court said that military tribunals must not supersede where the civil courts are open. It clearly enunciated this great principle which is pertinent right now..." (Providence, R. I., Journal)

"Perhaps circumstances might have developed that would have justified the government in using force in order to guarantee continued operations of the big mail order business, but to us it seems apparent that all the means to bring this about had not been exhausted when federal authorities were ordered to take over its operations.

Certainly there should have been an appeal to the courts before troops were moved in, not after they had taken charge... It also was regrettable that...Biddle decided that it was necessary to order soldiers to eject Sowell Avery..." (Paducah, Ky., Sun Democrat)

"It marked the first time on the American mainland since Cornwallis and his British laid down their guns and bayonets to George Washington, more than a century and a half ago that bayonets have been turned against American citizens not charged with or engaged in any overt criminal act and not even permitted the processes of the courts." (Shreveport, La., Times)

Some of these editors who were wont to stress the epic or precedent-making character of the case made a variety of allusions to American and European history. Five editors made reference to "Ex Parte Milligan," The Loviston, Mo., Sun averred that the "the President's order to Montgomery Ward to make a new contract with the labor union ranks in the same dubious fame with the Dred Scott decision of 1857." One editor made reference to George III's invasion of the colonists rights, two to Marbury vs. Madison, and a large number alluded to Nazism and Italian fascism. Commenting on one such reference, the Louisville Times stated that "The assertion...that not since King John has a head of government taken similar act is pungent."

A sprinkling of the editors specifically blamed NLRB and the Administration for not holding the elections sooner. They agreed with the Reno, Nev., Gazette that "this imbroglio could have been avoided if the NLRB had -- in January -- taken the action which it finally took yesterday."

"Failure to hold the election months ago constitutes the weak spot in the Government's position, regardless of its powers. It raises two conjectures. One is as to whether the purpose was to effect a showdown with the...management...The other is as to whether the delay was due to a lack of proper co-ordination of functions between the War Labor Board and the National Labor Relations Board." (Newark, N. J., Evening News)

A tabulation of the respective positions on the question as to whether Ward's is a war industry within the meaning of the Smith-Connally act showed an overwhelmingly large number taking a negative position -- a ratio of 12 to 1.

"Ever since December 7, 1941, ...we have supported the Government program to prevent production stoppages in war industries, not because we had any sympathy for some of the methods employed, but because it was clear that continuity

of production was essential to early victory.

"We reiterate that position. However, we shall have to admit that in giving that support the idea never occurred to us that 'war industries' included the business of a Chicago mail order house." (Syracuse, N. Y., Herald-Journal)

B. Neutral.

About one in every four of the editorials either took a middle ground, usually criticizing both parties and insisting that we "get on with the war" or commented solely on non-controversial features of the case.

"The Ugly Case of Ward's"

"...exception may be taken to the course of action of all of the three parties involved -- the company itself, the labor union and the Government. (St. Louis, Mo., Post Dispatch)

"Frankly, we admit that we are not truly convinced which party is right in the controversy..." (Davenport, Iowa, Democrat and Leader)

"It isn't settled, and settled right, by saying this 'government of laws' has become government by bayonet."

"Let it be settled in the courts, lawfully. Division at this time plays into the hands of the enemy. Enough of the supercharged oratory and comment." (Brockton, Mass., Enterprise & Times)

"...And meanwhile, let's get on with the war." (Chicago, Ill., News)

"While lawyers are studying deep legal tomes and preparing briefs...and a federal judge is pondering over the constitutional questions...one matter of a practical nature intrudes: Who were the two unknown soldiers that carried Sowell Avery out of Montgomery Ward's...?" (Quincy, Ill., Herald-Whisper)

C. Approval or Favorable

These editorials favorable to the Government's position or highly critical of Ward's management reiterated and developed the theme expressed by the Madison, Wis., Times:

"Is Mr. Avery Bigger Than This Government?"

"Is property more sacred than human rights?"

"If the United States government can take human beings, put them in uniform, and order them to fight this war, perhaps at the sacrifice of their lives, should not the government have the right to take over property, if necessary, to promote the war effort?

"...we know of no reason why an arrogant and defiant multi-millionaire like Sewell Avery should be allowed to do as he damn pleases and thumb his nose at the United States government."

The Decatur, Ill., Record described Mr. Avery as:

"...the sort of a man who shouts at public authority, 'You can't do this to me.' Like most brawlers who use the phrase, he asked for it and got it. Sensible men don't argue with policemen; they yield to uniformed authority on the spot and take their complaints into court."

"Avery's Martyrdom A Pharisee's Pipedream"

"Never was pity more pathetic or mock horror more dismal than in the frantic efforts of America's newspaper Pharisees to paint Sewell Avery (a) as a hero, (b) as a martyr." (Philadelphia, Pa., Record)

"...around Mr. Avery's well-tailored figure and the sprawling mercantile empire that is Montgomery Ward, has swirled in the past few days a rising flood of meaningless sound and fury from their oratorical champions in Congress..."

"The most curious feature of this indignant stampede to the defense of Mr. Avery is the insensitivity of Congress toward the contempt for its processes evinced for so long by its now martyr. For almost ten years now the president of Montgomery Ward has been directing his marked ingenuity and an expensive array of legal brilliance toward the evasion, circumvention or downright defiance of laws passed by the Congress..." (Louisville, Ky., Courier Journal)

"...it may be safely assumed that the President did not go off half-cocked...The cry of 'wolf!' no longer creates a ripple in the even tenor of American life." (Montgomery, Al., Advertiser)

Five editors pointed out that the Government's problem was fundamentally one of public relations. Although not as fully favorable as some of the other editors, the Richmond, Va.,

Times Dispatch suggested that:

"...as the case of Uncle Sam vs. Sewell Avery develops, the federal authorities seem to be doing a poor job of public relations...Mr. Roosevelt's supposed superlative ability to feel the pulse of the people seems to be going back on him."

"We believe that if the people were told the issue at stake, they would overwhelmingly agree with the President." (Charlotte, N. C., News)

The Detroit News commented that Mr. Biddle's "position that in wartime 'no business or property is immune to a Presidential order' may be good law but in the circumstances is very poor politics, as astute Mr. Avery apparently foresaw."

2. The Role and Responsibility of Congress.

Approximately a third of the editorials made specific reference to Congress. These statements included exhortations and appeals to act, criticisms of past acts or lack of action and statements pro and con the scope and number of proposed or active investigating Committees.

There was general agreement that Congress should move to clarify the Smith-Connally Act. Some editors merely made a broad suggestion in the following vein:

"Yes, Congress had better investigate what has happened -- lest we find that ours is a government by executive use of troops rather than a government by law." (Pittsburgh, Pa., Press)

However, others discussed the merits of the specific proposals before the Senate and the House. Most frequent was the following position:

"...the Senate has accepted the proposal of Senator Barkley that the inquiry include also the management's labor policy and the events leading up to the seizure."

"There is, of course, no reason why all the circumstances pertinent to this matter should not be inquired into thoroughly, for the information of the public and the guidance of Congress."

"The primary object of such an inquiry should be kept in mind, however. It is to determine, as we see it, whether seizure of this property exceeds the authority which Congress intended to give..." (Greenville, S. C., News)

"Neither the House resolution...nor the earlier Senate resolution...is designed by its phraseology to determine whether the administration exceeded its lawful authority." (Washington, D. C., Star)

Several editors, agreeing that an investigation would be desirable, suggested that one inquiry would be enough. Under the head "Duplicate Inquiries" one paper went further:

"...We share this anxiety over the reckless use of executive power, but we also believe that the House investigation is likely to result in a waste of time and money.

"Basically, the question raised by this seizure is a legal one. It must be determined by the courts. There is every indication that it will be carried to the Supreme Court, which means that the final decision may not be known before next year.

"The Senate Judiciary Committee was already making a general study of executive orders and directives...Senator McCarran sent an investigator to Chicago...even before the Byrd resolution. Hearings will also be held by this committee. To institute a separate House inquiry...is an inexcusable waste of effort...The procedure it has chosen serves chiefly to emphasize the inefficiency of Congress as a legislative body and thus to distract attention from the power-grabbing proclivities of the Administration." (Washington, D. C., Post)

The Louisville Courier Journal asked "Why Not Make This A Real Inquiry?"

"The Senate and House are now ready to embark upon their investigations. But we should like to suggest a change of emphasis. The courts are competent, as the Congress is not, to decide the question of Ward's status as a war plant and the constitutionality of the Attorney General's actions. The Congress may well relinquish those to the branch of government appointed by the constitution to decide them. But it could perform a useful and an educative function if it set itself to examine the entire picture of Mr. Avery's attitude to the law of the land as fixed by the Congress."

The above stand was echoed in Max Lerner's PM editorial -- "Uninvited Testimony Before An Unformed Committee."

A few of the editors expressed suspicion of what they termed the "New Deal courts" and for such reasons emphasized the role of Congress as clarifier of law and protector of liberty.

"If New Deal Courts Sustain Seizure of Ward's, Then Congress Should Act Immediately to 'Clarify' Statutes --

"Congress is, as usual, in the position of being the only barrier between the people and an arrogant and predatory bureaucracy. If the courts decline the protection which the people have a right to expect, then it is up to the national legislature to make the law so clear and plain that not even a Frankfurter can misinterpret it." (Knoxville, Tenn., Sentinel)

It is well to note that such a position as that expressed above was well in the minority. The majority of the editors in stressing the need for legal and orderly procedure saw no conflict between the two arms of Government but rather cited their respective roles. Specifically, in reaction to the Attorney General's statement that under certain conditions "the court should not substitute its judgment for that of the Executive, they reaffirmed faith in the role and authority of the judiciary.

"...there appears to be a call for judicial determination of this point whether the Presidential powers given by Congress to insure that war industry goes on without interruption extend also to this case." (San Francisco, Cal., Chronicle)

"...If the courts decide it can be, Congress can exercise correctives by changing the law." (Albany, N. Y., News)

14
May 17, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Emergency unemployment insurance.

(For your consideration; no present action required)

1. Yesterday Senator George asked the Social Security Board to present to his Postwar Committee, within about ten days, any recommendations it may have for an emergency unemployment insurance program.

2. The position of the Social Security Board undoubtedly will be that the Federal Government should set standards and qualifications for the payment of unemployment insurance benefits under existing law, but should offer no supplementary compensation and no assistance to the States unless and until the reserves which have been accumulated by the States are exhausted.

3. Justice Byrnes (in his recent speech before the Academy of Political Science) has recommended a Federally-financed supplement to the present unemployment insurance law. Both he and the Social Security Board oppose dismissal compensation.

4. The position of the Treasury Department may be asked on this legislation. An informal technical committee is examining the problem and we may have a recommendation to make in a few days.

RB

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RM:ad
5/17/44

Treasury Department
Division of Monetary Research 202

D

Date May 20 19 44

To: Secretary Morgenthau

From: Mr. White

You may be interested
in glancing at the appended
brief description of the new
Secretary and Under Secretary
of Finance in Italy.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 17, 1944

TO Secretary Morgenthau

FROM Mr. White *HW*Subject: Quinto Quintieri, Italian Minister of Finance and Antonio
Pesenti, the Under Secretary of Finance

The Allied Control Commission reports that Quinto Quintieri was appointed as Guido Jung's successor as Minister of Finance at the insistence of Marshal Badoglio, apparently on the recommendation of Jung and of Mr. Arturo Rossignoli, a Jung appointee as General Manager of Bank of Naples. During the negotiations between Marshal Badoglio and the six opposition parties in Italy leading to the formation of the new Italian Cabinet, representatives of the Six Parties had demanded that Guido Jung be dismissed.

Quintieri belongs to a very wealthy family of land-owners and is regarded as one of the richest men in Italy. For many years he has been President of a small banking institution in Naples, the Bank of Calabria, which has three branches in Southern Italy. By profession Quintieri is an engineer and is generally reputed to have considerable banking and business ability. He was a member of the Fascist Party but took no active part. He is a monarchist in sentiment.

Antonio Pesenti is the present Under Secretary of Finance. He graduated from the University of Padua in 1931 and studied for three months under a fellowship at the London School of Economics. He continued his studies in Vienna where he became a Marxist. On returning to Italy he became an instructor in economics. He was arrested by the Fascists in 1935 for subversive activities and sentenced to 24 years in prison. He was released in July 1943. Since the Armistice he has been one of the leaders of the Communist Party in Italy, acting as editor of the Communist Party newspaper.

MAY 17 1944

My dear Mr. Secretary:

This will acknowledge receipt of your letter of May 13, 1944, concerning the need for secrecy with reference to the current negotiations with the Swedish ball bearing manufacturer SKF.

I have discussed this matter with my staff and I am confident that no information with respect to these negotiations has been made public by Treasury representatives. Nevertheless I have issued instructions to my staff in accordance with your request.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Honorable

The Secretary of State

AFL:ec 5/16/44

MEMORANDUM FOR THE FILES

Secretary Hull's letter of May 13, 1944 indicates that some Government representatives have "leaked" information concerning the current negotiations with SKF, Sweden.

The undersigned have checked with those members of their respective staffs familiar with the problem and are satisfied that no representatives of the Treasury have disclosed any information concerning such negotiations.

It should be noted, however, that State, War, Navy, Justice, F.E.A. and the APC are all participating in the SKF program too, and that without question one or more representatives of these agencies have disclosed information on the subject.

In any event, the undersigned have again instructed their respective staffs on the subject of secrecy in the manner suggested by Secretary Hull.

A handwritten signature in dark ink, appearing to be 'W. E. A.', is located in the center of the page below the main text.



DEPARTMENT OF STATE
WASHINGTON

May 13, 1944

In reply refer to
NOE

SECRET

My dear Mr. Secretary:

I enclose herewith a copy of telegram no. 3804 dated May 10, 1944 from the American Embassy in London reporting the views of the Ministry of Economic Warfare with respect to the publicity which has been given to the ball bearing negotiations with the Swedish ball bearing manufacturer SKF.

I fully share the British concern with respect to the adverse effects of the release to the press of details of our negotiations with the Swedes with respect to this matter and the serious prejudice to our chances of reaching a satisfactory agreement with the Swedes which has resulted. Accordingly, I am instructing officers of this Department to refrain from releasing any information to the press with respect to this matter without my express approval which will be given only after consultation with the other interested agencies of this Government and the British Government and after obtaining the views of our negotiators in Sweden. If you concur with me as to the advisability of this course of action, I should greatly appreciate your issuing similar instructions to officers of your Department to the end that full coordination with respect to this vitally important matter may be achieved.

The foregoing restrictions do not, of course, apply to appropriate comments with respect to Swedish trade with Germany in general but only to the negotiations as such.

I am

The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury.



-2-

I am sending similar letters to the Secretary of War, the Acting Secretary of the Navy and the Administrator of the Foreign Economic Administration.

I am also informing the Embassy in London of my action in this matter with instructions that the British Government is to be informed thereof.

Sincerely yours,

A large, elegant handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and is positioned below the typed name "Cordell Hull".

Enclosure:

Telegram no. 3804,
London, May 10, 1944.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

VMT-501

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SC-00)

London

Dated May 10, 1944

Rec'd 10:25 p.m.

Secretary of State,

Washington.

PRIORITY.

3804, May 10, 8 p.m.

FOR DEPARTMENT AND STONE, FEA.

Riefler received a letter from Foot, Parliamentary Secretary of MEW on May 10 as follows: (Reference Department's 3221, April 22.

"As you know, we are seriously concerned about the publicity which has been given to the ball-bearing negotiations with the SKF company. We had certainly assumed that every effort would be made to keep secret the fact that approaches were now being made to the company rather than the Swedish Government and that nothing would be said in public about Mr. Stanton Griffis mission. I gathered at our meeting last week that Mr. Griffis himself was under the same impression. We were, therefore, extremely perturbed to see fairly full particulars in the press. I know well that it is often extremely difficult to keep the newshawks at bay and that it is sometimes necessary to make a statement in order to avoid the publication of wild surmises. Nevertheless, this publicity is bound

seriously

-2- #3804, May 10, 8 p.m., from London

seriously to prejudice our chances of reaching a satisfactory agreement, since the Swedish Government cannot pretend that they have been ignorant of the negotiations.

"We have received a telegram from Stockholm, dated yesterday, stating that the front pages of all important Stockholm newspapers carry photographs of Griffis, and that one paper has a picture of him and Poteat leaving Wallenberg's house yesterday. Our Minister goes on to say that the Associated Press statement can only render delicate negotiations far more difficult. Both he and Waring feel that this publicity has seriously reduced any prospects of success.

"I am afraid there can be no doubt that a good deal of damage has been done. It seems to us most important that from now until the end of negotiations further publicity should be avoided. In particular, we feel that the extent to which the company has taken us into its confidence should on no account be revealed. I have given instructions that no statement regarding the negotiations shall be made to the press here without first being referred to me. I propose to say nothing except that negotiations are proceeding. Would you consider asking Washington to make a similar arrangement?"

Please advise urgently if it is possible to take parallel action.

WINANT

May 17, 1944

210

MEMORANDUM FOR THE FILES

Subject: Discussion with Frank Coe concerning the background of the Swedish ball bearing question.

This afternoon I telephoned Frank Coe and inquired about the history of the Swedish ball bearing question and the extent to which the military had participated. The picture given to me was substantially as follows.

(1) At the time the Swedish Trade Agreement was signed there was a strong group within FEA which felt that it was wrong to enter into an agreement condoning substantial exports of critical materials from Sweden to Germany. About November of last year, shortly after the signing of the agreement, FEA acquired some information indicating that Sweden was not living up to the spirit of the agreement. This information apparently supported the group that had not favored the agreement and caused FEA to feel that the matter ought to be reopened. FEA raised the matter with State and also brought information supporting its position to the attention of Secretary Knox through Captain Puleston. Knox wrote a strong letter to Hull about the matter.

(2) The subject continued to be discussed, and in January the Swedish Trade Agreement was subjected to re-examination at a series of meetings in which Rieffler, then back from London, participated. Rieffler represented the British point of view, which felt the agreement to be a fine accomplishment which should not be questioned in any way. Apparently Patterson was also interested in the problem, and General Arnold took an active interest about this time. General Arnold became so interested that he sent one of his agents up to Princeton to see Rieffler and to take him to task for his position in the matter. Apparently as a result of these discussions State finally agreed to consider sending a strong note to the Swedes. The subject was referred to London, however, and London did not respond favorably to the idea. Both Knox and Crowley protested to Hull and recommended that action be taken to curtail shipments.

(3) Apparently many conferences were subsequently held with Acheson, the military fully supporting FEA's position. Coe indicated that Donovan also became interested in the matter and took it to the White House. Finally, about a week before Hull made his speech (on April 9, 1944) saying that we must crack down on the neutrals, State and the British agreed that the strongest pressure should be used on Sweden, including the threat of blacklisting and the suspension of trade.

(4) Coe said that General Marshall had never shown interest in the problem or made any recommendations with respect thereto. In fact, Coe indicated that just recently FEA had been prevented by General Marshall from stopping a Swedish tanker.


Orvis A. Schmidt

A CALL BY THE HEBREW NATION
FOR HELP IN ITS MORTAL STRUGGLE
FOR LIFE AND LIBERATION

ISSUED BY THE HEBREW COMMITTEE OF NATIONAL LIBERATION

We Hebrews, descendants of the ancient Hebrew Nation, surviving today on God's earth amidst the dreadful catastrophe of torture and death that has befallen our people, have joined together in the Hebrew Committee of National Liberation to dedicate ourselves and our lives to secure the deliverance and independence of the remaining millions of our desperate people, struggling for life itself in the vast hell of German-occupied Europe.

What has happened to the Jews of Europe was not sudden. It is the culmination of centuries of oppression and persecution; centuries of ghot-tos and pogroms, economic strangulation and endless humiliation and insult.

In this war this cumulative attack has resulted in the staggering climax of three million innocent men, women and children deliberately mas-sacred.

In the face of such disaster, the bitter status quo of the Jews in Europe must give way to a new, bold and total attempt at salvation.

These Jews, today, have no effective protection of citizenship from any nation. They can no longer be considered Rumanians, Hungarians, Poles, Germans. Certainly they are not Axis nationals. They are the first and bitterest enemies of the Axis. They belong to no nation and have no nation of their own. That is why the murder of three million Jews - a number as large as the total population of many a European nation - has been possible.

Common disaster brings them together, even as Death has hunted them together.

We therefore proclaim to the people of this land, and through them to all civilized men the world over, that the dry and tormented bones of the Jews in European lands have now been united, that the blood of our three million dead has done more than fertilize the earth of the people who have murdered them. It has molded the survivors into a single living entity. It has brought forth a renaissant Hebrew Nation.

The Jews who live today in the hell of Europe together with the Jews of Palestine constitute the Hebrew Nation.

There is no other Nation to whom they owe allegiance but the Hebrew Nation.

It is as a part of these millions that we exercise the right of self-determination; that we proclaim the existence of the Hebrew Nation and its

determination to speak for itself and its elementary right to be represented by its own sons.

We confidently believe that the present day heirs of the American Revolution will understand, recognize and support us in this mortal struggle for our life and liberation.

It is proper that we have chosen Washington as the site for this historic rededication of the Hebrew Nation as a democracy - Washington, eternal symbol of democracy and of the greatness of the human spirit and of its revolutionary demand for justice, decency and freedom.

* * * * *

Let it be clearly understood that the Hebrew Committee of National Liberation does not attempt to speak for the Jews of the United States. They are an integral part of the American Nation; an integral part of a nation made up of people of every descent.

These Jews are Americans of Hebrew descent. They do not belong to Palestine and thereby to the renascent Hebrew Nation any more than Justice Frank Murphy "belongs" to the Irish Nation, or General William Knudsen "belongs" to the Danish Nation; though both certainly are proud of their ancestry.

And let there be no confusion because the vast majority of Americans of Hebrew descent are faithful adherents of the Jewish religion.

Hebrews and Jews are not synonymous terms. Religion and State are separate. The common adherence of members of the American Nation and of the Hebrew Nation to the Jewish religion is no different than the common adherence of Americans and Germans to the Protestant religion; or the common adherence of Americans and Italians to the Catholic religion. Everywhere in the world people share religions without sharing nationhood. The people of the Hebrew Nation, and Americans of Hebrew descent, whose religion is the same, are no different from the others. They still are members of different states.

* * * * *

We proclaim that Palestine, in its historic boundaries, is the territory of the Hebrew Nation by the will of God as was set forth in the Bible. In our own time this was politically ratified by fifty-two nations who, in 1922, "recognized the historic connection between the Hebrew people and Palestine.

Although it is the national territory of the Hebrews, Palestine is to be a free state in which the present Arab and other non-Hebrew residents of the land will share full equality and privileges of citizenship and government; will be full partners in the upbuilding of a free country and a democratic civilization.

In the present condition of our Nation, we are dedicated primarily to only one task - the rescue of our people. We, therefore, proclaim that the Hebrew Nation postpones the settlement of the political and boundary problem of Palestine until after victory when, as one of the United Nations, we hope to partake in the post-war settlement of political territorial problems. Until that time we shall cooperate and assist Great Britain as the Mandatory for Palestine.

We do, however, insist, in the name of humanity, that the right and the ability of all Hebrews in Europe to find shelter in Palestine be facilitated by the Mandatory Power, lest it be guilty of sacrificing them to their ruthless German murderers.

* * * * *

We proclaim the Hebrew Nation a co-belligerent in the United Nations war against Axis tyranny. Our dead, who have bloodied the steps of civilization, can no longer be considered useless victims of insane massacre. They are honored casualties in the United Nations common war for freedom. Our surviving four million people in Europe are prisoners of war, and the International Red Cross should do everything it can to succor them even as it deals with all other prisoners of war.

But not all of our people have been victims.

We have contributed more fighters to the common struggle than most of the United Nations. Thousands of our men have fought and are daily fighting the enemy - whether as Hebrew guerrilla units harassing the enemy's lines in Poland and Yugoslavia; whether in the numerous underground sabotage groups, or as regular fighters and commandos as part of the 30,000 Hebrews who are serving in the Palestinian regiments, and in other units of the Middle Eastern British Army. They have fought and died all the way from El Alemein to Cassino, and from Syria to Addis Abbaba.

Because we are, in fact, a co-belligerent against the Axis, we consider ourselves one of the United Nations and seek recognition as such, and as the nation against which more atrocities have been committed than against all the other United Nations combined we surely should be represented on the Inter Allied Commission on War Crimes.

We also seek a seat on the Board of the United Nations Relief and Rehabilitation Administration and all other United Nations councils in which the interests of our nationals are involved.

In addition, the tens of thousands of Hebrew fighting men should now be given the elementary right to fight the Nazis under their own banner and in their own name - as the Hebrew Army - with a status comparable to that of the armies of the other Nations which have been overrun by the Nazis.

These are the minimum needs of our nation at a time when the very existence of its people is at stake. Their denial by the United Nations would be contradictory to the very aims for which the war is being fought; would be a defeat of Justice now and in the future; would be an endless threat to Peace in the world of tomorrow. For in ignoring the principle for which the war is being fought, we can cheat no one but ourselves and our children.

* * * * *

The Hebrew Nation can no longer endure the status quo. An intolerable whirlpool of death and disaster has shattered this status quo. There is a limit to the blood and suffering any people can endure.

-4-

It is in this spirit of desperation, and with humility and reverence that we of the Hebrew Committee of National Liberation have undertaken to be the servants and spokesmen of the Hebrew Nation, until such time as our Nation shall be free to elect its own spokesmen and representatives in a democratic form. We solemnly swear to serve our Nation with all our energies and might, and not to falter if we should need sacrifice life itself, so help us God.

Washington, May 17, 1944.

THE HEBREW COMMITTEE OF NATIONAL LIBERATION
2315 Massachusetts Avenue, N. W.
Washington, D. C.
Adams 8800

FOR IMMEDIATE RELEASE

For the first time in 1,809 years, (the last Hebrew revolt under Bar-Kochba was crushed in 135 A.D.) a unified group of Hebrews has joined together to redeem the Hebrew national sovereignty and to establish, in exile, the Hebrew Committee of National Liberation. The new Committee, as the temporary trustee of Hebrew national interests, will apply to the Allied powers for the same degree of recognition now accorded other committees of liberation in exile, it was announced today by Peter H. Bergson, head of the new Committee of Liberation.

The initial members of the Hebrew Committee of National Liberation, which is housed in its newly acquired Embassy building, 2315 Massachusetts Avenue, N. W., Washington, D. C. are, in addition to Mr. Bergson, the following: Arie Ben Eliezer, Theodore Bannahum, Professor Pinhas Delougaz, Capt. Jeremiah Helporn, Eri Jabotinsky and Samuel Merlin.

Though the Hebrew Committee of National Liberation is being only now officially organized, the activities of its members on behalf of the Hebrew people of Europe and Palestine are well known the world over. It was this group who initiated, prior to the outbreak of the war, the evacuation of tens of thousands of Hebrews from menaced zones in Eastern and Middle Europe to Palestine. In the United States, some of its members initiated, as spearheads in the fight for the survival of the Hebrew people, the following organizations in this country: The American Friends of a Jewish Palestine, the Committee for a Jewish Army of Stateless and Palestinian Jews, the Emergency Conference and the Emergency Committee to Save the Jewish People of Europe. As well as the organization of the great documentary pageant, "We Will Never Die" and the nation-wide Proclamation on the Moral Rights of Stateless and Palestinian Jews.

Members of the Hebrew Committee of National Liberation are now on missions in Europe, in the Middle East, in Palestine and in England. In announcing the formation of the Committee, Peter H. Bergson declared: "What is happening to the Hebrews of Europe is not sudden. It is the culmination

of centuries of oppression and persecution; of ghettos, pogroms, economic strangulation and endless humiliation and insult. The Hebrew Nation can no longer endure the status quo. It has been swept away by an intolerable whirlpool of death and disaster. There is a limit to the blood and suffering any people can endure."

The Hebrew Committee of National Liberation has been organized to obtain recognition of the Hebrew people of Europe and Palestine as a sovereign nation with the right of self-determination. It will seek representation in the councils of the United Nations. It will demand the right for its Hebrew Army to fight on an equal footing with other United Nations armies against the Axis.

While the Hebrew Committee of National Liberation will not press the settlement of political and boundary problems of Palestine until the end of hostilities, it will insist on the immediate opening of Palestine to all Hebrews who can manage to escape from Europe today.

The ultimate goal of the Hebrew Committee of National Liberation is the establishment of a Free Palestine with the Arab population as partners in a democratic and civilized Palestine, and with a legally constituted international authority in control of the holy places of all faiths.

"Let it be clearly understood" -- the statement goes on to say -- "that the Hebrew Committee of National Liberation does not attempt to speak for the Jews of the United States. They are an integral part of the American Nation; an integral part of a nation made up of people of every descent. These Jews are Americans of Hebrew descent. They do not 'belong to Palestine' and thereby to the renascent Hebrew Nation either, any more than Justice Frank Murphy 'belongs to the Irish Nation' or Lieut. General William Knudsen 'belongs to the Danish Nation,' though they both certainly are proud of their ancestry."

It is no accident that Washington has been chosen as the site for this historic rededication of the Hebrew Nation as a democracy. "The site was deliberately selected," the statement asserts "because Washington is the eternal symbol of democracy and of the greatness of the human spirit and of its revolutionary demand for justice, decency and freedom."

New York Post
MAY 19 1944

New Palestine Group Stirs Opposition

By CHARLES VAN DEVANDER
Post Staff Correspondent

Washington, May 19 — Announcement by a group of seven Palestinian Jews that they have organized as the "Hebrew Committee of National Liberation" and intend to seek recognition of the United Nations today was met by a storm of protests from Zionist leaders.

Chairman of the new committee is Peter H. Bergson, a 34-year-old Palestine national who previously has been active in organizing the American Friends of a Jewish Palestine, the Committee for a Jewish Army, and the Emergency Committee to Save the Jewish People of Europe.

Bergson disclosed the formation of the "Hebrew Committee of National Liberation" at a press conference in a newly acquired building on Washington's "Embassy Row" which Bergson referred to as the committee's "embassy." A Jewish and an American flag flew over the entrance of the building, which is as yet unfurnished.

Seek Place at Peace Table

Bergson said his committee would seek recognition from the Allied governments as spokesman for the "Hebrew Nation" and that it would request membership on the War Crimes Commission, United Nations Relief and Rehabilitation Administration and other United Nations' bodies as well as a seat eventually at the peace table.

Dr. Leon Feuer, Washington director of the American Zionist Emergency Council, which is jointly headed by Dr. Stephen S. Wise of New York and Dr. Abba Hillel Silver of Cleveland and speaks for all major Zionist groups in the U. S., promptly denounced the new Bergson venture as "a crazy fraud," and said the committee consisted of "half a dozen adventurers from Palestine with



PETER H. BERGSON
Heads "Liberation Group"

no standing, no credentials, no mandate from anyone."

Sponsors of the committee, he declared, have "thrived on publicity tricks" in their earlier organizations, which he asserted have had "one common feature—a persistent request for contributions."

Dr. Nahum Godmann, Washington representative of the Jewish Agency for Palestine and of the World Zionist Organization, said:

"The attempt of a few persons, who have come from Palestine without any authority, without having been delegated by any group in Palestine, having played no role whatever in Jewish life in Palestine or elsewhere, to proclaim themselves as the 'trustees of the Hebrew Nation's interests' is an act which, I am sure, will be rejected by all sections of the Jewish people as a fraud."

Called "Irresponsible"

The new organization was similarly denounced by the administrative committee of the American Jewish Conference, which said that the leaders of the "Hebrew Committee of National Liberation" were linked with an "ex-

traneist clique" which had been outlawed in Palestine because of its "anti-democratic and terrorist tactics."

Co-chairmen of the AJC Interim Committee are Dr. Israel Goldstein, Rabbi Wise and Henry Moskowitz of Omaha.

Dr. Goldstein, as president of the Zionist Organization of America, called the Bergson committee's members "a self-appointed group of four or five irresponsible young men" and said their previous "paper organizations . . . must have been lucrative enough to finance the opening of a sumptuous building on Massachusetts Av."

Hadassah, the Women's Zionist Organization of America, attacked formation of the committee as "a vicious attempt to undermine the position of the Jewish Agency for Palestine" as the recognized representative of the Jewish people in building up Palestine.

Hails "Rebirth"

Bergson told 25 reporters at his "embassy" press conference that they were witnessing the "rebirth" of the Hebrew Nation after 18 centuries with his committee as the temporary custodian of its interests.

Bergson claimed no specific mandate, but said his committee represents the interests of "members of the Hebrew Nation," whom he defined as the Palestine Jews and those living in the Axis and occupied countries.

"I consider the Palestine Jews, who are dominated by the British, as absolutely not free to speak for themselves and absolutely not free to act for themselves," he said in reply to a question.

Plans to Sell Bonds

The committee hopes to finance its activities by selling interest-bearing "Free Palestine" bonds as an obligation of the Hebrew Nation, he said, mentioning \$1,000,000 as the desired amount for the first issue. Asked whether the Treasury Dept. had given permission for sale of such bonds, he replied: "Not yet." Bergson added that the committee had paid \$65,000 for its "embassy," which was formerly occupied by the Iranian government.

Members of the National Liberation Committee, in addition to Bergson, are Arie Ben Elizer, Theodore Bennahum, Pinhas Delagaz, Jeremiah Helpert, Eri Jabotinsky and Samuel Merin. Jabotinsky is the son of Vladimir Jabotinsky, one of the early pioneers of Zionism.

The Evening Star

MAY 19 1944

Hebrew Liberation Committee Assailed By Jewish Leaders

Formation of the Hebrew Committee of National Liberation was announced here yesterday and immediately drew sharp criticism from long-established Jewish organizations.

Both Dr. Leon Feuer, director of the Washington bureau of the American Zionist Emergency Council, and Dr. Nahum Goldman, Washington representative of the Jewish agency for Palestine and the World Zionist organization, denounced the committee in unequivocal terms.

Dr. Feuer branded the organization "fantastic" and said "a handful of young men are attempting to perpetrate a colossal hoax." Dr. Goldstein characterized it as "buffoonery" and predicted its rejection by all sections of the Jewish people.

The committee, with headquarters in the former Iranian Embassy at 2315 Massachusetts avenue N.W., announced the redemption of Hebrew national sovereignty as its objective.

Ester H. Bergson, head of the committee, said it would apply to

the Allied powers for the same degree of recognition now accorded other committees of liberation in exile.

Mr. Bergson said the committee was the first effort to re-establish Hebrew self-determination in 1,800 years, and would insist on the immediate opening of Palestine to all Hebrews who can escape from Europe.

The ultimate goal of the committee, he said, is the establishment of a free Palestine with the Arab population as partners in a democratic and civilized Palestine, and with a legally constituted international authority in control of the holy places of all faiths.

Initial members of the committee, in addition to Mr. Bergson, are Arieh Ben Eliezer, Theodore Benna-

hum, Pinhas Delougas, Jeremiah Hefern, Eri Jabotinsky, and Samuel Merlin.

Hebrew 'Embassy' Here Castigated by Zionists

By United Press

The Zionist organizations today denounced as a "fraud," "buffoonery," and "comic opera drollery if it were not so tragic" the bid of the Hebrew Committee of National Liberation for recognition as temporary trustee of "the Hebrew nation's interests."

The criticism by the established Jewish organizations had been predicted earlier when Peter H. Bergson, head of the new committee, formally announced its formation at its new headquarters—a \$63,000 mansion at 2315 Massachusetts-av. nw.

Bergson proclaimed the "rebirth of the Hebrew nation" after 1800 years of Hebrew dispersion over the world and announced this his committee would seek:

- SEEK \$1,000,000
1. Recognition as one of the United Nations.
2. Representation on the Inter-Allied Commission on War Crimes.
3. A seat on the United Nations relief and rehabilitation administration board.
4. The right for tens of thousands of Hebrews to fight the Nazis in their own name—as the Hebrew army.

Bergson also announced that the committee would attempt at once to sell \$1,000,000 worth of free Palestine bonds to the American public. He said the committee had been financed so far by interested persons who also had advanced the \$63,000 purchase for the former Iranian Embassy building.

In the diplomatic field, in addition to seeking recognition similar to that granted to the French Committee of National Liberation, the Hebrew Committee will soon issue a formal diplomatic note to the U. S. stating its aims.

Bergson and seven other members of the committee emphasized that they did not claim to speak for U. S. Hebrews, but only for those in Palestine and occupied Europe.

Even so, the American Zionist organ-

izations immediately ridiculed the committee's proposals. Dr. Israel Goldstein, Zionist Organization of America president, said that the committee was composed of "a self-appointed group of four or five irresponsible young men" who have equipped themselves with a toga of "trusteeship of the Hebrew nation."

NO NEW 'MOSES'

"The extent to which the previous undertakings by this small group of boys has already succeeded in misleading a gullible public must have gone to their heads," he said.

Dr. Leon Feuer, Washington Bureau of the American Zionist Emergency Council director, said: "Every movement has its lunatic fringe and irresponsible splinter factions. The danger is that an uninformed people may be taken in and may be led to believe that a new Moses has arisen in Israel."

Dr. Nahum Goldmann, representative of the Jewish Agency for Palestine, charged that the committee was a "fraud."



—News-Atlas

In front of the new Hebrew 'Embassy' are, left to right: Theodore Brennaum, executive committee member; Peter Bergson, committee chairman, and Samuel H. Merlin, executive committee member.

Hebrew Nation Is 'Reborn' in Bare Mansion

The "rebirth" of the Hebrew Nation took place yesterday in a \$83,000 mansion—grandiose but unfurnished—at 2315 Massachusetts ave. nw., with the 10-day-old Hebrew Committee of National Liberation officiating.

Witnessed by about 50 slightly nonplused members of the Washington press corps, the opening of the so-called "Hebrew Embassy" took place on the second floor of a mansion which contained 30 gold chairs, a speaker's table and a bar.

The 63,000 American dollars for purchase of the structure, Chairman Peter Bergson (self-styled "nuisance diplomat") explained, were contributed by Americans of the Hebrew race—who, it was emphasized, are not represented by the new committee, which is purely for Hebrews of Nazi-occupied countries.

They Are on Committee

Also on the committee are Arian Ben Eliezer, Theodore Bennahum, Prof. Pinhas Delougaz, Capt. Jeremiah Helpert, Eri Jabotinsky and Samuel Merlin.

Bergson identified the citizens of this government-in-exile as "the Jews who live today in the hell of Europe together with the Jews of Palestine."

"Let it be clearly understood," Bergson added, "that the Hebrew

Committee of National Liberation does not attempt to speak for the Jews of the United States. They are an integral part of the American Nation; an integral part of a Nation made up of people of every descent."

The committee is dedicated primarily to the task of rescuing the Jewish people in Europe, he said, and "proclaims that the Hebrew nation postpone the settlement of the political and boundary problems of Palestine until after victory when, as one of the United Nations, we hope to partake in the postwar settlement of political and territorial problems."

'Buffoonery,' Say Zionists

Simultaneously with the announcement of the new "embassy," Dr. Israel Goldstein, president of the Zionist Organization of America, characterized the establishment of the committee as "buffoonery and comic opera drollery."

Said Dr. Goldstein: "Here is truly a case of a self-appointed group of four or five irresponsible young men who have assumed the role of Don Quixote and Pancho setting forth singlehanded to 're-establish Hebrew self-determination in 1809 years.'"

He added, "This entire exhibition would be comical indeed were it not for the fact that an insignificant group of people responsible to no one, flaunting public opinion, is endeavoring to exploit the tragedy of its own people by fantastic schemes which are prone to beguile well-meaning friends of the Jewish people who may be ignorant of the activity of this group."

NEW GROUP SETS UP A 'HEBREW NATION'

Committee Opens 'Embassy'
in Capital, but Organized
Bodies Call Move a 'Hoax'

By FREDERICK R. BARKLEY
Special to The New York Times.

WASHINGTON, May 18.—In an unfurnished thirty-room mansion on Massachusetts Avenue's "Embassy Row," a "Hebrew Committee for National Liberation" set up today what it called an "unofficial embassy" to a proposed "really independent Hebrew Nation in Palestine," and announced plans for seeking a "co-belligerent status" with the United Nations in fighting the Axis powers.

The 10-day-old committee of seven members, which they hope to increase to twenty-one members in a few weeks, had the blue-and-white-striped flag of Judah flying on the mansion's flagpole, along with the American flag, and voiced hope that before long the big limestone residence would become recognized as the embassy of a Hebrew Nation with a legal entity.

The action of the group of seven, all professed Palestinian or stateless Jews, was assailed before its press conference ended by three other Jewish organizations—in the words of the American Zionist Emergency Council as the effort of "a handful of young men to perpetuate a colossal hoax upon the American people."

Says Mansion Cost \$65,000

Peter H. Bergson, head of the new liberation committee, conducted a conference for a group of about twenty newspaper and radio correspondents, and said that the mansion had been bought for \$63,000 and that he expected the "unofficial embassy" and its activities to be financed by sympathetic Americans, largely through the sale of 10-year bonds of the proposed independent Hebrew Nation. He expected a \$1,000,000 fund to result, he said.

The committee did not expect, Mr. Bergson said, that any naturalized Jews in any of the United Nations would seek to declare their affiliations with the proposed Hebrew Nation.

"This is the rebirth of the Hebrew Nation right here in this room," he said. "Practically 100 per cent of the Jews in occupied Europe, if asked by democratic groups, would say that they want to be recognized as members of this proposed Hebrew Nation. The Jews now in Palestine are not free to speak as a nation short of a successful revolution."

"We speak," he added, "as Hebrews in exile and not as Americans of Jewish faith. There is a great distinction. The latter are a part of the American nation, made up of people of every descent."

The committee would present formal diplomatic appeals to the United Nations for recognition, Mr. Bergson said, but was not very optimistic of immediate results, depending instead upon "the response of the American people."

Of the new committee, the American Zionist Emergency Council said that it was "made up of half a dozen adventurers from Palestine with no standing, no credentials, no mandate from anyone unless from the Irgun Z'vai in Palestine, an insignificantly small, pistol-packing group of extremists who are claiming credit for the recent terror outrages."

"Every movement has its lunatic fringe and irresponsible splinter factions, and it is natural that they should exist also in our midst," it stated.

"These boys are stuntists," the statement continued. "They have thrived on publicity tricks. They come in one day as a Committee for a Jewish Army; the next as a Committee for the Rescue of European Jews; today as a 'Committee for National Liberation' with an 'Embassy.'"

The comment of the Zionist Organization of America of which Dr. Israel Goldstein is president, took the same tone, characterizing creation of the committee as "buffoonery" and "comic opera drollery." It said the same group also had created the "American Friends of a Jewish Palestine," and "The American League for a Free Palestine."

Dr. Nahum Goldman, representative of the Jewish Agency for Palestine and the American World Zionist Organization in Washington, said that the new committee members had "come from Palestine to this country without any authority, having played no role whatever in Jewish life in Palestine or elsewhere."

Others besides Mr. Bergson listed by the Committee of Liberation as its present members were Arian Ben-Eliezer, Theodore Bennahum, Prof. Pinhas Delougas, Capt. Jeremiah Helpert, Eri Jabotinsky and Samuel Merlin.

Hadassah Annals the Move

Hadassah, the Women's Zionist Organization of America, issued a statement yesterday to its 125,000 members criticizing the Hebrew Committee of National Liberation for its declaration that its purpose was to establish itself as "temporary trustees of the Hebrew Nation's interest," and "to take the first step to reestablish Hebrew self-determination in 1,809 years."

Hadassah stated that "the Committee must be recognized for what it is, a vicious attempt to undermine the position of the Jew-

ish Agency for Palestine and a malicious attempt to destroy its legally recognized status."

The American Jewish Conference also issued a statement last night attacking the Hebrew Committee of National Liberation. The Conference said:

"The Committee has no mandate from the Jewish National Assembly, which is the authorized and democratically-elected spokesman of the Jews in Palestine. On the contrary, the leaders of this committee are linked with an extremist clique in Palestine, which amounts to less than one per cent of the Jews of that country, and which has been outlawed by the Jews of that country."

Zionists Assail Committee for Hebrew Nation

**Liberation Group Opens Up
'Embassy' in Washington
to Press for Recognition**

By Ann Cottrell

WASHINGTON, May 17.—The establishment of a Hebrew Committee of National Liberation, the \$63,000 purchase and opening of an "embassy" and the proclamation of the existence of a Hebrew nation by seven young men from Palestine was met with hostility by leaders of the Zionist movement, which the new committee repudiates.

Members of the ten-day old committee admitted at a press conference held in the spacious and empty former Iranian legation in Massachusetts Avenue that they did not represent any parent organization in Palestine. Peter Bergson, chairman of this com-

mittee — as he has been of many similar committees formed by the same group — claimed that his "revolutionary" group represented the voiceless Jews of Europe and the Jews of Palestine but now any American Jews. He said these Jews "constitute the Hebrew nation," whose existence he proclaimed that Palestine is the territory of this Hebrew nation.

Mr. Bergson repudiated the assertion presented by reporters of Jewish-language papers that the people of Palestine are already represented by the National Council in Palestine—an elective body which is part of the Jewish agency for Palestine. The latter is officially recognized in the Palestine mandate to represent Jews and their interest in Palestine.

The claims made by the new liberation committee, which has already hung the Jewish flag with its Star of David from the flag pole, were challenged immediately in statements issued by Dr. Leon Freuer, director of the Washington bureau of the American Zionist Emergency Council, headed by Dr. Stephen S. Wise, of New York, and Dr. Abba Hillel Silver, of Cleveland, and by Dr. Nahum Goldmann, representative of the Jewish Agency for Palestine and the World Zionist Organization in Washington. Dr. Goldmann said the group had no authority and will not be recognized by the Allied governments.

After the house-party atmosphere of cocktails and exhibition of the twenty-odd-room mansion subsided, Mr. Bergson told the press: "You are now on what—after 1,800 years—we are going to claim as Hebrew territory, and technically this building is nearest to Hebrew sovereign territory of any place in the world." No details were given as to how the purchase of the \$63,000 structure was being financed except that it is through unnamed friends of the group. The movement will be financed, however, by the issuance of \$1,000,000 worth of Free Palestine bonds, redeemable in ten

years, Mr. Bergson said, but he admitted that permission of the Treasury Department has not yet been sought. The committee, he said, will seek diplomatic recognition from the United Nations, and intends to become one of them.

Mr. Bergson, who was born in Lithuania and is the son of Rabbi Dov Kook, who became a leading Palestine rabbi, emphasized that the committee did not speak for the United States Jews, holding they are not Jews but "Americans of Hebrew descent." He did not make exactly clear how the essential aim of his new committee differed from the purpose of the Zionist movement, many of whose members reside in the United States. Both desire to establish a national homeland for Jews in Palestine. Mr. Bergson said his committee will postpone until the end of the war any controversy over the British white paper and "will co-operate and assist Great Britain as the mandatory power." Its present aim will be rescuing Jews from unoccupied Europe, he said.

Mr. Bergson, who is thirty-four years old, has been devoting himself to the task of rescuing the Jews for many months as one of the chairmen of the Emergency Committee to Save the Jewish People of Europe, which is still in existence and will occupy space in the new "embassy" headquarters. The personnel of the two committees is approximately the same. Mr. Bergson has also been affiliated with the American Friends of Jewish Palestine and the Committee for a Jewish Army of Stateless and Palestinian Jews.

Five of the other members of the committee are also Palestinians. They are Arie Ben Eliezer, born in Poland; Theodor Benna-haum, born in Russia; Professor Pinhas Delougaz, born in Poland; Captain Jeremiah Helpert, born in Palestine; Eri Jabotaky, born in Russia, and Samuel Merlin, who was born in Russia but is "stateless."

MAY 19 1944

Committee Asks U.S. to Recognize Hebrew Nation

By R. H. SHACKFORD

The Hebrew Committee of National Liberation set itself up last night in the \$63,000 former Iranian Embassy Building, announced the rebirth of the Hebrew nation after 1800 years, and made its first unofficial bid for recognition as one of the United Nations.

One of its first steps will be an attempt to sell \$1,000,000 worth of Free Palestine bonds to Americans. Treasury Department permission has not yet been obtained.

Seeks Recognition

In the diplomatic field it seeks recognition of the committee as the temporary trustee of Hebrew national interests on the basis similar to that granted Gen. Charles de Gaulle's French Committee of National Liberation.

The committee intends soon to issue a formal diplomatic note to the United States Government and to the American people, setting forth its long-term postwar aims and its immediate desires.

Spokesmen for the committee emphasized that it does not claim to speak for Jews in America, who, they said, have become integral parts of the United States, but rather for the oppressed Jews of occupied Europe.

Political, Not Religious

They differentiated between the Jewish religion and the Hebrew nation, emphasizing that the present committee was political, not religious. There may be Christian or Moslem members of the Hebrew nation, they said.

The committee will postpone until after the war settlement of the political and boundary problems of Palestine, when, it said, "as one of the United Nations, we hope to partake in the post-war settlement of political territorial problems."

Peter H. Bergson, Lithuanian-born Palestinian, announced formation of the committee at a special press conference in the committee's new home. He predicted vigorous opposition from the other Jewish Zionist organizations and was correct.

No. 8203

Bern, May 17, 1944.

Subject: International Committee of the Red
Cross: Reply to Request by the War
Refugee Board in the Matter of Treat-
ment of Jews and Other Persons Detained,
Interned or Otherwise Confined in
Germany and its Satellite Countries.

Confidential

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith a copy of a letter from the President of the International Committee of the Red Cross dated May 12, 1944 on the above-indicated subject, which is in reply to my communication of May 2, 1944 to President Huber.

In my letter of May 2 I transmitted to President Huber the message from the War Refugee Board which was conveyed to me by the Department in its telegram No. 1498 of April 29, 1944. This present despatch is confirmatory, the reply of the International Committee having previously been transmitted to the Department in my telegrams Nos. 3144 and 3147 dated May 17, 1944.

Respectfully yours,

Leland Harrison.

Enclosure:

Copy of letter from International
Committee of the Red Cross,
May 12, 1944.

File no. 840.1

JKH/mjb

In triplicate to Department.

cc: Miss Chauncey (For the Sec'y.) Abrahamson, Akzin, Cohn, Drury,
DuBois, Friedman, Gaston, Hodel, Lesser, Mannon, Marks, Mc Cormack,
Pehle.

(Enclosure to Despatch No. 8203 dated May 17, 1944 from
American Legation, Bern)

C O P Y

COMITE INTERNATIONAL DE LA CROIX-ROUGE
Agence Centrale des Prisonniers de Guerre

Rappeler dans la reponse:
G.59/7 G.59/4

Geneve, May 12th, 1944
Palais du Conseil-General

My dear Mr. Minister:

I beg to thank you sincerely for your kind letter of 2 May 1944, in which you reproduce a message from the War Refugee Board, requesting the International Committee of the Red Cross to approach certain Governments with a view to obtaining for Jews and other persons interned treatment comparable with that which is accorded to civilian internees to whom the Geneva Convention relative to the treatment of prisoners of war is applied by analogy, or, failing such treatment, that such persons be placed on an equal footing with civilian internees as regards permission to receive relief.

We desire, in the first place, to point out that steps of this nature by the International Committee would go far beyond the limits of their traditional capacity and that the Governments to whom such a request might be addressed would not fail to view this proposal from that particular angle.

In the provisions of the International agreements the International Committee have only a slender basis upon which to found their humanitarian activities. The latter are, therefore, dependent upon the good will of belligerent States, and can only take practical shape in so far as they are accepted or solicited by the Governments concerned.

Consequently, the International Committee of the Red Cross might lay themselves open to the objection that they were going beyond the limits of their competences, and trespassing upon the internal concerns of a State, should they attempt to act on behalf of certain categories of persons whom that State considered to be subject exclusively to its domestic legislation.

The exceptional position of the International Committee of the Red Cross as neutral intermediary between belligerent countries precludes their seeking other solutions than those which offer practical hope of realization, through appropriate action in quarters where the best results may be expected.

The proposal contained in point (1) of the message from the War Refugee Board has, we may add, been submitted on several occasions to the International Committee of the Red Cross by the World Jewish Congress.

His Excellency

Mr. Leland Harrison,

American Minister,

Legation of the United States of America, Bern.

On each occasion, the International Committee was obliged to answer that the numerous endeavours they had made on behalf of the Jews had invariably met with a negative answer, with the exception of certain concessions with regard to relief measures.

Under these circumstances, we must admit that application by our Committee to the German authorities in this matter would not only have no prospect of success, but might even, in the eyes of these authorities, appear--quite unjustifiably--dictated by political rather than by humanitarian motives.

We deeply regret having to confine ourselves to purely relief activities on behalf of persons who do not enjoy the protection of the Convention applicable to prisoners of war and civilian internees. This circumstance is not due to absence of endeavours of all kinds by the Committee on behalf of such persons--irrespective of race--with a view to their assimilation with civilian internees, by reason of their enemy nationality. Unfortunately, not one of these approaches has been successful.

As regards point (2), the International Committee is compelled, in view of experiences in this field, to admit likewise the fact that such application would be considered incompatible with the domestic legislation of the detaining Power, and moreover would constitute serious menace not only to the general activities of the International Committee of the Red Cross on behalf of prisoners of war and civilian internees, but also endanger the limited possibilities which we enjoy of assisting the few groups of persons who are not protected, either directly or by analogy, by international Conventions. The International Committee must, it will be remembered, take extreme care that a province, in which the belligerents have accepted our ministrations, should not be closed to future action.

The same observation applies to the proposal contained in the last paragraph of the message from the War Refugee Board "to rescue from the occupied areas Jews and other persons who are victims of persecution". Any such attempt by the International Committee of the Red Cross would at once have the most unfortunate consequences for their entire work--an eventuality which they cannot conscientiously envisage.

Since repeated and conclusive experience in this field leads us to suppose that any steps of this kind would not only be altogether fruitless, but might even do more harm than good, the International Committee must, to their regret, abide by the proposals they have already submitted to the authorities in Washington and to the Intergovernmental Committee in London. After careful consideration of the problem and thorough exploration of all avenues in other fields of action, the International Committee are, in other words, compelled to confine themselves strictly to relief work, within the limits which circumstances prescribe.

The scheme for the relief of civilian war victims, irrespective of race and religion, with which the War Refugee Board is familiar, is to our mind, and for the present, the only province in which action by the International Committee can produce useful results. Moreover, the scope of such action can be widened, in obedience to conditions prevailing, only in so far as publicity of any kind is avoided. In this connection, we are happy to stress the fact that the International Committee have achieved encouraging results in the field of relief work. It was largely due to the kind support given to our suggestions by the War Refugee Board a short time ago, that relief activities on behalf of Jews in certain countries could be undertaken. This work is worth being pursued.

As regards the other countries mentioned in the message of the War Refugee Board, and in which the International Committee are also engaged actively, here too we must confine ourselves to questions of purely material relief, and we shall be pleased to receive, as soon as possible, any assistance the War Refugee Board is able to give us, with a view to our taking practical action along the lines we have submitted to their consideration on behalf of civilian war victims without distinction of race or creed.

In certain countries of South-Eastern Europe, and as far as circumstances allowed, the International Committee have, nevertheless, been instrumental in facilitating Jewish emigration to Palestine. On 5 May, 1944, we forwarded to the United States Legation at Bern a note (G.59/5) on the work done during the preceding months. In this respect also--the question concerns primarily safe-conducts--the degree of responsibility we are in a position to assume, depends not upon ourselves, but on the extent to which circumstances and the Governments interested permit.

The International Committee of the Red Cross would be extremely grateful to you, my dear Mr. Minister, if you would inform the War Refugee Board of the above reply, and request them to consider this communication as confidential, since any publicity given to these matters can be prejudicial to the same persons whom we are endeavouring to assist.

I remain, my dear Mr. Minister,

Yours Sincerely,

MAX HUBER
President of the International
Committee of the Red Cross.

CABLE TO WILSON AND MURPHY, ALGIERS, FROM THE STATE DEPARTMENT

The Executive Director of the War Refugee Board, Mr. John W. Pehle, has asked the Department, in conformity with the President's Executive Order of January 22, 1944, to obtain diplomatic status for Mr. Leonard H. Ackermann who is now the Board's Special Representative for the Mediterranean area. Accordingly, you are requested to see that diplomatic status is accorded Mr. Ackermann at the earliest practicable date and that he be given the title "Special Attache". Please advise the Department and the War Refugee Board when this has been accomplished.

THIS IS WEB ALGIERS CABLE NO. 11

May 17, 1944
11:25 a.m.

THIS IS

May 17, 1944
11:25 a.m.

THIS IS

May 17, 1944
11:25 a.m.

MEMO: JNF: JNF: bkk
5/18/44

CABLE TO MURPHY, CHAPIN AND ACKERMANN, ALGIERS FROM WAR REFUGEE BOARD AND DEPARTMENT

Please refer your No. 1529 of May 11.

Cable regarding appointment of Lawler to which reference is made was not (repeat not) intended to change Ackermann's status as Board's Special Representative for the Mediterranean Area. Ackermann is expected to continue work in connection with Yugoslav and Italian problems as well as all others arising in the area. Proposal to appoint Lawler is implementation of Ackermann's recommendation that Board have a full time representative in Italy.

Board is considering possibility of sending representative to Cairo to operate under Ackermann's general supervision.

Board believes that overall coordination in Algiers of Board's activities in Mediterranean Area is desirable.

In view of the fact that Ackermann's activities extend beyond North African territories, he should, with Murphy's approval, be regarded as attached to Murphy as well as to the Embassy in Algiers.

THIS IS WEB CABLE TO ALGIERS NO. 12

May 17, 1944

11:28 a.m.

JBF:bbk - 5/16/44

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amembassy, Bogota
DATED: May 17, 1944
NUMBER: 659

SECRET

Careful study has been given to the matter referred to in your April 29 letter to Keith and in your airgram of April 28, 1944, no. A-401.

It is the opinion of the Department that in light of Resolution XX of the Emergency Advisory Committee for Political Defense at Montevideo the approach of the Polish Government, as suggested in the draft communication of your Polish colleague, might be embarrassing to other American republics. It is felt by the Department that the Government of Poland would best be advised to take up this matter first with the Committee with a view to obtaining a recommendation supplementing Resolution XX by the Committee to the American republics.

It is noted by the Department that in the draft Polish communication the last sentence asserts that the exchange of nationals would not take place but that the lives of the persons in question would be saved by a mere declaration. First-hand information from Berlin is possessed by the Department to the effect that an empty declaration will not be regarded by the German Government as satisfactory in respect to these individuals and it is further confronted by the fact that about a dozen such persons are being placed in the current exchange of nationals with Germany in place of bona fide nationals of the American republics nominated for inclusion in this exchange by them. Arrangements to find a haven for these persons are being made.

It is requested that you carefully explain the foregoing to your Polish colleague and inform him that we are thoroughly sympathetic to the achievement of the purpose he has in mind but the Department believes that the particular method of approach suggested by him is not the wisest at this particular moment for the reasons given. You may inform him that strong representations concerning individuals in question have been made by the United States Government and there are being made through various channels other efforts in their behalf.

HULL
(AAB)

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Ambassador, San Jose
DATED: May 17, 1944
NUMBER: 223

CONFIDENTIAL

Madrid was informed by the Department, upon the basis of your telegram of May 13, 1944, no. 299, that Grunsteins and Chuprines would be admitted into Costa Rica and their embarkation on GRIPSHOLM was authorized. It is requested that in view of the Embassy's telegram of May 16, 1944, no. 304, you urgently ask the Government of Costa Rica to confirm that Costa Rica will admit these persons.

HULL
(JHK)

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ciudad Trujillo
DATED: May 17, 1944
NUMBER: 200

CONFIDENTIAL

If Foreign Office has not instructed its Mission, Bern, to notify Swiss Government of Dominican willingness accept children as reported your 219, May 4, please request it to do so. Inform Department.

Please express this Government's sincere appreciation Dominican Government's generous offer.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Cairo
TO: Secretary of State, Washington
DATED: May 17, 1944
NUMBER: Greek 158

SECRET

The following has been repeated to Ankara and to Algiers for Murphy.

Please see my despatch of May 2, No. 107, and previous.

It has been recommended by Besnik of the Joint Distribution Committee in conversations with the Treasury representative and the Embassy here during the past week, concerning the rescue of refugees from Greece, that (one) you request the British War Office and the War Department to instruct their respective secret organizations which are concerned with the transportation of persons between Greece and Turkey to accelerate the transport of refugees over those routes; (two) that you inform the Greek resistance organizations (principally EAM) of American interests in such operations; (three) that you despatch funds in the form of gold sovereigns to Greece to help Jews in hiding there; and (four) that with a view to their more energetic protection of their own Jewish nationals in Europe, representations be made to neutral governments especially Spain, Portugal, and Turkey.

MACVHAGH

DCR:VAG:HL 5/19/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: May 17, 1944
NUMBER: 3934

SECRET

American Embassy in Moscow has been informed of the contents of your 3641 of May 4 and has been requested to endeavor to have Russian broadcasts in appropriate languages beamed on Germany and German-satellite countries transmit warnings to German and German-satellite military and civilian personnel carrying out deportation proceedings that they personally will be held responsible by the United Nations for their actions and the deaths that may result from deportation. The Russian Foreign Office is also being approached in an attempt to use its influence upon the satellite governments and populations by all possible means to cause their resistance to German demands for the deportation and persecution of minority groups under their control.

Please make similar endeavors with regard to the Ministry of Information and the Foreign Office. Please consult with Schoenfeld in this matter with a view to having Czech Government request Moscow to take all possible action to protect Czech nationals in Sub-Carpatho-Russia.

For your information, the OWI transmitters are carrying similar warnings. The Embassy at Ankara states that the Turk Consul at Budapest had sent the Foreign Office word that every Jew entering Turk Consulate there was arrested as soon as he left and transported to an unknown place.

The Vatican is being approached with a view to obtaining its support in applying pressure on satellites, particularly Hungary, in this matter.

Action being taken on your 3642 through Ankara.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: May 17, 1944
NUMBER: 3982

SECRET

Message below refers to May 6 telegram No. 3644.
from the Department.

Foreign Office has just informed the Embassy that His Majesty's Minister at Habana has been instructed to assure the Government of Cuba that the recognition of Cuban passports issued to Jewish persons in countries under enemy control is welcomed by His Majesty's Government and latter appreciates the Cuban Government's reply to the Vatican regarding this matter.

BUCKNELL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: May 17, 1944
NUMBER: 3988

SECRET

ATTENTION OF THE WAR REFUGEE BOARD.

The Department's cable of May 4, no. 3560 is referred to herewith.

A payable order for 4968 pounds, 18 shillings, 10 pence for transmittal to the American Jewish Joint Distribution Committee in the United States has now been received from the Foreign Office by the Embassy. There is being transmitted by despatch a draft on New York payable to the Secretary of State for the equivalent in United States currency of this amount.

On April 13, the Foreign Office states, it received a further check in the amount of 6188 pounds, 2 shillings, 4 pence and that it will return this money to the Embassy for transfer to the United States upon receipt of the Embassy's request. In this respect we request your instructions. In regard to the arrangements which have been made, the Foreign Office further states that the British Minister at Vatican City is being informed.

BUCKNELL

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: American Consulate, Jerusalem

DATE: May 17, 1944

NUMBER:103

CONFIDENTIAL

It is requested that you check delivery contents Department's March 16 telegram No. 46 to Remez and March 28 telegram No. 60 to Meyerhoff. Please send report relative thereto via cable.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Managua
DATED: May 17, 1944
NUMBER: 212

CONFIDENTIAL

Please express this Government's sincere appreciation Nicaraguan action reported your 271, May 5.

HULL

CABLE TO LISBON

Please deliver following message to Minister Norweb, Lisbon, from
J. W. Fehle, War Refugee Board.

On basis of your 1327 approving our 1208 we made commitment to Eleanor
Widen on salary and per diem figures. Difficult if not impossible to
change terms of offer at this time. We feel \$2000 salary and \$7 per
diem fully justified, particularly in view of emergency nature of work
and probability of relatively short duration. Would appreciate your
reconsideration and approval as originally proposed.

THIS IS WEB CABLE TO LISBON NO. 26

May 17, 1944
3:25 p.m.

WStewart; ydk 5/16/44

AIR MAIL

No. 513

EMBASSY OF THE
UNITED STATES OF AMERICA

Lisbon, May 17, 1944

Subject: Transmitting Memorandum regarding Refugee Children
from France.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to transmit herewith a memorandum of Robert C. Dexter, Special Attache, representing the War Refugee Board, to John W. Pehle, Director of the War Refugee Board, regarding details of methods of bringing children out of France into Spain and Portugal; also a translation of a Portuguese report to Dr. Isaac Weissman, the representative of the World Jewish Congress in Lisbon, by one of his agents Manuel Alves, which gives further details of the situation.

If the Department sees no objection, it would be appreciated if copies of both documents were transmitted to the War Refugee Board with the request that, if the latter have no objection, a copy of Mr. Alves' report be sent to Rabbi Stephen Wise, Chairman of the World Jewish Congress Committee in New York.

Respectfully yours,

For the Ambassador:

/s/ Edward S. Crocker
Counselor of Embassy

Enclosures:

1. Memorandum of
Dr. Robert C. Dexter;
2. Translation of Report of
Manuel Alves.

300
RCD/ajl

Enclosure no. 1, despatch no. 513 dated May 17, 1944, from the American Embassy in Lisbon.

CONFIDENTIAL

In transmitting herewith the translation of a report made to Mr. Weissman by Manuel Alves, I take the liberty of making several comments:

1) In regard to Alves himself, I have attempted to carefully check this man's bona fides. He is a Portuguese citizen, a wounded veteran of the last war. He makes a very fair impression and seems especially good in dealing with children. The refugee children now here adore him and he seems particularly interested in them. He has been employed at one time or another by both the British and the "Fighting French" missions here for intelligence work and both give him an excellent report for honesty and usefulness. He apparently has good contacts in Spain and France. He also claims, although this I have not been able to check, to be in contact with the American military mission in Madrid and to be used by them. At the present moment he is being employed by the Poles and being paid a salary of 4,000 escudos per month and whatever he does for the evacuation of children or adults from France through Mr. Weissman's organization he does voluntarily with no pay, purely because of his interest in the work. It may well be that he also secures certain information this way and of course some of those saved are Polish citizens. You will note that he has now three or four channels of communication with France and says that he can open up many others provided the funds are available. He claims that all his work for the Poles is purely of an intelligence nature.

2) Regarding Jean Chatain, I have already communicated with you. However, I should re-state that he is well and favorably known to the Military Attache here, who made some of the arrangements for his recent visit to Lisbon. Colonel Solberg speaks very highly of M. Chatain and I had a most favorable impression of him.

3) While it is not the function of your representative to take sides in what is apparently a very bitter internecine quarrel between two Jewish organizations, I should add that I am personally much impressed with the character and apparent frankness of those members of the Congress staff that I have met. They deny absolutely the allegation made by the Joint

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Distribution Committee that they have taken children away from the Joint and I should add that the children who are now here and whom I have seen, at least the older ones, are enthusiastic Zionists. They are singing songs and playing games about returning to Jerusalem, which seems to indicate that their Zionism antedates their coming across the frontier; I should also add that we have supplied Mr. Weissman and Sr. Alves with a number of names and addresses of non-Jewish children and adults who should be gotten out and that they are now making arrangements to get these individuals out of France. They are mostly children of people who are well known anti-Nazis. Sr. Alves is also contacting leading French personalities, Protestant and Catholic, who know about the location of children in hiding, and I hope will secure a number of children through these channels.

4) As I cabled recently, it seems to me that, regardless of what the Joint Distribution Committee may or may not do, here is a channel for getting children, and adults as well, out of France which should not be allowed to dry up for lack of the necessary funds.

5) Regarding Mr. Weissman himself, it is quite clear that he is somewhat of a visionary and that he frequently talks bigger than he performs, but nevertheless he seems to have done something on what might be termed, in common parlance, a shoe-string.

6) One other point that should be mentioned but concerning which I have no data, is that both Alves and Chatain claim that practically all the Jewish adults who have recently crossed the Pyrenees, came through their organization at the instigation and with the definite planning of M. Croustillon, referred to in the memorandum. However, as soon as these people reach Spain they are obliged to go to the Joint for maintenance and the Joint then claims them as people whom they have evacuated. What the truth of this is I have no means of knowing.

7) I should also add that my own previous experience with the representatives of the Joint in Spain, Mr. Blickenstaff and Mr. Sequerra, bears out the statement in Alves report that up to very recently they would have nothing to do with bringing people into Spain without proper papers. Weissman's organization has done this sort of thing for some time and it seems reasonable to suppose that they have facilities for doing it now when it has become the policy of the Board.

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8) This whole question, indeed the entire usefulness of the War Refugee Board's program here in the Peninsula, is bound up with the possibilities of the Board's having adequate representation in Spain. Some comparatively small services can be rendered here in Portugal but Spain is the key to the situation. Many of the difficulties that exist here could probably be overcome if we had a representative in Spain with the full backing of the Embassy there and certainly the matters of fact which are at issue could be much more easily clarified from Madrid or Barcelona than from Lisbon. So far as the program of the War Refugee Board is concerned, it is my personal opinion that its activities in the Iberian Peninsula are really a unit, even though there are two separate countries involved, and that comparatively little progress can be made until the situation in Spain is clarified. This is of course a matter which must be decided by the Board after consultation with Ambassador Hayes and lies without the province of this Mission.

/s/ Robert C. Dexter
Special Attache.

Lisbon, May 17, 1944.

Enclosure no. 2, despatch no. 513 dated May 17, 1944, from the American Embassy in Lisbon.

TRANSLATION

Sir,

The following is an account of the work I have done in evacuating child refugees from France and other occupied countries, work with which I was charged by you.

On April 6th I left Lisbon, arriving in Madrid on April 7th. This was during the festive season of Holy Week and I used the time to make contact with my former collaborators, with whom on other occasions I have taken recourse. I explained the case and they all promised to help me, as they had done before, with all devotion.

On April 11th I went to see my friend Jean Chatain, to whom I explained my mission, requesting his valuable assistance, which was immediately given me.

Sure of being able to reckon with these valuable elements for my work, I went to see Senhor Jose Croustillon, a person indicated by you and who directs, from Madrid, a powerful organization for saving those unfortunate people for whom life in the occupied countries is a torment. I told him of my plans and he accepted them gladly.

It would perhaps be useful if I give the story of this Senhor Croustillon, in as complete a form as possible, because his modesty does not permit me to give it as entirely as I would like to.

Joseph Croustillon, a name by which he is known, a Rumanian by birth, of Jewish race, professor, lived in France, where he was educated. He emigrated to Spain in order to prepare in collaboration with his friends in Toulouse the rescue of his racial brothers. He entered Spain and declared himself English in order not to be interned. Once in the presence of the English Consul in Madrid, he told the whole truth of his mission, asked for protection to carry on his work: as he was not British, this was denied him and he had to appeal, as an apartheid, for protection to the president of the Jewish Committee in Madrid. Again he explained, again his request was refused and, in spite of all this, without anyone's help, he continued his work.

On the day of our first encounter, Joseph Croustillon had saved from the hands of the Gestapo, 210 men who were already in

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Spain, waiting to be taken to some place where they could fight in defence of the Allies.

This is the man whom you asked me to visit. As I said, after having told Senhor Croustillon of my plans, it was decided that I leave for Barcelona, not only to organize my services but to come to an understanding with Snr. Herman and Joseph, the guide. This I did. Not as quickly as I would have desired to but as soon as I could get a ticket on the train, which is very difficult these days.

In Barcelona, after having seen Snr. Herman, I was shown six little beings who were waiting, in a boarding house, that someone save them - something that Snr. Herman, with all the good will at his disposal, could not accomplish. It was urgent, therefore, to get them to Madrid, and in spite of all difficulties in the way of transportation and the Police, I managed to get them there safe and sound, accompanied by our collaborator Maria and with the assistance of our collaborator Antonio Alarma, who obtained the tickets for the express train and undertook all the other steps which you will imagine were necessary for this task, such as safe-conducts, etc.

In Madrid, our friend Snr. Jean Chatain had not been losing his time, and had managed to get the protection for our work of the President of the French Red Cross and the President of the Spanish Red Cross, it being easy therefore to obtain safe-conduct as far as the Portuguese frontier for the first children.

We were taking these steps when Snr. Herman telephoned me saying that four more children had arrived. I was glad, but could not immediately go to Barcelona to fetch them, and as I delayed, the Joint's representative, Sr. Sequerra found about the arrival of the children and notified Snr. Herman to hand them over, saying that if he did not do this he would denounce the children to the Police, and they, being refugees, would immediately be sent to Miranda. Snr. Herman could do nothing else but hand over the children (the four of them) but on that same day another six arrived and it was necessary to overcome all difficulties and get them to Madrid and this is what was done. Meantime, the situation was getting complicated, for Sr. Sequerra was notifying Snr. Herman to tell him what was going on, on the contrary he would denounce him, taking away his protection which was equivalent to Herman's internment. Fortunately, I was in Barcelona and I told Herman to tell Sequerra that I am alone the person charged to save the children and only I am responsible for what happens. I am looked up by Sequerra twice, but he was not there and I decide to come to Portugal to make the situation clear, as to be able to fight men with such means as Sequerra,

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equal means would have to be at our disposal. I arrive in Madrid and explain the case to my friend J. Chatain, who also feels the necessity to come to Lisbon to clear up this matter, seeing that M. Blickenstaff, of Madrid, had gone to the Ministry of Foreign Affairs to complain against the fact that Jewish children are being evacuated from France without his knowledge, he being the only accredited person in Spain to do this. This seems at first sight quite natural, but it is really a dirty trick, because as Snr. Chatain told you, this person had never been occupied with saying anybody from France and what is more he never wanted to hear anything about clandestine rescue work, and so therefore he had no right to prevent that other more human people than him did so. "His Excellency" did not like this and requested assistance from Lisbon and from here the Director of the Joint, Sr. Schwartz, departed immediately, and as soon as he arrived in Madrid he demanded the presence of Snr. Croustillon and with promises of all kinds and even with veiled threats, tried to convince Snr. Croustillon to work for his organization. Snr. Croustillon declared that he had put himself at the disposal of the Joint a long time ago, to whom he had applied for help for his work which help was always denied him on the pretext that S. could not protect his work which was always illicit, such as carrying out the evacuation from France of his racial brothers in danger and for that reason he had applied for help to you, Mr. Weissman, that you had given him this help and that whatever happened he would not leave you. I am not surprised at this attitude of Snr. Croustillon, firstly because I think he is a person worthy of confidence, devoted to his cause to extract from the German claws as many unfortunates as possible, and secondly because he is alone and has nothing to be afraid of, which does not occur with Snr. Herman who has a wife and young child, thirdly because he knows he has exhausted all means with S. and that only now that these gentlemen see that someone else is doing the work they could not do, they want, as it is their custom to sabotage, to use all means even the lowest.

This is, in its general lines, the situation, Sir.

But there is one person who is not afraid and who will not sell himself and you know this through many things. This person is myself and I will continue to work, even fighting against all the organizations - even against all S.'s that one can put in my way and so, I organized with my old guides, three services that will have as outlets Pycerda and Villalloyent and, near France, Barcelona. This in respect of children. As regards adults I intend to create a reception centre in Puycerda or Lerida, for the purposes I have already explained verbally to you and as contained in the other report.

The service for the children should already be producing useful work, as my guides had to arrange women on the frontier

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that would go to Toulouse to the centres and bring the children to be evacuated, as men cannot do this, since the German vigilance is always exercised on men and very rarely on women.

Thus, I expect on my return to have everything ready for the weekly evacuation of an appreciable number of children, but it is necessary to explain the question of the cost of this work.

When I arrived in Barcelona, the guides took for each child Ps. 4,000, all expenses of maintenance, clothes and transportation to Lisbon being added to this charge, which increases it vastly. The reason for this is again Sequerra who paid for the only two children he ordered through, four thousand pesetas each child, but talking with my former guide, he told me that he sometimes makes four trips without bringing any children because there are none in Toulouse. This being the case I decided to make a monthly wage, with a bonus for each child and, as in Toulouse they are now organized and it is certain that each trip the guides make will result in there being children there, because the women earn on a monthly basis, and go over many more times, when they were not sure of earning anything at all.

I therefore hope that on my return this matter will have been solved and that, if I have the necessary funds, I am sure that it will be possible to re-obtain what we want, that is, to save hundreds of children from death.

These funds should not only enable the Toulouse Committee to exist more freely but will also have its effect in Barcelona, as there is nothing worse than the arrival of a guide with no money to pay him and the deeper the confidence we inspire, the bigger the services we may demand from the guides.

Under these circumstances, if we are in the first place able to obtain a residence permit for Snr. Croustillon, a matter being dealt with by my friend Snr. Chatain, a letter for Snr. Herman, I believe we shall need nothing further.

But should this be impossible, if we have to lose the help of Snr. Croustillon and Snr. Herman, we shall not have to stop saving children, as I am outside the Joint's jurisdiction and my former collaborators are, as proved by the evacuated children, at my orders for anything I wish.

- 5 -

Here then, Sir, is all I have to say on the work that you have entrusted to me and with which I willingly go on, giving to it all my devotion and goodwill. I therefore hope that you will solve this matter urgently, as the case demands, and if you can prepare a journey to Spain what would be ideal even to take over the responsibility of the negotiations in course - and which I hope will come to a satisfactory and through my friend Snr. Chatain - for the mass evacuation of registered refugee children which I hope will in the near future be handed over by the French authorities with the consent of the German authorities.

I think it is my duty to remind you of the convenience of awarding to Snr. Croustillon and Snr. Herman a monthly remuneration of Pesetas 2,000, so that they could devote their efforts only and exclusively to this work, without having the necessity of waiting for the Joint to give them means with which to live.

I hope, therefore, that if we are given the amounts necessary to this work, we shall be able, not only to bring to Portugal hundreds of children every month, but, even more, reduce to a minimum the expenses which are at this moment very high. I hope that the expenses for the rescue of a child will not exceed Pesetas 1,000, once we have our rescue workers properly organized.

SFG-835

PLAIN

Lisbon

Dated May 17, 1944

Rec'd. 10 p.m.

Secretary of State

Washington

1494, Seventeenth, 6 p.m.

WRB 39. Representative American Polish Relief Council here has applied his committee for increased remittances packages Poland and also for administrative expenses. WRB representative Portugal informed of needs and approves increases. Hopes WRB will support increase of license if committee applies.

NORWEB

LET
EDA

KEM-834

PLAIN
Lisbon
Dated May 17, 1944
Rec'd 10:02 p.m.

Secretary of State,
Washington.

1495, Seventeenth, 6 p.m.

WRB 40 FOR LEAVITT JOINT FROM SCHWARTZ VIA PILPEL

"Wish advise military have asked Max Perlman proceed Italy immediately collaborate Intergovernmental Committee and Allied Control Commission. At May suggestion has delayed departure ten days await my arrival and arrangements for Kessler to proceed Algiers. Can you advise what plans arranged with Sir Herbert Emerson regarding relationship functions et cetera. Believe Greenleigh if available might be assigned Cairo."

NORWEB

LET
EDA

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consul, Barcelona
DATED: May 17, 1944
NUMBER: 37

SECRET

Following is for Smith and Consulate on the Gripsholm.
With reference to the Department's instructions concerning embarkation of civilians on GRIPSHOLM (Department's cable of May 16, no. 33 A), the following persons are bona fide Peruvian nationals:

Menchacca y Castro

Maria Therese Menchacca y Castro

They may embark on the GRIPSHOLM and advances of funds to them for use on the vessel is authorized by the Government of Peru.

The entrance into Peru of Isidore Poiry, former Honorary Consul of Peru at Brussels and presumably a Belgian national, whom the German Government has named for exchange as a Peruvian national, is authorized by the Peruvian Government.

The Government of Peru is instructing its Consul at Barcelona to investigate the status of Mario Baretto, Clementine Muller and Zizold de Valdes as there is no information concerning them.

His investigations should guide you in determining whether they will be admitted into Peru and thus able to embark on the GRIPSHOLM.

Please arrange through Blickenstaff to provide for the care of those individuals who are not embarked on the GRIPSHOLM at the expense of the War Refugee Board.

Foregoing repeated to Madrid as no. 1398.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 17, 1944
NUMBER: 1721

SECRET

From War Refugee Board to Harrison for McClelland

United Yugoslav Relief Fund being requested supply assistance Yugoslav nationals Switzerland following categories (a) Jewish refugees (b) students (c) interned escaped civilians (d) escaped prisoners of war. These groups under care of Swiss Government and Swisscross. Accounts here vary as to seriousness ~~and~~ unmet needs.

United Yugoslav Relief Fund willing to supplement current program if necessary. Please cable report covering nature and extent of needs of these groups and if Swiss Government and Swisscross welcome assistance.

THIS IS WRB BERN CABLE NO. 19

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATE: May 17, 1944
 NUMBER: 3144

SECRET

A fifteen paragraph letter dated May 12 has been received from the President of IRC, Mr. Max Huber, in reply to my May 2 letter which contained information set forth in April 29 telegram No. 1498 from the Department. My May 17 telegram No. 3147 transmitted first thirteen paragraphs of text of Huber's letter under reference, in which "subjects" means "the Jews"; "umpire" means "German authorities"; "league" means "world Jewish Congress"; "respondents" means "the International Committee of the Red Cross"; and "inquirer" means "War Refugee Board".

The following is a paraphrase of paragraph fourteen: Nevertheless so far as conditions permitted IRC have been instrumental in facilitating emigration of Jews from some southeastern European countries to Palestine. Memorandum dated May 5 describing work done has been furnished U. S. Legation at Bern by us. (Note from Legation: If and when mailing facilities permit, copy will be forwarded by microfilm.) As regards responsibility which we can assume primarily in matter of safe conduct for vessels it does not depend upon ourselves but rather on interested governments and on circumstances.

As regards fifteenth paragraph: It is desire of IRC that War Refugee Board be informed but that since any publicity can be prejudicial to some persons we are trying to help, it requests that communication be kept confidential.

HARRISON

MJK-884

PLAIN

Bern

Dated May 17, 1944

Rec'd 3:23 a.m. 18th

Secretary of State,

Washington.

3147, Seventeenth.

One. I beg to thank you sincerely for your kind letter of 2 May, 1944, in which you reproduce message from INQUIRER requesting respondents to approach certain governments with view to obtaining for subjects and other persons interned treatment comparable with that which is accorded to civilian internees to whom Geneva Convention relative to treatment of prisoners of war is applied by analogy or failing such treatment that such persons be placed on equal footing with civilian internees as regards permission to receive relief.

Two. We desire in first place to point out that steps of this nature by respondents would go far beyond limits of their traditional capacity and that governments to whom such request might be addressed would not fail to view this proposal from that particular angle.

Three. In provisions of international agreements respondents have only slender basis upon which to found their humanitarian activities. Latter are therefore dependent upon goodwill of belligerent states and can only take practical shape insofar as they are accepted or solicited by governments concerned.

Four. Consequently respondents might lay themselves open to objection that they were going beyond limits of their competences and trespassing upon internal concerns of state should they attempt to act on behalf of certain categories of persons whom that state considered to be subject exclusively to its domestic legislation.

Five. Exceptional position of respondents as neutral intermediary between belligerent countries precludes their seeking other solutions than those which offer practical hope of realization through appropriate action in quarters where best results may be expected.

Six. The proposal contained in point one of message from INQUIRER has we may add been submitted on several occasions to respondents by League. On each occasion respondents were obliged to answer that numerous endeavors they had made on behalf of subjects had invariably met with negative answer with exception of certain concessions with regards to relief measures.

Seven....

-2- #3147, Seventeenth from HHHH

Seven. Under these circumstances we must admit that application by respondents to umpire in this matter would not only have no prospect of success but might even in eyes of umpire appear - quite unjustifiable - dictated by political rather than by humanitarian motives.

Eight. We deeply regret having to confine ourselves to purely relief activities on behalf of persons who do not enjoy protection of convention applicable to prisoners of war and civilian internees. This circumstance is not due to absence of endeavors of all kinds by respondents on behalf of such persons - irrespective of race - with view to their assimilation with civilian internees by reason of their enemy nationality. Unfortunately not one of these approaches has been successful.

Nine. As regards point two respondents are compelled in view of experiences in this field to admit likewise fact that such application would be considered incompatible with domestic legislation of detaining power and moreover would constitute serious menace not only to general activities of respondents on behalf of prisoners of war and civilian internees but also endanger limited possibilities which we enjoy of assisting few groups of persons who are not protected either directly or by analogy by international conventions. Respondents must it will be remembered take extreme care that province in which belligerents have accepted our ministrations should not be closed to future action.

Ten. Same observation applies to proposal contained in last paragraph of message from INQUIRER "to rescue from the occupied areas subjects and other persons who are victims of persecution". Any such attempt by respondents would at once have most unfortunate consequences for their entire work - an eventuality which they cannot conscientiously envisage.

Eleven. Since repeated and conclusive experience in this field leads us to suppose that any steps of this kind would not only be altogether fruitless but might even do more harm than good respondents must to their regret abide by proposals they have already submitted to authorities in Washington and to Inter-Governmental Committee in London. After careful consideration of problem and exploration of all avenues in other fields of action respondents are in other words compelled to confine themselves strictly to relief work within limits which circumstances prescribe.

Twelve. Scheme for relief of civilian war victims irrespective of race and religion with which INQUIRER is familiar is to our mind and for present only province in which action by respondents can produce useful results.

-3- #3147, Seventeenth from Bern

results. Moreover scope of such action can be widened in obedience to conditions prevailing only insofar as publicity of any kind is avoided. In this connection we are happy to stress fact that respondents have achieved encouraging results in field of relief work. It was largely due to kind support given to our suggestions by INQUIRER short time ago that relief activities on behalf of subjects in certain countries could be undertaken. This work is worth being pursued.

Thirteen. As regards other countries mentioned in message of INQUIRER and in which respondents are also engaged actively here too we must confine ourselves to questions of purely material relief and we shall be pleased to receive as soon as possible any assistance INQUIRER is able to give us with view to our taking practical action along lines we have submitted to their consideration on behalf of civilian war victims without distinction of race or creed.

HARRISON

HTM

CABLE TO ANKARA

Please deliver following message to Ambassador Steinhardt, Ankara from J. W. Pehle, War Refugee Board.

All necessary preparations being made here for Hirschmann's return to Ankara. Would like immediate response to our No. 28.

THIS IS WEB ANKARA CABLE NO 38.

May 17, 1944
12:10 p.m.

WStewart; pdk 5/17/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: May 17, 1944
NUMBER: 438

CONFIDENTIAL

Please deliver following message to Ambassador Steinhardt, Ankara, from
J. W. Pehle, War Refugee Board.

All necessary preparations being made here for Hirschmann's return to
Ankara. Would like immediate response to our No. 38.
THIS IS WEB ANKARA CABLE NO. 39

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: May 17, 1944
NUMBER: 440

SECRET

American Embassy, London, reports that it has been informed by London representatives of Jewish Agency, Palestine that deportation of Jews from Hungary and territories under its control has already begun and that 24,000 had been deported from Sub-Carpatho-Russia to date, in addition to general deportation of Polish refugees whose names are known to Hungarian police. American diplomatic missions at Moscow and London are being requested to endeavor to have the broadcasts from their respective countries in appropriate languages beamed on Germany and German-satellite countries transmit warnings to German and German-satellite military and civilian personnel carrying out deportation proceedings that they personally will be held responsible by the United Nations for their actions and the deaths that may result from deportation. Moscow and London have been asked to approach the Foreign Office in an attempt to have them use their influence upon the satellite governments and populations by all possible means to cause their resistance to German demands for the deportation and persecution of minority groups under their control.

For your information, OWI transmitters are carrying similar warnings. The Vatican is being approached with a view to obtaining its support in applying pressure on satellites, particularly Hungary, in this matter.

The essence of your 794 of May 2 has also been transmitted to London and Moscow. The Board hopes you will continue your efforts to have Turk authorities admit refugees from Balkans with or without transit visas. In this connection, if not already used in your approaches and if in your discretion it would not prejudice established movement of refugees from that quarter, you may wish to invite attention Foreign Office officials to the fact that they have reportedly admitted without visas large numbers of persons from Greece.

Embassy, London, further reports that Jewish Agency has informed its London representatives that of large group arrested in Bucharest for their activity in aiding escape of Jewish refugees from Hungary and other areas, all but 30 Jews have been released. Remaining 30 are about to be tried. Board has requested American Consul General.

Jerusalem, to have Jewish Agency furnish you either through Him or through its Ankara representatives all available details concerning these 30 persons. If, upon receipt of information, you deem action advisable, please request Simond to communicate with Cretzianu and refer to assurances given by Cretzianu in his conversation of March 29 as reported in numbered paragraph 2 of your 581, March 30. While Board is not unmindful of release of majority of persons charged with aiding Jews to escape, it hopes that 30 detained persons will likewise be released and possible opportunity to leave Rumania given them.

THIS IS WRB ANKARA CABLE NO. 36.

HULL

PALATINIAN OF TURKISH RECEIVED

FROM: American Embassy, Ankara
 TO: Secretary of State, Washington
 DATED: May 17, 1944
 NUMBER: 886

SHORT

Following is Ankara's No. 56, from the Ambassador, personal for
 Tel. No. 451.

Reference is made herewith to Department's message dated May 15,
 No. 451.

On my arrival next month, I had hoped to confer with you and Hirschmann in Washington. However, the possibility of criticism from relief circles if Hirschmann is not in Turkey while I am in Washington for consultation is recognized by me. I agree with you accordingly, that it is preferable that he return to Ankara as soon as it is practicable. I will try to meet him en route if he is not able to reach Ankara before June 15.

I welcome the assignment of Katuki to deal with routine war refugee matters, especially as I am being flooded with letters from relatives in Palestine and the United States of refugees whom they believe to be located in the Balkans and on whose behalf they are seeking intervention. It has been my practice up to the present time, to give my personal attention to each of these letters, but in view of my obligations to the State Department and the other agencies of our Government and their steadily increasing volume, the prompt arrival of Katuki to deal with routine war refugee matters is most desirable. As my clerical staff is not adequate to permit my assigning a stenographer to him, a qualified stenographer should accompany him.

I take this occasion to thank you personally for the generous cooperation and wholehearted support which you have extended to me in my efforts on behalf of VHB.

STEWART

DCH:VAG:HL 5/19/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Moscow
DATED: May 17, 1944
NUMBER: 1225

SECRET

American Embassy, London, reports that it has been informed that deportation of Jews from Hungary and territories under its control has already begun and that 24,000 had been deported from Sub-Carpatho-Russia to date, in addition to general deportation of Polish refugees whose names are known to the Hungarian police. The Embassy at Ankara states that the Turk Consul at Budapest had sent the Foreign Office word that every Jew entering Consulate there was arrested as soon as he left and transported to an unknown place.

Please endeavor to have Russian broadcasts in appropriate languages beamed on Germany and German-satellite countries transmit warnings to German and German-satellite military and civilian personnel carrying out deportation proceedings that they personally will be held responsible by the United Nations for their actions and the deaths that may result from deportation. Please also approach the Foreign Office in an attempt to have it use its influence upon the satellite governments and populations by all possible means to cause their resistance to German demands for the deportation and persecution of minority groups under their control.

For your information, the OWI transmitters are carrying similar warnings and the American Embassy, London, is being requested to make similar approaches to the Ministry of Information and the Foreign Office.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Montevideo
TO: Secretary of State, Washington
DATE: May 17, 1944
NUMBER: 457

SECRET

Reference is made herewith to Department's airgram of May first no. 194, which was received on May 12 by the Embassy.

Government of Uruguay has expressed its readiness to cooperate fully in all the various ways which were suggested in your airgram under reference.

DAWSON

NOT TO BE RE-TRANSMITTEDCOPY NO 11SECRETOPTEL No. 158

Information received up to 10 A.M. 17th May 1944.

1. NAVAL

Early this morning one of H.M. Destroyers engaged three E-Boats off Great YARMOUTH and damaged one of them.

2. MILITARY

Italy 16th. On main battle front good progress in all sectors South of CASSINO.

Eighth Army. In the area South of the CASSINO-ROME railway U.K. troops are now 1,000 yards West of the CASSINO-SANGIORGIO Road. Indian troops have taken PIGNATARO and Canadians on their left North of LIRI have pushed forward to positions nearly a mile West of the PIGNATARO-SANGIORGIO Road in line with French across the river.

Fifth Army. French are heavily engaged against Germans covering GOUMS have taken MONTE CHIAVICA. In Coastal Sector U.S. Troops have reached MONTE SAN ANGELO three miles due West of SPIGNO and the ACQUA TRAVERSA stream five miles West of MINTURNO.

Burma IMPHAL. On 15th 2 enemy road blocks on KOHIMA road 12 miles North of IMPHAL were cleared and the road 3 miles further North behind the Japanese was cut. KOHIMA - further progress made. In fighting South of town 13th not known over 300 Japanese killed.

3. AIR OPERATIONS

Western Front 16th. 2 Mosquitoes on patrol over Northern GERMANY destroyed 5 German aircraft in the air and 3 on the ground. 1 Mosquito missing. 16th/17th. 29 Mosquitoes bombed BERLIN, all returned safely.

Italy 14th. 187 medium and 232 fighter bombers attacked communications in Central and Eastern ITALY. About 1,000 light and fighter bombers conducted offensive operations over the battle area. 26 enemy aircraft destroyed. 5 fighters missing.

TREASURY DEPARTMENT

1944 MAY 17

OFFICE
SECRETARY OF THE TREASURY