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March 8, 1945
9:50 a.m.

RE: BRETTON WOODS

Present: Mr. Gaston
Mr. White
Mr. Luford
Mr. Fussell
Mr. Bernstein
Mr. Loth
Mrs. Klotz

H.M.JR: That is good (indicating attached memo entitled "Opening Statement on Bretton Woods"). I think that is a good place to stop. Do you want to stop for one second?

MR. LOTH: The other paragraph might very well be put somewhere else. "The choice before us is the fundamental one of economic isolationism versus United States cooperation in the rebuilding of a peaceful world."

H.M.JR: Well, as usual, I think it is good. I would like to just talk a little bit; I have two things. My own feeling is that I should only give the affirmative side, I shouldn't enter into a debate.

MR. LOTH: Yes.

H.M.JR: I think I should just give the affirmative position; let the opposition give their opinion, and then your heavy artillery can come in and answer that. I will just give you my own over-all criticism. Then I would like to start right out in the beginning and say this in the Alfred E. Smith manner, "I have examined this thing just as carefully as I know how as an American citizen, and I have convinced myself of one fundamental principle, that this is good for every American citizen." I would like to get that thing right at the beginning, see? And we could introduce that several ways, you see.

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Now, you see, let's take a look at the record. I mean, I would like to get that thing. I have looked at this thing right from the beginning. It is good for us, and I want to say to the Congress of the United States, "Yes, this is good business for us."

And the other thing which is also important is the thought which I picked up in Detroit, which is this, that this is the other side, looking at this thing from the angle of one of the smaller countries; use that. I am thinking of Poland, you see. This allows these satellite countries to become richer and more powerful because it gives them an opportunity to come--to get their Government financing gone by a world bank rather than having to go to an individual country, and get its foreign exchange or a loan, and at the same time tying up a lot of other political things with it, including mutual aid in case of attack, and that sort of thing, see.

Now, if we are going to have a happy family of nations, certainly this sort of thing for the smaller nations guarantees a political independence on the financial front. I was amazed--I have to disagree, but I want to get this home. I think it is important, particularly for those smaller countries whose descendants live in this country and oppose this thing. This is all very confidential. On the day they wanted to sign the French Lend-Lease agreement Stettinius did everything he could to try to block it. You don't know this. But he couldn't get the French to agree to go to San Francisco. But somebody--and I think it was Grew--overruled him and said, "No, we are going to sign it." But he was trying to use that as a pressure to drive the French into coming to San Francisco.

The best example of what they do with little nations is the one that we have just been talking with White about, Belgium. Belgium today needs help, and Belgium can go either to England--and if she does, England will have all kinds of trade agreements and everything else, won't she?

MR. WHITE: She may not do it contingent on a monetary arrangement. She already has a monetary

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arrangement, and she will make the best of her position.

H.M.JR: She will go to Russia and shop around. She has to shop around the big powers, everybody but us.

MR. WHITE: We are the only ones who don't do that.

H.M.JR: The President just comes back and says that he is amazed to find out how anti-British the feeling is in the Middle East, because if they want something, there is always some concession for them. They are more than willing to let our own people come in because we don't ask for concessions. That is digressing, but I would like to bring in something about the independence of little nations, Czechoslovakia and Yugoslavia. By mentioning them you may in some way pick up some friends throughout the country among the minority groups, see.

MR. WHITE: And as a supplement to that, not only independence of nations, but if you don't have this creation of powerful bloc groups--

MR. LOTH: It ties in very well as part of the Bretton Woods contribution to world security.

H.M.JR: On the financial front it gives these people a chance to get their financial needs taken care of without having to sign away their independence.

MR. GASTON: That is a very fine point, and it is a very important point.

H.M.JR: One which we have not made before. I made it at breakfast to my maid, and I used the Catholic Church as an example of what we have done for them, giving them their foreign exchange without any strings so they can pay for their missions as they have done so far. But White has been on the firing line with these other fellows in the last couple of days, and without following it down to terms, I think this: Everybody has their favorite word they want changed. I would like to first see if there is general agreement. I think I should make a positive statement and not begin a debate.

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MR. GASTON: I think all this stuff about the bankers should come out. That certainly should come out.

H.M.JR: Let's decide first--I don't think I should answer the criticism. I should just present the positive point.

MR. HUNTER: I think there is danger if he answers that they will expect to continue the criticisms and questions; if it is not in there, he can avoid it.

MR. GASTON: There would necessarily be some implications of his answers to possible criticisms in your talk, but they ought to be minimized. It should be a positive expository statement, and certainly we should not have this reply to bankers.

MR. WHITE: No, but you don't--do you have reference to the part on page six where he speaks of the constitution and the two later--

H.M.JR: He changes his pace somewhere, I don't know.

MR. LOTH: I think we can--

MR. WHITE: You have reference only to a few paragraphs on page seven.

H.M.JR: No, I mean on the bottom of page five.

MR. WHITE: The bottom of page five, yes.

H.M.JR: From there on--

MR. WHITE: That is all right; we can work that into Dean Johnson's speech. It should be presented by somebody.

H.M.JR: I agree, but I don't think I should do it.

MR. GASTON: You were going to go ahead and tell--

H.M.JR: No, I would like to find out--and we will start with White--if there are any thoughts. Now, I

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think I made a contribution when I said it was good for the smaller nations and good for America. Have you any thoughts you would like to get into this--into my mouth--White?

MR. WHITE: We discussed this in detail before the first draft, and we discussed the approach.

H.M.JR: Has anything happened in the last few days that you think would be good?

MR. WHITE: No. I think it could be a little longer. I think there could be a couple more paragraphs with a more impartial appeal as a wrapup. I don't know whether it need be emotional, but since it isn't a radio broadcast and we don't have to trim the words, it would seem to me that an expansion of the importance of this to peace and its relation to Humberton Oaks, and so forth, might be in order. The rest of it, I think, is good. Now, that can well fit. It may be that that will be supplied by the development of the point, Mr. Secretary, made about blocs and economic peace, but I think more than that there ought to be something in there about, you know, the old line we give about the world looking just for leadership in these matters.

MR. GASTON: I think that is in there, Harry, in two places.

MR. WHITE: Probably it is. It isn't a question of saying it, it is a question of expansion and emphasis. I mean, the mere fact--I have listened to the way it was stated, and it is too elliptically, and too rapidly stated. That would be my sole suggestion. I think the rest of it is very good, and I think you are probably right about making it wholly a positive statement, leaving the others for the other people.

H.M.JR: Luxford?

MR. LUXFORD: I would just for a minute make a very brief reference to the bankers, not along this--

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H.M.JR: You can't sell it to me.

MR. LUXFORD: Just a minute, I might indicate what I had in mind. The press has played up those things that you have said that were hostile to bankers. They have never given you a line on the side where you said nice things about what they have done on War Finance. With a good many of the Congressmen I think you are identified as fighting American Bankers, and I thought a line or two there might be helpful.

MR. WHITE: I kind of agree with Luxford, not only that, but I think that you should set the tone or drawing a distinction between the New York bankers and a certain small but very powerful group who are opposing it. Good Lord, all the Congressmen and Senators know it. Did you hear Dean Acheson's comment on what Leon Fraser did?

H.M.JR: No.

MR. WHITE: I don't want to repeat anything.

H.M.JR: Publicly?

MR. WHITE: You remember, it was about the meeting that the Republican Senators and Congressmen had.

H.M.JR: I haven't heard a thing about it.

MR. WHITE: I think you did know about this; I know you did, I mean, I am not describing it properly. And I think it is in point.

H.M.JR: I remember the meeting was called, but I don't know what took place.

MR. WHITE: That is what I referred to in the first part. What took place, according to Acheson--I got this second-hand--who got it first-hand?

MR. PERNSTEIN: I got it from Acheson.

MR. WHITE: You describe what he said about it.

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MR. BERNSTEIN: Leon Fraser, he said, was a real rabble-rouser; there could be no question that he was just a demagogue in talking on it.

H.M.JR: Excuse me. Was this his remark before or after he saw the Senators?

MR. BERNSTEIN: This is a description of what Fraser did at the meeting.

MR. GASTON: What meeting?

MR. BERNSTEIN: There was a meeting of the Senate Minority which twenty-five Members of the House attended, half of the Republican Senators and about twenty-five Republican Congressmen. They had Leon Fraser and George Roberts, President of National City, there. Fraser was just a rabble-rouser. He put words into Acheson's mouth that he never said. When Acheson answered a question--when he was all through, Fraser turned to the Senators and said, "Mr. Acheson has taken fifteen minutes to say yes to what I have said." No matter what he did, he was especially hostile on the question of Russia's use of the Fund. He just gave the idea that this would be a grab-bag and everyone is coming in, but he attacked it in a very subtle way. He started in with a statement that the Treasury's plan as first published was a conservative document.

H.M.JR: I want to stick to my speech. I will get a report on that afterwards, and White's meeting with the Federal Reserve.

MR. WHITE: I want to add one sentence if I may. The description which I got, which is much in point, was that Leon Fraser made a distorted, vicious, ruthless attack before the Republican Senators and the Congressmen on this thing, and for us to ignore that--I think we are going to follow this up, but I think at least maybe you can--

H.M.JR: Well, it is different with you. I am willing, if I am cross-examined or anything else, to take

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it on, but I think--and I have no other reason in mind--but when I present the thing I am not just going to pick out these bankers. I have got something quite different to do on bankers.

I would like to give this to somebody and actually have it carried out, and I don't know how to give these things to them. I don't get what I want. I would like to tell somebody in the Treasury, to go back to Leon Fraser's history, starting with his profile in the New Yorker, which gives him a long writeup, and then taking his connections as a representative of Kruger in this country, and then give this something--all of this about Leon Fraser to a fellow like the Congressman from Texarkana.

MR. BERNSTEIN: Petman.

H.M.JR: Wright Petman. And let this fellow come on the witness stand and let Wright Petman begin to heckle him, you see, and discredit him, and find out what he wrote in Columbia University for which they expelled him. He was expelled as a teacher from Columbia University because of some Communist radical thing he wrote.

Now, I mean--I think that is the way to do it when these witnesses come on. I don't know if he will testify, for instance, but I would make sure which of these fellows testified. Find out from McCormack, and give it to some of these Senators or Congressmen who don't care, and let them tear these fellows apart. But when I give this assignment I would like to have it carried out.

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MR. WHITE: You are suggesting that you gave it before, but it wasn't carried out.

H.M.JR.: Not this one, but there are plenty of others. Are you making those?

MR. LUXFORD: I was making those, Mr. Secretary.

MR. WHITE: I'll do that.

H.M.JR.: And take other people who you know are going to testify and go back on some of these fellows. Some of them are old enough that they testified on Federal Reserve, but I'd go back through the newspapers and get the record on these fellows, and then as they come up, I'd discredit them, and ask, "where did you stand on this, and where did you stand on that?" Tear them apart. I wouldn't always have Bright Patman, but if enough of those fellows up there could just, if they just start in, I would do that, and then nobody--because I went all through Leon Fraser's case, because he was recommended. I was high-pressured by George Harrison to take him as Under Secretary of the Treasury, and I wouldn't. I found out Lee Higgins went busted. He was a member of the firm. Why? Because of Kruger and Cole, and he was a representative. The person who has a lot of stuff in his office is Eddie Greenbaum, because he was a sort of arbitrator on that thing. But it must be in Greenbaum's files. I think that is the way to take care of these fellows, and what I'm afraid of is this: I get up and say this is just a little group of Wall Street bankers, see? I want to keep my powder dry, and if the proper time comes, I am willing to go up there again.

I mean, I fought them ever since, but I don't want to take one shot and let it go at that. When I go up there, I'll go after them.

MR. GASTON: You are not doing it with a popgun. You are just sticking a pin into them, that is all.

H.M.JR.: It is like a bullfight. It is like the early part of a bullfight. You stick these things in the bull's shoulders just to irritate him.

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MR. LUXFORD: My suggestion was rather that you compliment their other banks.

H.M.JR.: If you don't mind, I am going to do it my way. Now, you pulled me from one place to another, conservative, liberal, and all the rest of that stuff. I am going to be just Morgenthau.

MR. WHITE: You usually are.

H.M.JR.: So I am going to do it my way, if you don't mind.

MR. WHITE: I don't quite understand. Amnaren't you having it your way, when you pull liberal or conservative?

H.M.JR.: Well, this memo you sent me yesterday.

MR. LUXFORD: That's right, Mr. Secretary.

H.M.JR.: Well, that is what that was directed at.

MR. LUXFORD: I can see it. I am interested in getting Bretton Woods through.

MR. WHITE: I know what you are talking about. I agree with you. If I know what you have reference to, I agree with you. That memo about--yes, I agree with you.

H.M.JR.: Who?

MR. WHITE: With you. If you disagree with him, I agree with you.

MR. GASTON: Are we going to consider this document now? You don't mind if I ask a question, do you?

H.M.JR.: No. I've got a couple of things on my chest which I am trying to get off.

MRS. KLOTZ: You have. You have been successful.

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H.M.JR: All right. Go ahead. Even though Luxford doesn't smile, Mr. White does. I've got Harry.

MR. GASTON: Do you want me to give my general impression to this thing?

H.M.JR: I want to hear from Fursell, too.

MR. GASTON: I think there should be in the first place a little something to precede here. You've got the cart here without any horse. I think you should-- it may be a little perfunctory-- say, "that I was up here for is to appear on this legislation," and briefly set the stage for what you are going to say about these Bretton Woods agreements about which you are going to talk. Then, over here where we talk about these agreements not being perfect, "Now, the Bretton Woods program is not perfect." We have said things of that sort several times, and I always thought it was a great mistake. Why say we know there are various things wrong with this and give them ammunition?

H.M.JR: I agree with you.

MR. GASTON: We should say we can't expect that this thing is perfect. Experience will probably show us many improvements we can make. Even in the case of the Constitution of the United States, that has been amended some twenty-two times, but this is the best that the minds, the representatives of forty-four nations could agree on, and if we don't get this, then we have got to start all over again. We are going to delay it for months, or years, perhaps. Our one chance in a generation is gone. But I don't think we want to say we know about defects in this thing.

H.M.JR: May I go a little bit further on that point, Mr. Gaston?

MR. GASTON: Yes.

H.M.JR: The one thing that all the papers picked up was the part where the President said this isn't perfect,

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and they all wrote it--the New York Times. I think we made that point, and I wouldn't say it at all. It is here. I wouldn't go that far. I wouldn't say anything about it being an imperfect instrument.

MR. BERNSTEIN: I'd like to suggest another thought saying the same thing in a different way, but positively. It is this. This is a document that will work with reasonably good management. Now, human beings wrote it and human beings have to run it, and we have to take the risks of letting human beings run their lives.

H.M.JR: Well, I think it was Keller or somebody out in Detroit who put it a little differently. "This thing will be just as good as the people who run it."

MR. WHITE: There is some danger in that line, because what the bankers have in mind in their strategy is if this thing is going through, they are going to make a drive to the fact that in their authority or determination of the committee to make appointments and circumscribe them. They will anyhow. I don't know but this might give them a little lead on that. They want to write in, for example, that anyway they must have the approval of certain banking groups as to--

MR. GASTON: This argument becomes particularly bad in this paragraph here. "The do-it-differently theme is to ask for the impossibility of perfection, or to ignore the fact that the representatives of 44 nations agreed that this was the best way." What that paragraph says is that these people who are suggesting changes, and perhaps even the bankers who are suggesting making it a part of the bank, are endeavoring to make it perfect, and they are probably right, which is, of course, all wrong.

MR. WHITE: We are intimating that they are probably right because what they are seeking is perfection, and we haven't got perfection, so I think the most we ought to say on that theme is simply that it is not to be expected that any document on any such intricate subjects we work out in advance will prove in operation to be exactly in all respects what we want, but experience will take care of

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that. At least we can do no better than what the experts of forty-four nations have agreed upon, and the fact that we have agreed is a great start.

H.M.JR: May I interrupt? Will you make a note, Luxford, please? Put down that Leon Fraser was hand-picked by J. P. Morgan and put in the First National. He is absolutely a Morgan puppet. He is a Morgan mouth-piece, a Charlie McCarthy for J. P. Morgan.

MR. GASTON: Of course, that doesn't explain his opposition to this. His opposition to this is explained by the fact that he was interested in the Bank of International Settlement, and he is the authority, in his opinion, on international finance, and this is throwing him out the window, creating something different.

MR. WHITE: We have every intention of doing a job on him.

MR. GASTON: He knows that, and that is the explanation of his opposition.

Well, I think that that is a minor matter of language.

H.M.JR: I personally would like to go up and give a straight, affirmative statement. I don't want to apologize for any imperfections, and I don't want to mention that any particular group is against it. If they question me, which they will, they won't let me get away with this thing. The rest of you will have to rely on me for ad libbing.

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MR. LOTH: On the basis of what has been said, let's leave out that part on the bottom of page five beginning with, "Now the Bretton Woods program is not perfect," and pick it up again, with some transition material, by saying, "For our part, we are eager to have the record speak for us."

H.M.JR: Well, and then the other thing which I used would seem to put down fairly well that we are delighted to have the opportunity to explain the thing. And then I say that if the American public and the Congress of the United States thoroughly understand the thing, I am confident they are going to pass it. "It is a complex, intricate piece of machinery, but given time, I am confident that the American public will be behind us, and that the Congress will pass it." I would like to get that in. Every time I say that, it seems to go down.

MR. WHITE: I think we would like to make a slight change in that, and instead of saying the document or proposal is an intricate, complex thing, let's say, "The foreign exchange operations of this magnitude are complex and intricate." It is not the document that is complex, but the subject. I think it makes this difference: The other way they think we have a complex document.

H.M.JR: You admit the document is complex, but don't rub it in.

MR. GASTON: Harry made a good point. We are creating a mental hazard when we say that this is a complex thing. We don't want to admit that it is; it is a simple thing.

MR. WHITE: Eddie Bernstein used to keep after me two or three times. I am sure he is right. And it is not a complex document for what we are dealing with. We are dealing with a complicated and intricate subject.

MR. GASTON: Essentially this is a very, very simple thing, what we are asking, and that is what we should get across to the public. We are proposing the cooperation of

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all nations to keep their countries relatively stable. Obviously nobody can do it if the nations don't want to do it. When they want to do it and sincerely get together, they will do it. That is not complicated; it is simple.

MR. BERNSTEIN: One qualification to what White said is, we are going to show during the hearings that the public is behind us now, not when they understand it they will be behind us.

MR. WHITE: The public understands already the real issues, and they are behind us.

MR. BERNSTEIN: And we are going to show it with our witnesses.

MR. WHITE: But Congress will want to go more into detail, so they will not understand only on the real issues, but many of the technical devices and operations. It is an expression.

H.M.JR: Just a second. Some photographs came in from Henry.

MR. WHITE: I said, hold everything. Recent ones?

H.M.JR: February 24.

MR. WHITE: He took these February 24?

H.M.JR: The letter is dated February 24.

(Discussion off the record.)

H.M.JR: I have felt encouraged every since Frank Coe said that I am known as an administrative tyrant. He said, "This twenty-four hour business is wonderful. The organization is sloppy without it."

Now, where were we? How are you standing, all right?

MR. LOTH: It is all right with me.

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H.M.JR: Now, Mr. Fussell, what is your over-all opinion? We don't expect you to be an expert. We will give you until Monday to be expert.

MR. FUSSELL: The only two places I have made any pencil notes of seriousness have been taken care of, the rather defensive elements there in respect to the bankers' proposition.

Now, affirmatively I just know what my own Congressmen and Senators think, or some of them. I got the idea from one of them that the approach ought to be consistently a simple one, and, if necessary, repeat one of the points that have been made before.

Then from the other one I got the impression that the Congressmen wanted more practical stuff, and how to benefit their districts, industries, ports, and so forth, just like you put it in that Detroit speech for the automobile industry.

H.M.JR: Mr. Loth did it.

MR. LOTH: That detail material will come from the people who follow the Secretary on the stand that I understand were more--

MR. WHITE: There should be nothing of that--

MR. LOTH: That is so that the Secretary isn't openly cross-examined during cross-examining and would have to say we will do so and so in such and such a port.

MR. WHITE: Not only that, but the introductory statement--the Secretary, after all, is opening several weeks of hearings--ought to be on the highest possible plane, which the others won't be able to touch.

MR. WASTON: This is too controversial for the opening statement. It ought to be more expository.

MR. WHITE: Not expository, but it ought to be much broader, a plea for broad statesmanship, not in those

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words, but it ought to be on that very high level that it deals with here. I don't think you ought to go into any details.

H.M.JR: Again, I would like to get the almost opening sentence, "Gentlemen, I say this is good for America, the United States."

MR. LOTH: Luxford, did you want to add something more?

MR. LUXFORD: No, I have nothing more to add.

H.M.JR: Gentle Mr. Luxford.

MRS. ELOTE: Yes, this morning.

H.M.JR: He will come up again.

Bernstein?

MR. BERNSTEIN: No, sir, I don't have anything.

H.M.JR: In order to make progress, why couldn't Loth retire, see? Are you going to work this morning?

MR. LOTH: Yes.

H.M.JR: Here?

MR. LOTH: Well, I will use my own office.

H.M.JR: The point is this: I am leaving town tonight with a hope of not getting back until Wednesday morning.

MR. LOTH: Let me fix this up. I can have my secretary copy it, because he can read my handwriting, and I will have it back here this afternoon with the suggested changes, particularly if I can get a copy of what has been said.

H.M.JR: You can.

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MR. GASTON: You are going to be reachable in that time in case there are some further changes?

H.M.JR: Today, you mean?

MR. GASTON: Later. I mean between tonight and Wednesday.

H.M.JR: Oh, yes. You can always get me, unfortunately, in thirty seconds time there.

MR. LOTH: What time are you leaving here?

H.M.JR: After seven.

MR. LOTH: I can have this back here.

H.M.JR: I am available to you between three and four, or after five o'clock, either one. Which do you prefer?

MR. LOTH: I can have this done by three.

H.M.JR: That would be wonderful; we will meet again at three, the same group.

First Draft 3/3/45
OPENING STATEMENT ON BRETTON WOODS

It is the fate of Secretaries of the Treasury to come before Committees of the Congress with proposals that seem to consist mostly of tables of very large figures complicated by words almost as large. However, the figures and the words usually translate into the basic necessities of life for the American people. They involve jobs and profits. They help determine the fate of both new and old enterprises. They govern the amount of food on the family table, the money for a new radio, school books for the children.

The Bretton Woods agreements are no exception. They deal with the highly complex, technical subjects of national currencies and international credits. But they deal also with two problems which concern the American people more than anything except only the progress of our fighting men overseas.

These problems are the organization of world security and the development of our own country's resources for the benefit of the people. Of course the two objectives are as interdependent as the blades of a pair of scissors. One will not work very well without the other.

The Bretton Woods agreements may be likened to the finger pieces of the scissors. They enable us to get a grip on the problem.

Legislation to carry out the Bretton Woods program is the first practical test of our willingness to cooperate in the work of world reconstruction and stabilization. It is also

one very important step toward the orderly, expanding foreign trade upon which the future prosperity of our agriculture and our industry depends.

At Bretton Woods, the representatives of 44 United Nations agreed upon the creation of an International Monetary Fund and an International Bank for Reconstruction and Development. The members of Congress who were part of our delegation and contributed much to the success of the conference, know that there was no trace of partisan politics in our deliberations. Nor has partisanship intruded itself into the issue since then.

We were seeking a solution to one of the world's trickiest problems. Only the good will, good sense and sincerity of all the 44 nations could have found it. And I am confident that we did find it.

The Monetary Fund provides machinery for preventing or if need be repairing the dislocation of international exchange rates. Stability in these rates means that all the nations can enter into world commerce without resorting to cut-throat competition. In world trade, such throat-cutting in the 1930s took the form of currency depreciation, blocked funds, import quotas, multiple currencies and so on. Desperate nations tried to save themselves at the expense of their neighbors. The result was ruin for themselves as well as their neighbors.

Of course no program that the wit and wisdom of men could devise can possibly prevent a repetition of the tragedies of the Thirties unless there is a will to carry it out. Obviously, governments must want to achieve monetary stability or they will not get it.

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The fact that the 44 delegations approved the Monetary Fund was the substantial evidence of their desire for stabilization. The legislation before your committee is simply the machinery through which that will can be expressed.

The International Bank for Reconstruction and Development is designed to stimulate the reconstruction of war torn countries and the necessary development in all countries. It is strictly confined to loans for thoroughly productive purposes. It is hedged about with safeguards to insure sound practices. Its functions have been formulated so that private finance will be rather helped than hindered by its operations.

The practical benefits of the program are so great and so obvious that I would like to summarize them briefly. But it must be understood that they and the success of the Bretton Woods agreement and the success of any other international agreements or national policies depend upon other progressive and intelligent measures to insure the economic health of the world.

As an important part of the machinery for establishing peace and promoting a profitable and useful commerce after the war, the Bretton Woods agreements will do or contribute to the doing of these things:

They will offer a medium for stabilizing exchange rates through which the foreign business of American firms can be carried out in an orderly manner and on an expanding scale. Anyone who had to grope his business way through the maze of fluctuating foreign currencies between the two world wars will

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appreciate the value of this.

The agreements will be an equal boon to American companies with branches abroad. In all too many cases in the past, the profits of those branches were frozen. The Bretton Woods program prohibits blocking of the legitimate profits of American branches abroad by any member nation.

Because it offers a method for stabilizing currencies, the Monetary Fund is a long step toward eliminating some of the most dangerous restrictions on foreign trade. It helps to make unnecessary the tangle of import quotas, discriminatory tariffs and other desperate measures which added so many difficulties to the friendly economic relations between nations in the Thirties.

The operation of the Bank will offer the best protection the American investor has ever enjoyed in the field of foreign finance. The facilities of the Bank are to be such that the private American purchaser of foreign bonds will know that impartial experts have considered the purpose of the loan sound. If the Bank's own money goes into floating the issue, the loan will also be guaranteed by the borrowing country and by all the resources of the Bank as derived from 44 member nations. People who bought certain foreign ^{bonds} ~~bonds~~ during the twenties will realize how great a boon this can be.

In effect, the Bank discourages the borrowing country from seeking money that it cannot use productively and repay in full. It protects the lender from putting his money into investments that are not sound either because the borrower is over-extended

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or because the purpose of the loan is not genuinely useful.

In the postwar world there will be many demands for reconstruction and new development which will not offer an attractive return to private finance. Or perhaps they will seem too risky to the private financier. These loans the Bank would be prepared to make itself at low rates of interest or to guarantee for the private financing group. The obvious result will be speedier rebuilding of the nations who are America's customers and the development of new resources and new sources of wealth in countries who will be better customers than before.

In short, the whole program becomes the foundation for protection of investors, which will encourage productive investments abroad, and for stabilization of foreign trade, which is essential to full production and full employment in the United States.

Of course, that foundation must be built upon. The walls and roof are quite as important. But let us do first things first. The walls will totter and the roof fall in on us unless we have the firm foundation. That is provided in the Bretton Woods agreements and the legislation for putting them into effect.

Now the Bretton Woods program is not perfect. I think Congress would be very properly suspicious of an advocate who came before it and claimed perfection for any given piece of legislation. There never yet has been a perfect law. Even our Constitution, which Gladstone thought was the greatest work of man's wisdom in the history of the world, was so bombarded

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with objections, criticisms and complaints that it took Hamilton, Madison and Jay 85 numbers of The Federalist to answer them.

The Bretton Woods agreements were drafted by human beings and therefore are fallible. I think the experts who worked on them for three years perhaps know better than anyone else what the weaknesses are. Some of these experts will be here to explain to the Committee the exact details of the program, what the strong points are as well as what the defects may be. They will tell you why and how the various provisions came to be included.

A good many of the objections to the program are extremely confusing. That is because they are so contradictory. We hear that the amount of money available to the Fund and the Bank is too large, but also that it is too small. We hear that our program is being put to work too soon, but also that it is too late. We hear that the plan is too risky, but also that it is too conservative. We hear that the creditor nations will run the show, but also that the debtor nations will run it.

You will find that the main objections all come down to three points. These are: Do it differently; do it later; do it alone.

I think the Congress will not be impressed by this line of argument. The do-it-differently theme is to ask for the impossibility of perfection, or to ignore the fact that the representatives of 44 nations agreed that this was the best way. If the United States makes amendments, 43 other nations will have the right to do the same. Chaos can be the only result.

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The do-it-later idea is extremely distasteful to most Americans on principle. At this particular moment in the world's history, time is the most valuable commodity we have. The do-it-alone plea is the last gasp of isolationism. We have learned from this war that not even the United States can do it alone. We are committed to a community of power, not to the irresponsible, unilateral wielding of power.

Perhaps the most impressive objections to Bretton Woods have been advanced by a certain group of bankers. I frankly admit their objections do not impress me, but there are technical experts among these men whose views should carry some weight.

Now, it has not been my experience that the bankers of this country are immune to progress. I have dealt with the banking community for a good many years, and have found that it contains its share of forward-looking citizens. The fact that they are divided on Bretton Woods, with the main opposition centering in a little group of New York financiers, shows that on major issues, the bankers of the country choose to think for themselves.

Of course it is true that in the past, the chief spokesmen of the nation's bankers have bitterly opposed every measure which now seems to them and to us to be the foundation of their system. They fought and almost defeated the National Banking Act. They said far harsher things about the Federal Reserve System when they opposed its creation in 1913 than they say about Bretton Woods. They cried out that the law of 1933 which divorced investment banking from commercial banking would be

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disastrous. They fought establishment of the SEC. The American Bankers Association, according to its vice president, "fights to the last ditch" against Federal Deposit Insurance.

Certainly, the opinion of these men should be heard by Congress. But the record of their past opinions should weigh with you when you are listening to their present views.

For our part, we are eager to have the record speak for us. The facts are what this Committee and both Houses of the Congress will want. Perhaps the most important fact of all is that we are facing one of those critical moments in history to which future generations will look back and say:

"There the world was at a turning point."

The stupendous task for us - for you in the Congress and us in the executive departments of government - is to act so that those future generations also will say:

"Thank God, they took the right turning."

The choice before us is the fundamental one of economic isolationism versus United States cooperation in the rebuilding of a peaceful world. We know that economic security in the midst of political chaos is impossible. But political security in the midst of economic chaos is equally impossible. The Bretton Woods agreements are a part of the over-all program to achieve both political and economic security.

Power politics has become a term of reproach in the world. The United Nations hope to abolish it from the earth. But Power Economics is at least as dangerous. The Bretton Woods

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legislation before this committee offers what I am convinced
is our one hope of banishing that too.

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March 8, 1945
10:25 a.m.

BRETTON WOODS

Present: Mr. Gaston
Mr. White
Mr. Luxford
Mr. Bernstein
Mr. Feltus
Mr. Fussell
Mrs. Elots

H.M.JR: Mr. White, the floor is yours.

MR. WHITE: All right. If we would like to clear up some of these points, I suggest--

H.M.JR: Let me just go and read my letter from my son, and then I will be back. You people stay here.

(Secretary leaves the conference temporarily.)

H.M.JR: O.K. Let's go. What do you want me to do now?

MR. WHITE: Well, the first has been answered since you said you wouldn't be here until Wednesday. We wanted to invite the radio commentators down here. There is quite a group of them. Now, how about Herbert inviting them? Would they come if anybody less than the Secretary invited them?

MR. FELTUS: I don't think they would.

MR. GASTON: No, you have not too formidable a group. If you want them to come in a group, the Secretary will have to invite them.

MR. WHITE: This is a very important group, and I am sure we can do a job on them.

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Mr. Secretary, our experience has been this, which must be added to your own experience--maybe yours is enough already--but the groups which have been in--give us two hours or two and one-half hours with the group, whether they are antagonistic or whether they are with us, and we will bring most of them around toward the end. I think that has been our experience.

MR. BERNSTEIN: Except the New York Times.

MR. GASTON: Most of these fellows are here now. A lot of these people have been contacted already. You could clinch it on the eve of the opening of the hearings.

MR. WHITE: It doesn't have to be on Tuesday. If it is not going to be on Tuesday, we can have it Wednesday night.

MR. GASTON: A lot of them are in town. Beatty and Richard Harkness are here.

H.M.JR: I would be perfectly willing--Feltus told me about it yesterday. I don't think they have anything, but I can check the calendar and see, and I will just check it. There is a very nice private dining-room on the third floor of the Chinese restaurant down here.

MR. WHITE: The food is good, but the place is--well, it is all right. I am sure if you go there it would be something novel.

MR. FELTUS: It doesn't matter where it is.

MR. WHITE: I was thinking that is a little open.

H.M.JR: Upstairs on the third floor?

MR. WHITE: I guess not. There is a hallway downstairs, but I am sure it is all right.

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H.M.JR: We could decide on where, but I think that's--

MR. FELTUS: On Wednesday?

H.M.JR: Well, I just think that I will see if there is anything up there.

MR. FELTUS: That would be fine. They have to shoot that first.

MR. WHITE: I know it would be better Tuesday, but the Secretary is going to be on the farm.

MR. FELTUS: Wednesday is all right.

(Discussion off the record.)

MR. WHITE: If Wednesday night is not possible, it will be Thursday night.

H.M.JR: I think it will be Wednesday.

MR. FELTUS: Wednesday noon or evening?

H.M.JR: No. I may have to go back on the Hill.

MR. WHITE: I think the evening is better.

MR. FELTUS: Evening would be better for these people.

MR. WHITE: Around dinner time?

MR. FELTUS: They are either on the hour or coming on later.

H.M.JR: It is not safe to have it at lunch Wednesday noon because I may have to go back on the Hill Wednesday afternoon.

MR. WHITE: Well, what about cocktails?

MR. FELTUS: That's no good. They come and go. How about a late dinner?

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MR. LUXFORD: You might have a supper beginning ten-thirty.

MR. FELTUS: You have Harkness. If you have it at ten-thirty, you might miss him.

MR. WHITE: You are bound to miss somebody at some time. I think you have to--

H.M.JR: Let's decide. I would like to ask Gaston and Fussell whether they think this is a good idea. Let's decide that first before we decide what we are going to eat. What do you think, Herbert?

MR. GASTON: What do you think, Fussell?

MR. FUSSELL: I think it's a swell idea.

MR. GASTON: I think it's a good idea.

MR. FUSSELL: I don't know what date. These are mostly local men. I am not acquainted with radio programs. I don't know when they go on the air.

MR. WHITE: If worse comes to worse and a man has to go on the air, you can have a Treasury hookup.

MR. GASTON: You can have two meetings. They can all come at the best possible hour and clean up for the rest of them. I should think probably a lunch, Harry. Most all of them are busy during the evening hours. You lose somebody that is important from six o'clock on to midnight.

MR. WHITE: The trouble with a lunch is, Herbert, you don't really make a very good impression unless you have at least two hours. They have a lot of doubts and a lot of things to clear up. Is that your experience?

MR. BERNSTEIN: Yes. You need two hours.

MR. LUXFORD: It is after one hour when they begin to familiarize themselves.

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MR. WHITE: What we have to get across to these fellows is this is a major issue in which they have a responsibility, or something like that. That takes time, and I think we ought to definitely invite Dean Acheson.

Shall we go to the next one?

H.M.JR: Wait a minute! Let's settle one thing at a time.

MR. GASTON: Ask Earl Godwin what would be the best hour to get the bunch together.

MR. WHITE: You will need at least two hours.

MR. FELTUS: He is one of the doubtful ones.

H.M.JR: Personally, I am going to testify Wednesday. I should think if we could get them by lunch time Wednesday, then we could get to them before they actually write this stuff.

MR. FELTUS: That's what I thought, from twelve-thirty to two or two-thirty. Then you have a chance to impress them before they go on the air that night. And some of them of course will follow the next morning.

H.M.JR: I think we could do it.

MR. LUKFORD: Do you want to eat lunch here?

MR. WHITE: Those that will have to go will go.

MR. FELTUS: You are not going to get a one hundred percent attendance anyway. You are lucky to get seventy-five percent at any time, but there will be a larger attendance at noon anyhow. Let's set it for twelve-thirty and decide where.

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H.M.JR: My own dining room is the best place.

MR. FELTUS: This is convenient for the press club and everything. This is a good place to have it.

H.M.JR: The best thing is to invite them to come to the Secretary's dining-room in the Treasury.

MR. WHITE: If it is the Treasury, it should be your dining room for this occasion.

H.M.JR: Let's say twelve-thirty. Isn't that better than one?

MR. FELTUS: I think twelve-thirty is best because that gives Harry a chance to get back on the Hill if they--

MR. WHITE: I don't need to be there, but that doesn't matter. In any case there will be enough.

H.M.JR: One o'clock?

MR. GASTON: I think you would be safer to make it one-thirty.

MR. FELTUS: In case there is an afternoon session or something like that?

MR. LUKFORD: We can arrange it so there won't be one.

H.M.JR: Twelve-thirty?

MR. WHITE: And we will decide that.

H.M.JR: And you send those names. Who is going to do the inviting?

MR. FELTUS: I should think it would be best by wire. Wires are going out today to their homes.

MR. WHITE: I should think Mr. Fitzgerald ought to do it-- get them on the telephone or wire them.

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H.M.JR: Will you let Fussell supervise?

MRS. KLOTZ: Yes. Fitzgerald can do it.

H.M.JR: We will pin it on you, Fussell, and you can use Fitzgerald.

MR. FUSSELL: Am I inviting all these people?

MRS. KLOTZ: Fitzgerald can invite them.

MR. WHITE: When you need special pull you can use Mrs. Klotz.

MR. FUSSELL: All right.

MR. WHITE: In thinking it over, that is also good for this reason: You can give them a little either inside information or background which they can use at night so it will appeal to them.

MR. FELTUS: They are anxious to come for that reason.

H.M.JR: I think it's better than Tuesday night because it is hot. Those fellows don't work very far in advance.

MR. FELTUS: It is better.

MR. WHITE: And you can give them some of the reactions of the first meeting.

H.M.JR: That's number one. What's next?

MR. WHITE: Number two is do you want to participate in the Town Hall Meeting of the Air in Constitution Hall on March 23rd? You have listened to many of them and you know what the procedure is.

H.M.JR: Mr. Gamble got a copy of that and he absolutely opposed my entering into it. He didn't think I should debate with anyone, because you only present the things the way I have been doing it.

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MR. WHITE: I think so, too, because you get some nasty questions from the floor and they have the privilege, as you know, of saying, "I want this question answered by you." There will be a lot of publicity about it, and the bankers will plant somebody for the purpose. You might get a lot of hostile questions, not that you couldn't answer them, but that they--

MR. GASTON: I think we ought to have somebody on that program. Don't you think you ought to try to be on it, Harry, this Town Hall Meeting of the Air? They will try to do a job on us. This fellow, Libby, I have no confidence in him at all, but I still think we ought to have some defense there on that program.

MR. LUXFORD: Incidentally, Mr. Secretary, Senator Tobey and Gregory of the Independent Bankers are speaking on the program, Forum of the Air, against Taft on the 20th.

H.M.JR: Tobey and who?

MR. LUXFORD: Gregory. The fellow from St. Louis is going to take that on.

H.M.JR: Has that publicity broken yet?

MR. LUXFORD: It is for Sunday's release. Anyway, we tried to get them to withdraw it after we heard about it.

H.M.JR: As soon as you know how many people there are going to be, will you let Mrs. Klotz know and she can arrange for their luncheon, Fussell?

MR. WHITE: Both columnists and radio commentators at the same time?

MR. FELTUS: Bring them all in together. You won't get but about seventy-five percent of them.

MR. REINSTEIN: You don't have room for seventeen. That's too many.

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MR. GASTON: You've got room enough.

MR. WHITE: A buffet lunch is not good.

MR. GASTON: Otherwise you would have to have the dining-room downstairs.

R.M.JR: Are there fifteen or twenty people?

MR. FELTUS: There are fifteen from this list and whatever people from the Treasury go.

MR. WHITE: I don't know if there is any way of doing it. Unfortunately it would have to be a buffet lunch and it is hard to discuss things that way.

R.M.JR: Everybody helps himself and sits down.

MR. WHITE: That's easy, but it doesn't lend itself to conversation and discussion.

MRS. KLOTZ: That is very true.

MR. LUXFORD: Why can't we move in the tables that are downstairs? You will have a longer table.

MR. WHITE: It is much better to have it around the table.

MR. LUXFORD: Just move the tables in from downstairs and put them in there.

MRS. KLOTZ: You can't move this one out.

R.M.JR: What has happened to that room?

MRS. KLOTZ: Why can't you use the room downstairs?

MR. WHITE: You can if we have it alone.

MR. BERNSTEIN: What about 193, Bell's old dining room?

MRS. KLOTZ: That's no more, Harry, I don't understand.

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What do you mean if you have it alone?

MR. WHITE: You mean downstairs?

MRS. KLOTZ: No, no! The cafeteria.

MR. WHITE: There is too much noise.

R.M.JR: You mean take the whole thing and exclude everybody?

MR. WHITE: Did they put that second partition back?

MR. GASTON: It's back but they cut the room down. The most it holds is twenty people. There are two tables of ten.

R.M.JR: We will serve the food, sit down and settle it.

MRS. KLOTZ: We will try to get some comfortable chairs in there. Those little camp chairs are awful to sit on.

MR. WHITE: Incidentally, we ought to re-examine that dining-room situation downstairs. We had it put in so we could have meetings like this down there. Two things happened. It is much too crowded and the service is terrible. When there are meetings like this we ought to have facilities for it, and I think--though I don't like to say this, I think there are too many people using that dining-room.

R.M.JR: Could we get on it?

MRS. KLOTZ: I will talk to you about that, Harry.

MR. WHITE: Well, we'll be thinking of it.

R.M.JR: God bless you.

MR. WHITE: Well, now, how do we decide on the Town Hall Meeting of the Air?

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H.M.JR: Mr. Fussell, will you please send Mr. Smith a telegram thanking him on my behalf and saying no? And then if you want to ask him to put White on, you do that, but I think that that ought to go out today, whatever we are going to do and whatever you do.

MR. WHITE: They didn't ask if you want to put me on. If they want me to go on, I will say yes. I won't offer my services.

H.M.JR: Fussell can do it on the telephone.

MRS. KLOTZ: I think that is better.

H.M.JR: And when you are through, for my record, will you send in a little memo to Mrs. Klotz so she knows?

MR. WHITE: Now, that Town Hall Meeting of the Air. Prior to Smith's I received a request to go on it, as to whether that could be arranged. It was not an official request. It was over a month ago. We decided at that time that we didn't want to engage in any controversial propositions.

MR. GASTON: That's Mrs. Marian Carter that runs that.

MR. FELTUS: She runs it for Lawrence Denny. She is his assistant.

MR. WHITE: The second item is that we would like your approval on Madison Square Garden to appear on March 20th. Gamble and Herbert don't think it is a good idea for different reasons. We think it is a good idea for other reasons.

MR. GASTON: Wait a minute! Madison Square Garden-- did I express any opinion about that?

MR. WHITE: I think you did.

MR. GASTON: Oh, that's--

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H.M.JR: Luxford, I would love to agree with you.

MR. LUXFORD: I am in this corner with Harry. If you could make it, it would be a good idea.

MR. GASTON: What is that Madison Square Garden to be?

MR. FELTUS: A joint Dumbarton Oaks-Bretton Woods meeting sponsored by whatever groups come in. The people who really have been working on it are Jo Davidson's crowd. They will be working on it. They will invite any groups we want to join them in the sponsorship of it. I think the sponsorship will probably be by the Businessmen's Group which is going to be organized within a week.

MR. GASTON: Well, I am for the meeting. I don't know about the Secretary. You don't want to work him to death on these appearances. I am for the meeting. It is a good idea. If there is a big audience, it will be all right.

MR. FELTUS: There will be about twenty thousand people there. They want the Secretary and Secretary Stettinius to go. That's what will pack the people in.

H.M.JR: I won't go.

MR. FELTUS: No?

H.M.JR: It's a waste of my time. It is mostly Senators and the whole Congressional Delegation--we have them.

MR. FELTUS: It's not New York that you are shooting at with Madison Square Garden necessarily. It's the whole country.

MR. GASTON: It's a little thumb-thumping.

MR. WHITE: It liven's the thing up. Makes it, to some extent, more important.

MR. GASTON: It's big mass support. That's the idea.

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MR. WHITE: Some man on the street would say, "Bretton Woods," without knowing anything about it.

MR. FELTUS: It has national repercussions. I am not interested in New York City either.

H.M.JR: You first put it up to me as being sponsored by this Arts Group, see?

MR. FELTUS: They would do the spear work on it. They will have anyone else they want to join with them on it.

H.M.JR: I don't want to go on under their sponsorship.

MR. GASTON: It ought to be a good group of civic organizations.

H.M.JR: I want to go some place where I can pick up some votes. I have to pick up some Republican and Senatorial votes, and the place where I can pick up possibly four is up in Minnesota and North Dakota.

MR. GASTON: Or Iowa or Nebraska.

H.M.JR: And I would like to get, if I could at the same time Gardner Cowles' family if there is any chance of getting them over.

MR. LUXFORD: The Des Moines register is for you, you know.

H.M.JR: Are they?

MR. BRENSTEIN: So are the Minneapolis papers.

MR. GASTON: That's the same thing.

H.M.JR: If I could get two Senators from Minnesota and two in North Dakota and one in South Dakota, it would be a tremendous help.

MR. GASTON: There is only going to be one Senator in North Dakota. John Moses is dying. The Ex-Governor who was elected at this--

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MR. WHITE: Is he for it or against it?

MR. GASTON: He would be for it, but he's in the hospital dying and so there is only one Senator there and that is Langer, and I think you have him.

MR. WHITE: We will write no on this. Let's go to the third one. the whole morning or afternoon next Friday, March 8th, for the six minute film to be release in news-reel theaters. It will take a whole morning. Your temper will work in, but it has to be done.

MRS. KLOTZ: I think you have to do it.

MR. WHITE: It would take four hours. You have had experience with it before.

MRS. KLOTZ: Four hours to make a movie?

H.M.JR: How do you know my temper in four hours?

MR. WHITE: I assume your humor--

H.M.JR: What makes you think I can relax for four hours? Where does this fit in with Skouras?

MR. FELTUS: It doesn't fit in at all. It is being made by an independent company for use for distribution in newsreel theaters, and distribution to clubs around the country for private showing--sixteen millimeter reprints.

H.M.JR: Who knows the facts on this thing?

MR. FELTUS: I know the facts.

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

MR. WHITE: All right for that one.

H.M.JR: Wait a minute! When is that going to happen?

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MR. FELTUS: We can set it up almost any time you want.

H.M.JR: The best time would be Friday morning.

MR. FELTUS: I suggested Friday as a time.

H.M.JR: Well now, I won't go on with Walter Lippmann.

MR. WHITE: Walter Lippmann is a Republican and he is not doing you any favors; he's doing himself a favor.

H.M.JR: I will not go on with Walter Lippmann.

MR. WHITE: What do they do, talk to each other?

H.M.JR: I am not going to go on with a man who less than a year ago wrote a whole column about why I should be removed as Secretary of the Treasury. Now, I am not going to go on with a man like that. He has written a whole column about me.

MR. FELTUS: We will get somebody like Raymond Gram Swing.

H.M.JR: I would be delighted to go on with Mr. Swing. There is no use in picking a man who writes a whole column about why we should get rid of Morgenthau.

MR. GASTON: Maybe that's a good reason for going on with him.

H.M.JR: No, I will not.

MR. FELTUS: I didn't know he had written such a column. I suggested him because I thought he represents certain conservative support.

H.M.JR: Raymond Gram Swing.

MR. FELTUS: Swing isn't conservative enough.

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MR. GASTON: The trouble with Swing is he is not lively enough. He ought to get somebody that is a little bit bouncy.

MRS. KLOTZ: That's true.

MR. FELTUS: You can have anybody you want, because they don't care. They are making this film.

H.M.JR: I was trying to think of the people that have gone--I'll tell you, if he would do it, the publisher of the Philadelphia Bulletin who is President of the Associated Press.

MR. GASTON: McLean.

MR. FELTUS: That would be very good. Can he handle himself?

MR. WHITE: Is there any chance of getting Hull?

H.M.JR: I don't know.

MR. BRUNSTEIN: It is a four-hour job.

MR. FELTUS: I think McLean is excellent, if he would come down here. It's a gruelling thing.

H.M.JR: I'd explain it to him. He might like it.

MR. WHITE: Barney Baruch--what about him?

H.M.JR: The President of the Associated Press, I mean. Every AP would carry the story.

MR. BRUNSTEIN: It might even convince a good many editors if they saw the newsreel.

H.M.JR: That will be number one. He may turn it down. You might not have a chance to see me again, so let's get a second choice. I am trying to think of somebody. Would Gardner Cowles do it?

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MR. FELTUS: He is in Des Moines most of the time.

MR. GASTON: If you want a commentator, I suggest somebody like Joe Marsh of Columbia.

R.M.JR: And Beatty of NBC.

MR. WHITE: They are not well enough known.

MR. BENSTEIN: What about Quentin Reynolds?

MR. FELTUS: He's too much of a Democrat. We don't want to make this an Administration show.

MR. WHITE: Is there any chance of getting Baruch?

MR. FELTUS: Who?

MR. WHITE: Barney Baruch?

R.M.JR: He wouldn't stand up for four hours. What's the matter with Tobey?

MR. FELTUS: Tobey is all right with me.

MR. WHITE: Tobey is--

MR. GASTON: You have to get somebody on here that is going to give you a little life and lift in this thing.

MR. WHITE: He has plenty of that.

MR. GASTON: If you get Tobey, the thing is going to be kind of dead.

MR. FUSSELL: How about Ball?

MR. GASTON: Ball would be all right.

MR. FELTUS: A woman would be ideal. You could get a woman to make it photogenic.

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MR. WHITE: Douglas. She has plenty of that.

MR. GASTON: Helen?

MR. WHITE: Not the other one.

MR. GASTON: Either one.

MR. WHITE: The one from California is more for this. I found out that she was the one that invited me, because she heard me address the Legislative Committee of the CIO. She was sitting in back of the hall. She's very enthusiastic. She has what it takes on the screen.

R.M.JR: But she's a Democrat.

MR. GASTON: The one from Illinois will make a better impression on the audiences.

MRS. KLOTZ: Get Clare Luce. (Laughter)

R.M.JR: They are both Democrats.

MR. GASTON: Yes, they are both Democrats.

MR. BENSTEIN: How about Henry Luce?

MR. FELTUS: He wouldn't do it.

MR. BENSTEIN: Time and Fortune are both for it.

R.M.JR: If they are, I have seen no indication of it.

MR. BENSTEIN: Fortune has had several big articles, editorials, and other things.

MR. FELTUS: I shouldn't think he would come down for it.

MR. WHITE: Is there anything at all in the idea of getting that fellow who could put a little humor in it and end up seriously? You know the fellow who takes simple things and makes them complicated?

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H.M.JR: Durante?

MR. WHITE: Benchley. He'll be wonderful. He can be serious, and he will describe the Bretton Woods thing so nobody can understand it.

H.M.JR: We don't want a buffoon.

MR. LUXFORD: How about a movie star?

MR. WHITE: How about some Governor?

MR. LUXFORD: How about Stassen?

MR. FELTUS: He can't do it because he is in the Navy.

MR. BERNSTEIN: He's out for the time being.

MR. FELTUS: Could you comment on legislation?

MR. WHITE: Did you know Stassen is strong for this now, Mr. Secretary? I don't know that I sent you a note on it.

H.M.JR: No.

MR. GASTON: Stassen would be excellent if you could get him. Joe Ball would be good if you could get him.

MR. WHITE: He was at Harvard and Hanson, Harris and Dean Landis spoke to him for several hours.

MR. BERNSTEIN: Three hours.

MR. WHITE: And Bernstein maybe made him very enthusiastic about this.

MR. LUXFORD: We will know this week whether John Foster Dulles will support us on this.

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H.M.JR: If you want influence, there is the person, but I'll want to hold my nose for four hours.

MR. WHITE: We will know this week-end. One of us can come around and hold your nose.

H.M.JR: If you want somebody with influence--

MR. WHITE: If he would do it.

MR. GASTON: I think as far as influence with people all around the country goes, you will get a lot more with Stassen or Ball than John Foster Dulles.

H.M.JR: Stassen or Ball, or if you could get them.

MR. WHITE: Particularly in uniform. Is he available?

H.M.JR: If you could get Walter George--

MR. WHITE: There's an idea. They are pluttons for publicity.

H.M.JR: If you could get Walter George above everybody else.

MR. BERNSTEIN: I think Ogburn may have seen George a day or two ago. I can call him up immediately and see if he saw him and what he said, and get some of George's views.

MR. WHITE: The only one that can handle George is his Secretary, and that's a good way to smoke him out.

MR. GASTON: Wayne Morse of Oregon is a Republican, and he would go along.

H.M.JR: I would be delighted to have him. Just as long as you don't put somebody on who is publicly--

MR. WHITE: All right. Is Wayne Morse your second choice?

MRS. KLOTZ: The thing is going to be hard work.

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H.M.JR: Wayne Morse.

MR. LUXFORD: Hall and George.

MR. FELTUS: McLean is your first choice?

H.M.JR: If you can tie in McLean on this thing--you take the New York Times. If McLean went on this thing, it would have much influence on a lot of these conservative people.

MR. WHITE: The fact that he was for it might give his reporters more favorable or less favorable slants because his boss is for it.

H.M.JR: It would be terrific. All right now, what else?

MR. FELTUS: There might be some ethical reason a newspaper man wouldn't want to go on newsreel.

MR. WHITE: Stassen or Wayne Morse or George for the second man, but nobody can contact George except yourself.

MR. FELTUS: Did you say Friday morning is a good time for it?

H.M.JR: I am putting it down.

MR. FELTUS: What time?

H.M.JR: Nine o'clock.

MR. LUXFORD: Who is going to line these people up?

MR. FELTUS: I will line them up, but let me say this, Mr. Secretary, so you will be forewarned. It is plenty hard work. There is a lot of waiting around, moving cameras and lights, and so forth.

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H.M.JR: The thing they ought to do is ask us whether we can use the room in the east end of the White House which is fixed up for the President.

MR. FELTUS: Well--

H.M.JR: That's all fixed, and lighted, and everything.

MR. FELTUS: If we can't get that, they can bring their own equipment.

H.M.JR: It's all specially lighted and everything.

MR. FELTUS: Who can handle that?

H.M.JR: Gaston.

MR. FELTUS: Will you?

MR. GASTON: I will inquire.

H.M.JR: If not, we will do it in the chart room.

MR. FELTUS: The script is transcribed on the blackboard and you read from the blackboard and--

H.M.JR: You know I can't read with these glasses more than ten feet away. That's my trouble. If I use the other glasses I can see big letters.

MR. FELTUS: They are quite large letters.

H.M.JR: Unless they are this big, you better let me bring this type on Thursday, but I can't read much beyond fifteen feet. They have to be enormous for me.

MR. WHITE: How many words are there?

MR. FELTUS: Well, you have four people.

MR. MEMMERTEN: One thousand words. I was thinking Ganyas could paint that in black and white. It's better than white against black.

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H.M.JR: The things aren't big enough. He would have to test my sight at different distances.

MRS. KLOTZ: He could make it bigger if he is going to make it in a roll. It doesn't make any difference what size it is.

H.M.JR: If you could find out from the cameraman what distance they are going to take me on--

MR. FELTUS: Three distances. Long shots from as far back as this wall to you.

H.M.JR: I can't read that far.

MRS. FELTUS: But the blackboard will be over about where Mrs. Klotz is.

H.M.JR: I can't read much further than ten feet.

MR. FELTUS: I don't think they will be over ten feet. I have made several films with this same company. It has to be out of the camera range, that's all.

H.M.JR: I haven't seen one yet that would work. I better test them out when I get in Wednesday.

MR. GASTON: Are those your reading glasses?

H.M.JR: They are so thick, Herbert. I have one pair downstairs that completely distorts my whole face. They make me look entirely different. I did have one for the War Bond Drive.

MR. FELTUS: We can have your script rendered by Banyas and the rest of the script on the blackboard.

MR. WHITE: Can't he just move his mouth and talk later? Take the sound separately from the picture.

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MR. FELTUS: They can't do that.

H.M.JR: It's a very tricky piece.

MR. KLOTZ: But Banyas has to be told.

MR. FELTUS: We have to get the script up and that's going to take a little while, but if we just have a sample letter by Banyas for you by Wednesday, you can tell which size you want.

MRS. KLOTZ: It has to be larger than what he used the last time.

(Mr. Gaston leaves the conference.)

H.M.JR: What else?

MR. WHITE: The next one is we would like to have Baruch and Young testify. You were going to call Barney Baruch and get him to come up here to talk to us about this thing. Have you changed your mind? Don't you want to do that?

MRS. KLOTZ: Is he here?

H.M.JR: He was. He left.

MR. WHITE: He has left.

H.M.JR: Yes.

MR. WHITE: Is Young for this, or don't you know--Owen D. Young?

MR. BLUMENBERG: We don't know.

MR. WHITE: And you thought this would be a way of finding that out.

H.M.JR: Let me think about that. During the day it is awful.

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MR. WHITE: There's time for that.

H.M.JA: Do you know that he has testified on a bill? When has Baruch testified on a bill?

MR. FELTUS: On this bill?

H.M.JA: On any bill.

MR. WHITE: He did once.

MR. BERNSTEIN: Maybe on surplus property, but I am not sure.

MR. FELTUS: I am not sure.

MR. BERNSTEIN: I don't have any recollection.

MR. WHITE: The way to get a fellow like Baruch on a matter like this is to say he appears so seldom on the most important things, and this is most important.

MR. BERNSTEIN: If he submitted a statement for the record, it might be very effective without coming up.

H.M.JA: Well, that's an awfully hard piece of work.

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

MR. WHITE: There are five speeches indicated here and we have to get your decision now as to which of them you want and the dates, because they have to be prepared ahead of time. One is Baltimore--the first is Baltimore on March 15th, before a group of thirty-five organizations ranging from the Chamber of Commerce to a labor group, probably to be introduced by Senator Tydings or Redcliffe with Dean Acheson or Will Clayton, and will be broadcast over a national hookup. Mr. Feltus is arranging that and knows more about it.

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H.M.JA: Where are the others?

MR. WHITE: At Atlanta on April 7th, Dallas, Texas, on April 9th, San Francisco on April 12th, and Minneapolis on April 18th, and you can stop at Minneapolis and rest up in Minnesota for a few days.

H.M.JA: I can't wait that long.

MR. WHITE: Swing it the other way then. We thought you were going to finish up there. We have set these dates and tried to hit them as close as we can to it. So you can start off with Minneapolis and then go to San Francisco, Dallas, and Atlanta. Baltimore you can take any time.

H.M.JA: Oh, I don't want to. I sort of thought I would go out and come back. Dean Acheson is going to San Francisco anyway.

MR. FELTUS: On the 23rd.

H.M.JA: So, I don't have to go.

MR. WHITE: You say you are not going to go?

H.M.JA: Dean Acheson is going there to talk to the Commonwealth Club.

MR. FELTUS: Seattle or Portland then? You ought to make a West Coast speech, though.

MR. WHITE: It, if only among other things, helps tie it up to the April 25th meeting.

MR. LUXFORD: The San Francisco conference?

MR. WHITE: It ties it up.

MR. FELTUS: San Francisco is the sounding board for international affairs from now on until the 25th of April. That's the best dateline you can get.

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MR. WHITE: I have a cable here from San Francisco. It just came this morning.

H.M.JR: A telegram?

MR. KLOTZ: A telegram?

MR. WHITE: From San Francisco, California. It is addressed to you, and it's from Kenny, the Attorney-General. (Mr. White quoting from telegram dated March 2, 1946 to the Secretary from Mr. Robert W. Kenny.) "Earnestly hope you will be able to attend and speak on Bretton Woods Agreement April 16th at one of series of meetings sponsored by National Lawyers Guild--" you didn't want them to be the auspices.

MR. FELTUS: That's it.

MR. WHITE: That's one of the requests, but we can arrange others to suit you.

I think we can get almost any auspices we want and the auspices that should be obtained if you go out there should be the Federal Reserve Board and the Chamber of Commerce. Henry Grady is President of the Chamber of Commerce and he's very much with us, and I am sure he can arrange it any time within a few days that is suitable to you and the Chamber of Commerce. It would be a better auspices.

H.M.JR: Luxford is going to Minneapolis. He worked there once and made a living.

MR. WHITE: He is also going to San Francisco and Atlanta and Dallas. I'll be glad to go to Baltimore.

H.M.JR: Let's talk about Minneapolis first.

MR. WHITE: There is no date for Minneapolis. You can pick your own.

H.M.JR: How soon?

MR. WHITE: Do you want to go soon? Do you want to go

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before you go to Mexico, or before you go away?

H.M.JR: Yes.

MR. WHITE: Oh, I see.

MR. LUXFORD: When are you leaving, Mr. Secretary?

MR. BERNSTEIN: We can arrange a meeting today. Upgren is here, and some other people from the Federal Reserve Bank are here, and he will know what auspices we can get and what the schedules are for other meetings of consequence in the area.

H.M.JR: Who is here?

MR. BERNSTEIN: Minneapolis Federal Reserve people.

H.M.JR: And that fellow I asked about is for it, the President. Chester Davis sounded him out.

MR. BERNSTEIN: Yes, sir, we saw him yesterday, too. We have all eleven Federal Reserve Banks except one.

H.M.JR: We have an awful good man as Chairman of War Bonds put there for the State.

MR. WHITE: There can be plenty of a build-up in Minneapolis for a speech. We have sent a couple of men out there already.

H.M.JR: Our Chairman of War Bonds from Minneapolis is President of an insurance company. I could be out there next Monday, the 12th.

MR. WHITE: March 16th or 18th or a little leeway--a couple of day each way.

H.M.JR: Yes.

MR. BERNSTEIN: Could we have up to the 15th if necessary?

MR. LUXFORD: I would have to have the 15th for Baltimore, if we could.

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H.M.JR: Baltimore can be any time. You see, if I go out there--well, is that just the same to you?

MR. FELTUS: Baltimore will do anything we want, but I would like to leave them some time for a build-up.

H.M.JR: But if we are going to do this thing, I would rather do it through this combination of Federal Reserve and War Finance, because War Finance will have more influence with Coules up there, John.

MR. FELTUS: Certainly I would do it jointly.

MR. WHITE: well, I don't know but the Federal Reserve Board can get the Chamber of Commerce.

MR. BERNSTEIN: They can beat the drums and do a quick job.

MR. LUXFORD: Beat the drums and get their men in.

H.M.JR: And I want it covered, whatever their district is. It must be three or four States.

MR. WHITE: We can always count on the Federal Reserve Board's cooperation. So it may be better if this man you have in mind takes the responsibility for getting in touch with these people, but some one person or organization has to have the responsibility for doing it, and you would prefer-- we want to work through--

H.M.JR: Feltus, do you want to talk to Ted Gamble about it?

MR. FELTUS: About what?

H.M.JR: about my going out to Minneapolis?

MR. WHITE: What man to use.

H.M.JR: It's just a question of what you want to do there. I think if he had--

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MR. WHITE: You want to meet the publishers in the morning at lunch.

MR. FELTUS: I would suggest one thing on these meetings. Wherever possible there will be large audiences, probably in the thousands--

H.M.JR: We have had that.

MR. LUXFORD: Minneapolis and St. Paul have wonderful facilities for that.

H.M.JR: Do you want to do it through the Federal Reserve?

MR. FELTUS: It doesn't make any difference.

MR. BERNSTEIN: I think it is better for the Federal Reserve and local businessmen to sponsor the meeting and have War Finance use their facilities for beating up the attendance.

H.M.JR: All right, just as long as Gamble knows about it. Did you want to see them this morning and talk to them?

MR. BERNSTEIN: I will have them come and talk to Mr. Feltus and Mr. Luxford this morning. We have a couple of other Vice Presidents. The Presidents left yesterday for Minneapolis.

H.M.JR: And if we can get Senator Ball on the program--

MR. LUXFORD: Ball and Shipstead both, if we can do it.

MR. BERNSTEIN: We already have a very fine collection of big businessmen and editors in Minneapolis for us, and we can have a local committee of theirs.

H.M.JR: Shipstead is a queer cuss. I have had a lot to do with him. Do you know him? Do you know how to handle him?

MR. FELTUS: I don't think there is any way, but if you know it, I would like to do it.

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H.M.JR: Are the labor groups and farm organizations in the State for it?

MR. FELTUS: You mean the old farmer labor crowd?

H.M.JR: Whatever is left. Gaston would know.

MR. LUXFORD: My friend, DuBois, may be able to help you there a little bit. He is a Bensonite.

H.M.JR: That would be a good place to start.

MR. WHITE: Is Benson there? Does he have any influence with Shipstead?

MR. FELTUS: I don't know. I know Benson.

H.M.JR: When I came to Washington the most peculiar thing happened. A very important Catholic who, besides other things, was economic advisor to what's his name-- that papal delegate--and that man--

MR. BENNSTEIN: Not Constantine McGuire.

H.M.JR: Yes. He had Shipstead right here. I know I am going back to 1939.

MR. BENNSTEIN: Is he Catholic?

MR. WHITE: McGuire? No.

MR. BENNSTEIN: Mr. Secretary, The Catholic Peace Society is coming out for this.

H.M.JR: I was just going back to old days, but those were the days when Constantine McGuire wrote all his speeches and everything else. I am not suggesting him.

MR. FELTUS: I can find out a lot about him.

H.M.JR: But I would like to go out there.

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MR. WHITE: If you give us the date, we will do the rest.

H.M.JR: Supposing you sound out the dates, check them.

MR. WHITE: Give us the approximate date.

H.M.JR: Wait a minute! We will ask Grandma and check right now. (Secretary holds telephone conversation with Mrs. Morrenthau.)

MR. WHITE: Maybe we can use one of your old speeches.

H.M.JR: Or one of your old ones, Harry.

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

MR. WHITE: Loth.

MRS. KLOTZ: He'll love that.

MR. BENNSTEIN: We'll give him a memo of the Imports-Exports Meeting in the Minneapolis area.

H.M.JR: Incidentally, Fossell, if you haven't got anything, they may give it to you--the memo on the organization to which Loth is attached that does economic research for taxes. He did a wonderful thing on Bretton Woods.

MR. WHITE: Get it from Loth.

H.M.JR: Suppose we give it near the 12th, because I would like to go out there, see, if possible, Saturday and be out there Sunday.

MR. WHITE: The 12th is a Monday.

H.M.JR: Yes. We did a Monday in Detroit and it worked out all right.

MR. WHITE: Then you go and come so you won't go anywhere else from there?

H.M.JR: I think if we just make that, I think that is far enough in advance. I can't see very much farther than that.

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MR. WHITE: We have to know whether you will go to Dallas, Atlanta and San Francisco.

H.M.JR: It's too bad I am not going to go beyond that day. I am not going to do any more than that because I don't know.

MR. WHITE: Well, San Francisco--

H.M.JR: It's too bad.

MR. WHITE: Well, can you give us this date? Can you tell us what date you are going to be back in Washington if you go?

H.M.JR: No. I'll take a hat poll as to whether I go, and maybe I will finance my trip.

MR. WHITE: If you don't go away, that simplifies it.

H.M.JR: You may have heard the song, "Don't Fence Me In." My version is "Don't Pin Me Down." I don't know. I am not going to go away unless this thing goes well, and if it doesn't go well, I will be around and you can plan these things two weeks in advance.

MR. FELTUS: I have to tell them something such on the Baltimore one. They are waiting for an answer.

H.M.JR: Say early in April.

MR. FELTUS: I'll be glad to have that.

H.M.JR: Let me ask Fitz. I am all mixed up on my dates. March 16th, in other words, put me back around the 2nd, so if you want to plan it around the 5th or 6th, I will surely be back.

MR. FELTUS: All right. The reason for this is that they have to get the Armory in Philadelphia, which holds fifteen thousand people.

H.M.JR: I can say the 5th, 6th, or 7th. Saturday night, the 7th.

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MR. FELTUS: The 5th, 6th, or 7th?

H.M.JR: Saturday night would be the best.

MR. FELTUS: They would like to have some Senators and State Department people on the program, too.

H.M.JR: By that time you can have Will Clayton go.

MR. FELTUS: All right.

MR. WHITE: I think--that's Acheson's home territory--he would do a more effective job than Clayton.

MR. FELTUS: It may interest you to know that Senator Radcliffe is leaning in our direction very heavily, and friends of mine in Baltimore have arranged for me to have lunch with him and talk to him about it. It looks like he wants to come along. We sent it to his home rather than to his office because he didn't want his office to see him getting it right now. He wants to make an independent decision on it, so--

MR. LUXFORD: The Secretary runs his office so that--

H.M.JR: The day Mrs. Klotz doesn't trust me and has the mail sent home will be a bad day for me.

MR. FELTUS: The person to deliver Radcliffe for you is Basil Harris.

H.M.JR: Could we stop right here for a minute? I would like to hear from Mr. White what happened in the Federal Reserve yesterday.

MR. WHITE: There were three meetings, the National Association of Manufacturers, which I heard something more about, and the Chamber of Commerce, at which I was for two hours and remained for two more, and the Federal Reserve. I can give you something on the Federal Reserve and it can be supplemented by Eddie. There was a big crowd there. They had all the Presidents, the Board Members, many of the Vice

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Presidents, and a lot of technicians. There must have been easily one hundred persons there.

MR. BEINSTEIN: Yes.

MR. WHITE: One hundred at least.

MR. BEINSTEIN: The whole system.

MR. WHITE: And Eccles introduced them and said some nice things, and Symozak acted as Chairman. He asked me how we wanted to proceed, and I suggested Dean Acheson talk first. He had about two minutes' notice, and by God, he came up and made a wonderful speech! It was very effective and had a very good tone to it. He did a swell job. It was about ten or fifteen minutes long, and then I spoke and then there were questions.

MR. BEINSTEIN: He did a good job.

H.M.JR: I'm sure he did.

MR. WHITE: Then there were questions and answers. It took altogether about two and one-half hours. Three of us took turns in answering questions, and my own evaluation of the meeting was that it was extremely helpful and very successful, but that was supplemented by a number of people who came up and seemed sincerely to say that, but you never know whether it is applesauce or not. Ronald Hanson telephoned me to say that he wanted to see me before he left, but he said it was a splendid job and did a lot--

H.M.JR: Was Eccles there?

MR. WHITE: Yes, Eccles was there, and everybody listened very attentively. Sproul was there and Williams was there. Sproul asked some questions in a not too nice way. There was a very sour note and "smart alecky," sneering way, and I think that the answers which he got which made no sense which influenced him were very effective in bringing the others around. What do you think about that?

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MR. BEINSTEIN: Especially Acheson's reply.

MR. WHITE: To one of the questions of the functioning of Congress, the answer was the function of Congress was to act as a rubber stamp. He got a very excellent reply to that. John Williams just sat there making notes about what was asked and didn't open his mouth. I said to him afterwards, "John, why didn't you participate? Why didn't you ask questions?" He said, "Oh, I didn't think it would be in the spirit of the case," so I said, "What are you doing, gathering ammunition for your artillery you are going to shoot off when we are not around?" He said, "Well, maybe so." Now, at one point I said that I asked them again to indicate in a single provision what they would like to see altered or changed. "Let's be specific. Here is an opportunity. What provision do you object to?" They didn't answer. Those were the only two spots. We think the answers were very full. A lot of them didn't know about it and they learned a great deal about it, and several of the Presidents came over and told me that they learned a good deal about it and they are much more for it.

The Board Members themselves, including Harriner Eccles, I think were greatly strengthened in their support. They were for it, but they didn't have the enthusiasm for it that I think they have now, and even many of the technicians. That would be my evaluation.

H.M.JR: Do you want to add anything?

I thought I would call up Brown and thank him while you are here.

MR. WHITE: I don't know how the meeting of the National Association of Manufacturers came out. I told you I was there. After I left you the secretary called me and told me something which he asked me to keep confidential because his job is at stake. He said in the first place the Committee was against you. To begin with, deliberately, I think I see in that--I am not sure--the fine Italian hand of Andy Burgess.

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The Chairman of that Committee was Chairman of the Electric Bond and Share, who is Vice President of the National City Bank, and he said he had talked to Burgess a good deal. He is a very able fellow, so I said, "I thought there was one man who certainly was for it," and he said, "There was one man who fought about it and was strong for it. You made one convert, and that is the Chairman," and he said that the Chairman was going to be at the Chamber of Commerce meeting the next day.

(The Secretary holds a telephone conversation with Mr. Eccles, as follows:)

March 3, 1945 65
11:36 a.m.

HMJr: Hello.

Operator: Chairman Eccles.

HMJr: Hello.

Marriner
Eccles: Hello.

HMJr: Marriner.

E: Yes, Henry.

HMJr: I wanted to thank you so much for making that meeting possible over at the Federal Reserve and give our people a chance to talk on Bretton Woods.

E: It turned out to be a very good meeting.

HMJr: Did it?

E: Yeah, it was fine, and I was -- I was very glad to -- to be able to do it, and Dean Acheson came over, as you possibly know.

HMJr: Yes, I know.

E: And Dean made a -- an excellent opening statement that created a -- a receptive atmosphere.

HMJr: Yeah.

E: And then Harry and Bernstein did a very good job in -- in presenting the thing in a rather non-technical way in which they answered what -- what are the usual objections to the program, and I'm -- I'm sure that it -- I'm sure that there were some of the presidents and the economists from the outside that -- that it converted.

HMJr: Good.

E: Hugh Leach told me after the meeting

HMJr: Yeah.

E:I don't know if that succeeded in converting Hugh, but Hugh Leach after the meeting said to me --

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E: Cont'd. he said that -- he said, "I'm awfully glad," he said, "that -- that we didn't have to -- we didn't have to take sides and -- among the presidents and those for us from over at the Treasury."

HMJr: Yeah.

E: He said, "I'm glad you got off -- got off -- got us off of that hook, because," he said, "now, as far as I'm concerned, I'm for the plan."

HMJr: Yeah.

E: He said, "However, if -- if I should come out actively for it down there," he said, "it would, I'm sure, do more harm than good because my -- I'd split the directors down there, and we'd have a -- I," he said, "I can do more quietly by people just asking me than to come out and really make a campaign which would, I think -- I'd get licked on."

HMJr: Well

E: And I merely wanted to let you know that here's a fellow -- I -- I'd never known where Hugh stood, but after that meeting, that's what he said to me.

HMJr: Fine.

E: And he was one that I've been a little doubtful on.

HMJr: Now, Harriner, we've been sitting around talking and the boys think I should go out to Minneapolis, and you said that when we got ready, I should tell you where I'd like to go.

E: Yeah.

HMJr: So if you'd pass the word

E: When do you want to go out there?

HMJr: Well

E: Do you have any idea what you'd like us to arrange?

HMJr: Yeah, we'd like to go out there around March 12th. It comes on Monday.

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E: That's a week from Monday, isn't it?

HMJr: Yeah.

E: March 12th, and -- well, if you could give us your -- your -- your program -- your itinerary, I'll be glad to get a hold of John Payton and see what suggestions John may have to make, and -- and if you'd like him to have a luncheon at the Reserve Bank for you, or just what you would like to have him do.

HMJr: Well, there's a Mr. Feltus, F-e-l-t-u-s

E: Yeah.

HMJr: Who is sort of handling this thing for us. We've borrowed him. He was the man -- the secretary for this -- getting out the vote, you know.

E: Yeah.

HMJr: He did a fine job there, and if you could just tell Payton that Feltus will be getting in touch with him. See? Hello?

E: Yeah. Yeah.

HMJr: Then they could work it out.

E: I see. I'll

HMJr: And the various organizations have already indicated they'd like to have us come out.

E: Did -- what did you say?

HMJr: There are various organizations out there that want to sponsor it; you see? I don't know -- Foreign Policy, Chamber of Commerce, different organizations out there.

E: Uh huh.

HMJr: But you remember you said if I wanted to go into these districts, I should speak to you and you'd pass the word along.

E: Well, it just occurred to me that we might be -- if -- in other words, I think it puts the Board in a little better position.

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HMJr: Yeah.

E: if the -- everything pertaining to the Reserve System -- if they're in touch with the thing.

HMJr: All right. Fine.

E: And I think it doesn't do any harm, and we might be able to do you some good.

HMJr: I'm sure you would, just like this meeting, which was wonderful.

E: Yeah. Well, it just occurred to me that -- that if -- if we can work with you anything pertaining to the System

HMJr: Fine.

E: If we know what's going on and can work with you, I think we can avoid maybe cleavages and we might be able to be -- be of assistance, and that was my -- my thought by mentioning it.

HMJr: Well

E: Now, Szymozak has taken a very active interest in this, devoted an awful lot of time to it, and I think he understands the program, understands the plan better than -- better than anybody, except our technicians.

HMJr: Fine.

E: And -- and -- Mat is such -- such an enthusiast for this thing that he's -- he's almost gone overboard.

HMJr: For heaven's sakes!

E: So he -- you know he's a very emotional fellow. He gets himself worked up on a pretty high state, and this -- then this thing here, he -- he just -- anybody that's against it, he just gets mad. He -- he's hardly rational about the thing. (Laughs)

HMJr: Wonderful. I hear that Williams never opened his mouth.

E: No, he never opened his mouth. No, Soroul was the only one.

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HMJr: Yeah.

E: that did. He asked a question or two, and Dean Acheson handled him in excellent -- in an excellent manner.

HMJr: Good. Well, if you'd pass the word along to Peyton, and then Feltus will get in touch with him.

E: Yes. Well, okay then. We'll do that.

HMJr: Fine.

E: I don't know if I'll be able to do it -- he just left here yesterday, so it will possibly be Monday before we can reach him.

HMJr: Well, if you'll just -- you might send him a wire.

E: Yeah.

HMJr: If you would.

E: Okay, then.

HMJr: Thank you.

E: Thank you.

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E.M.JR: I made that request.

MR. FELTUS: Who is Peyton?

E.M.JR: President of the Federal Reserve Bank in Minneapolis.

MR. WHITE: One of the things this fellow told me, which I was particularly anxious to know, was that after the meeting of the National Association of Manufacturers, which they called especially for this, after I left they kept arguing about it and they decided that inasmuch as the Chairman was going to be present at the Chamber of Commerce meeting which they knew about, should the Chamber of Commerce decide to make a favorable report, they wanted to know it and they wanted to hold up their report. He thought that if the Chamber of Commerce made a favorable report, the National Association of Manufacturers wanted to turn around and make a favorable report. Now he said that I had won over this chairman, and I suspect I may have won him over intellectually, but I suspect that's a different thing from him taking a public position against his pals. That's a different thing. At the Chamber of Commerce thing they had about thirty people. Oh, incidentally, there were at the National Association--I'll skip that. At the Chamber of Commerce meeting there were about thirty persons--very able persons. There were at least two bankers.

MR. LUXFORD: Half a dozen.

MR. WHITE: Out of the two that I knew, both are oppositionists--our friend Ward, and wasn't it Tom Eakin?

MR. LUXFORD: Hemingway was there in the afternoon.

MR. WHITE: Hemingway was there in the afternoon. We talked for two hours, and judging again from the comments--they walked over to lunch and I had to go over to the Board Meeting, and a number of them dropped behind and spoke to me, and we could sense the feeling that we would win a lot of them over. Now, then, they left and Luxford remained for two hours.

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MR. LUXFORD: Three more hours, Mr. Secretary, in which the bankers went to town, but when we got through there was only that nucleus of five bankers that were still attacking. The rest had dropped out and I knew we were getting some support. But whether we can outweigh those five bankers, I don't know. Hemingway cut loose and then closed up like a trap, because we can make a monkey out of him.

MR. WHITE: He's afraid. So what will emerge from the Chamber of Commerce report and the other, I don't know. Harry Salinger, who is Ned Brown's Vice President and is strong for this, said he knows one of the important men there and he is going to get after him, and we are trying to reach said Johnston through O'Neal. He is going to Chicago. I don't know whether we can. They will make a report. I am sure their report will be less biased than the ABA report, but whether it will be wholly non-committal or come out like the ABA report, I don't know. The danger is they have this nucleus of bankers who are not going to be budged no matter what they have as their instructions and they are going to write the report. Whether they will be successful or not, I don't know. Now that you told me this, I get it. He was surprised I didn't know it. He said that the ABA were favorable to the proposals, and then when it went into the Committee and the report came out, he said they were all surprised. Somebody did a job on the report.

MR. BENJAMIN: What they did was adjourn the meeting in Chicago at which the proponents of Bretton Woods had gathered tremendous strength. They adjourned the meeting without passing on a report and authorized the Administrative Committee, which consists of this group of eight or ten men, to get up a report in the name of the Association.

MR. WHITE: He said they were surprised.

E.M.JR: The Congressman from Texas--what's his name?

MR. WHITE: Patman.

E.M.JR: (Speaking to Mrs. Klotz.) I want to be sure that Ted Gamble gets to use it. You see? Something is wrong about Wright Patman. Could you give Mrs. Klotz, by

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four o'clock a little one-page memo saying which organizations are with us now, so I can have that for tonight? Get it by four o'clock.

MR. BERNSTEIN: I can give you a memo and you can add new stuff.

R.M.JR: We have been going two hours and a quarter, and I don't know whether you have the analysis they have or not.

MR. LUXFORD: No, Leroy is working it up but I think he has turned it over already.

R.M.JR: I mean on greenish paper.

MR. BERNSTEIN: I think we have it.

MR. WHITE: He is going to call when he gets it. It is for Fussell to get it. I told him how to get it.

R.M.JR: Oh, well, let's stop. I think it sounds encouraging.

MR. LUXFORD: Much better.

R.M.JR: Who is going with me to Minneapolis?

MR. WHITE: Mr. Gaston is going to speak at the Waldorf-Astoria on April 20th.

R.M.JR: Who is going with me to Minneapolis?

MR. WHITE: Well, Mr. Luxford, I think is. I don't think you can handle the technical questions, don't you think so?

MR. BERNSTEIN: I think he can do a fine job. He doesn't need anyone else.

R.M.JR: What's the setup on this? Do you want to go, Harry?

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MR. WHITE: I don't want to go definitely, and I don't think you need me.

MR. FELTUS: He has to be in town with hearings on.

MR. LUXFORD: On hearings it might be a good idea for him to stay here.

MR. WHITE: There are three reasons; one, I need a lot of time here; two, it is very wearing on me; and three, I don't enjoy them particularly, and Luxford can give you such assistance as you need. If I thought he couldn't do a good enough job, I would put the other two things on the bottom of the list and go along, but I am sure he can do a very excellent job. He's on it, and if you are at all dubious about that point, we can have Ness there or Bernstein, but we need all the time we can get. There are an awful lot of things we are doing.

R.M.JR: What about Bernstein?

MR. BERNSTEIN: I have a stack of these things, charts and documents, that must be made ready for hearings, and that will be just about the time we are putting on the show on the technical side.

R.M.JR: I don't think I better go out and speak. I don't think that Luxford and I can do this thing.

MR. WHITE: Bernstein can go along with you if you feel that way. Mr. Bernstein and Mr. Ness. There are several we can give you a choice of.

R.M.JR: I don't want to start this thing unless I know where I'm at. I definitely want Luxford, but I think he should be supplemented.

MR. BERNSTEIN: Mr. Ness is really top-notch on this stuff and he speaks well, too, Mr. Secretary.

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H.M.JR: Listen, I am not going to go out in the field. I would like to have White, but White hasn't given the most important reason of all and I don't want to get down his vitality.

MR. WHITE: I thought I said that. It's very tiring.

H.M.JR: I think if I am going to go, Luxford and Bernstein can go with me.

MR. WHITE: That can be arranged.

MR. FELTUS: May I suggest you use the same people on the publicity end that did the St. Louis job, because they did a good job?

H.M.JR: Yes, and I will call what's-his-name and telegraph him it is coming, and will you contact him? He will be ready.

MR. WHITE: And they are the fellows who contacted the publisher, aren't they?

H.M.JR: George Little.

MR. WHITE: We will have either lunch or breakfast.

H.M.JR: In Detroit it was Frank Isbey and in St. Louis it was Chester Davis. But I look to you to handle the thing, and then you can talk with Gamble and with Peyton and get the thing settled. I think the thing to do is get Gamble's man--I'll tell you in a minute who he is--get in touch with Peyton and let those two men work it out.

MR. FELTUS: All right. Gamble's man in Minneapolis--

H.M.JR: The State Chairman, who I think is President of Northwestern Mutual--or the Mutual Insurance Company.

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

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H.M.JR: It's Mr. Arnold of Northwestern National Life Insurance Company. And John Pillsbury--

MR. BERNSTEIN: His company is with us on Bretton Woods.

MR. FELTUS: Those are the kind of names we want.

MR. WHITE: There is one more thing. You have A-minus, you might as well get an A.

H.M.JR: Excuse me. When you really want it through, it's Gamble and not Peyton, but we have not--in view of what Zeeles said, I want to keep him happy.

MR. FELTUS: Why not put the two groups together and let them work as a local committee?

H.M.JR: That's right, and you left this here.

MR. FELTUS: What about the speech in San Francisco?

H.M.JR: I won't put myself up more than--I can do one the week of the 12th, and that's as far as I will go. I have given you the week of the 7th.

MR. FELTUS: I see. May I put in a bid for something else, and that is that sometime at your convenience you give a similar luncheon or dinner in New York to the one we are having here Wednesday using the New York commentators and top people in radio, not only for Bretton Woods, but it would be useful for you to meet them. I know that crowd much better than I know this crowd. I can get you together with them under any auspices you want.

H.M.JR: When we do this group Wednesday let Gamble know about it. He may want some one of his men in there or may want to come himself.

MR. FELTUS: Yes. Mr. Russell is handling that.

H.M.JR: Ted may want to come himself.

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MR. FELTUS: I think it might be well if Mr. Fussell handled that rather than I. He's got to deal with these people for you all the time and those are the people he should get to know very well.

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

MR. FELTUS: Now, we are meeting Monday night in New York. Harry White is coming up with a group of friendly writers, and so on and so forth. If it wouldn't be possible for you to meet with us--

H.M.JR: Is that what he wants to give me an A for?

MR. WHITE: Could you come down from the farm and go back?

H.M.JR: I can give you four reasons.

MR. BANISTER: Say four.

MR. WHITE: There isn't much difference. You jump in the car and drive right there, and you can excuse yourself whenever you want.

MR. FELTUS: Nine o'clock Monday night.

H.M.JR: I won't be sarcastic, but turn your back. You can include it in a separate page to Mrs. Klotz. I'll look at it. This is the first I have heard about it.

MR. FELTUS: We just arranged it this morning.

H.M.JR: What is it?

MR. FELTUS: It's a very informal meeting of writers and columnists and radio people and everybody that is on the right side of the fence in New York who will cooperate with us.

H.M.JR: Is the meeting set whether I can come or not?

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MR. FELTUS: Yes, but we thought it would be nice if you would come.

MR. WHITE: It will get more people if he says you are coming; otherwise, they might get a lot of turn-downs.

H.M.JR: Let's just stop. I might say something sarcastic now, and I may be sorry about it. Two hours and a half, and it has been a very good meeting, gentlemen, and I am very much concerned. But give Mrs. Klotz a memo on that Monday night thing, please, Mr. Feltus.

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March 3, 1945
11:12 a.m.

Robert Rouse: Good morning.

HMJr: Hello, Bob.

R: How are you this morning?

HMJr: Oh, I'm fine.

R: It's good to have it behind us.

HMJr: I agree. What did the bond market do?

R: Well, the 2% bonds

HMJr: Pardon?

R: The 2% bonds are up three or four thirty-seconds.

HMJr: Yeah.

R: And the restricted issues are up one and two.

HMJr: Yeah.

R: But there's very little going on except in the 2% area.

HMJr: I see.

R: And some banks are coming into that 2% area to buy some bonds and they've bought a very big supply of the limited, and the result is that they've pushed them up three or four thirty-seconds this morning.

HMJr: Are you selling any?

R: No.

HMJr: How about the 2-1/2s?

R: The 2-1/2s are one to two thirty-seconds better on quotation, but there isn't any activity there.

HMJr: Well, that's interesting.

R: Well, you see with the June 15th dating to corporations for the Drive

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HMJr: Yeah.

R: there is about, I believe, a little over twenty-one thirty-seconds of interest between now and then.

HMJr: I see.

R: So that -- and you -- with our last experience, I would expect those earlier 2-1/2s to go down much below par and three-eighths, and the market makes sense from that standpoint. It looked yesterday, as I said, like it was stabilized in the neighborhood of a hundred and one or a little better.

HMJr: How did the dealers take it?

R: Miller told me that they didn't ask very many questions. I've had a couple of calls this morning, and they were very appreciative of your interest and our interest in having them over and giving them a preview -- having them all in, and the reaction was excellent.

HMJr: Good. Well, thank you. I'll

R: Thank you very much.

HMJr: If anything happens during the morning, give me a ring.

R: All right, I shall.

HMJr: Thank you.

R: Bye.

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March 3, 1945
2:45 p.m.

Re: WAR REFUGEE BOARD

Present: Mr. O'Connell
Mr. Gaston
Mr. Dubois
Miss Hodel
Mrs. Klotz

H.M.JR: I thought you stopped the letters.

MRS. KLOTZ: In the first instance, but they went ahead and prepared a memo and the General said he would sign it but he wanted--that's what she told me at lunch today. He insisted it be cleared with you, otherwise he wouldn't sign it.

MR. GASTON: Cigarettes! It's been a long time since I have seen some of those.

H.M.JR: We used to get those from New York. They are Turkish cigarettes and they came in a cardboard box.

Where is Fussell housed?

MR. GASTON: He is in my office right now. They have had to put a desk for him in with Larson, Charlie Bell's outside man.

H.M.JR: That's a good description of it. He is more outside than inside.

MRS. KLOTZ: That's right. (Laughter) He is never in. He's always outside.

MR. GASTON: I call him an outside man because he is flitting around town, doing errands of all sorts with OPA and renting houses for people and all that sort of thing.

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H.M.JR: I'll find a place for him.

MR. GASTON: Larson is trying to find him a house.

H.M.JR: Where is Miss Hodel?

MR. GASTON: She can't be located. Her office is looking for her.

(Mr. O'Connell entered the conference.)

MR. O'CONNELL: I just got back from lunch.

MR. GASTON: We know Miss Hodel is back from lunch.

MRS. KLOTZ: All right.

MR. GASTON: She had lunch with Mrs. Klotz and I happened to see them together.

H.M.JR: I'll start reading anyway.

(Secretary reading from undated "Memorandum for the Secretary of State," from General O'Dwyer.)

"(1) On February 11, 1944 the Emergency Committee to save the Jewish People of Europe proposed to Mr. Fehle, Executive Director of the War Refugee Board, that Mr. Jabotinsky be sent to Turkey as a representative of the Committee for the purpose of carrying out the efforts of that Committee to rescue Jews in Europe who were in imminent danger of death. At the same time, the Emergency Committee requested the assistance of the Board in obtaining a re-entry permit so as to assure that Mr. Jabotinsky would be able to come back to the United States when his mission was completed. Mr. Jabotinsky, a Palestinian citizen, was in the United States on a permanent immigration visa and has obtained first citizenship papers. Their child is an American citizen.

"(2) In memoranda of February 15 and April 11 from Mr. Fehle to Mr. Stettinius, Mr. Fehle urged the State Department to do everything possible to facilitate with all

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possible speed the proposed mission of Mr. Jabotinsky, pointing out the importance of the mission to the task of this Government. It was pointed out that the matter was urgent and it was requested that travel by air be furnished to Mr. Jabotinsky. Mr. Pehle also wrote a letter to the Ambassador of Turkey pointing out that 'Jabotinsky, working in close consultation with the Board's representative in Turkey, could be of assistance in the efforts of our two Governments to save some of the persecuted people in Europe from death.' Within a week of the receipt of this letter the Turkish Ambassador advised Mr. Pehle that a visa had been issued permitting Mr. Jabotinsky's entry into Turkey."

MR. KLOTZ: Did you know they had originally sent him over there and Ira Hirschmann said that it was terrible over there?

H.M.JR.: I have seen something in the papers about him.

MR. GASTON: One of Bergson's people, huh? One of his crowd--Emergency Committee, Peter Bergson and all these different organizations.

H.M.JR.: (Reading.) "In the memoranda of February 15 and April 11 it was made clear that the Emergency Committee and Mr. Jabotinsky desired assurances from your Department that he would be able to return to this country when his mission was completed and the Board requested advice as to whether Mr. Jabotinsky would be allowed to re-enter the United States."

This is from O'Dwyer to State, but O'Dwyer doesn't want to send it unless I pass on it. (Reading.) "As a result of the foregoing efforts of the War Refugee Board, your Department and the War Department, as well as the Turkish Government, took all the necessary steps to insure Mr. Jabotinsky's trip to Turkey by air. Although at the time your Department did not specifically advise the War Refugee Board that Mr. Jabotinsky would be permitted to return to the United States, it was the understanding of the Board, as well as the Emergency Committee and Mr. Jabotinsky, that the reason for this was that as a

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general rule re-entry permits are not issued in advance. Neither the Board, nor to my knowledge, the Emergency Committee or Mr. Jabotinsky, were ever informed by your Department that your Department had any information in its files which would prejudice his re-entry.

"(4) On August 15, Mr. Pehle sent a memorandum to Mr. Stettinius requesting that your Department advise as to the most expeditious manner of insuring that Jabotinsky could return to the United States when his mission was completed so as to avoid long delays and difficulties.

"(5) Advice was specifically requested by Mrs. Jabotinsky and representatives of the War Refugee Board from officials of your Department as to the most expeditious procedure for obtaining Jabotinsky's re-entry into the United States. The question was specifically put as to whether an application should be filed for a permanent immigration visa or temporary visitors visa. Your Department indicated to Mrs. Jabotinsky and representatives of the War Refugee Board that it was preferable to file an application for a permanent immigration visa and as a result of this advice such action was taken by Mrs. Jabotinsky."

(Mr. DuBois and Miss Model enter the conference.)

H.M.JR.: I gather the man sailed and when he sailed he did not have a re-entry permit, and he knew that.

MISS MODEL: That's right, and the Board knew that he knew it, too.

H.M.JR.: And no promise was made by the State Department that they would issue it.

MISS MODEL: They said it was never done.

H.M.JR.: Did Mr. Pehle promise it to him?

MR. DuBOIS: I am sure he didn't, and couldn't have promised it to him, Mr. Secretary, but at the time--I am personally familiar with this case because I had a lot to

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do with it at the time. At the time it was understood by the Emergency Committee and Jabotinsky, as well as us, that the only reason why State wasn't giving a permit was because they don't issue them, and this is true; generally speaking, they don't re-issue re-entry permits in advance to people. In this particular case, however, they knew that this was a temporary mission. The Emergency Committee and Jabotinsky made it clear he wanted to be able to return with his wife and child here when he got through. State never advised us nor Jabotinsky, to our knowledge, or the War Emergency Committee that they had any evidence in their files which would indicate he couldn't come back. Now, Dr. Corff, who is in town on this thing, in talking to Travers, got from Travers--

H.M.JR: Who is Travers?

MR. DuBOIS: The visa man over there--that they had information in their files when Jabotinsky left which would indicate that he couldn't return. They won't tell anybody why; they just say for security reasons. If they had that information at that time and didn't tell us about it, I think it was baseless on their part.

H.M.JR: Did we know anything about it?

MR. DuBOIS: All we know, as you know perhaps, Mr. Secretary, is that he is a well-known character because of his dad, and of course is hated by a number--

H.M.JR: Wait a minute! As far as I know, I was never consulted about his going.

MR. DuBOIS: I don't know. You may have never been consulted. All I mean is--

H.M.JR: I am almost positive.

MR. DuBOIS: I am almost positive you weren't either. I don't recall it.

H.M.JR: I don't believe I have ever known anything about it until today.

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MR. DuBOIS: That may well be.

H.M.JR: You said you know.

MR. DuBOIS: You probably know the name of Jabotinsky.

H.M.JR: I saw something in the paper the other day.

MR. DuBOIS: He was picked up by the Turkish authorities and was sent to Palestine where he was in--

H.M.JR: Did we people here know anything about it?

MR. DuBOIS: Oh, no, other than the famous name Jabotinsky, and I said you perhaps know as much about that as I.

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

MR. DuBOIS: Well, his dad in Palestine is one of the group that is identified with the Bergson group as being extremists or whatever they call it. I think that's the way they refer to it, but that is the group that they are identified with, but of course, on the other hand--

H.M.JR: Let me finish reading this because I have read so much I might as well read the rest.

"(6) After Mrs. Jabotinsky filed her application the staff of the Board discussed the matter a number of times with the State Department and Mr. Pehle discussed the case with Mr. Stettinius. On January 22, Mr. Stettinius advised Mr. Pehle that the Interdepartmental Visa Review Committee had voted against the issuance of a visa for Jabotinsky's admission to the United States.

"(7) In a cable of February 27 from Ambassador Steinhardt the Board was advised that Jabotinsky had been taken into custody by the Turkish authorities on February 19 and had been held incommunicado until he was placed in a train for Palestine on February 22. According to most recent reports it appears that Jabotinsky has been interned in Palestine by the British authorities.

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"Copies of the correspondence between the War Refugee Board and State Department on this matter are attached, as well as the correspondence between the Board and the Turkish Ambassador.

"In the memoranda of February 15 and April 11 the War Refugee Board made clear that the reason it desired to facilitate Jabotinsky's trip to Turkey was that the problem of evacuating refugees from the Balkans had become so pressing that the Board felt it desirable to use the services of any private agency which could assist it in this task. The Board pointed out that in view of Jabotinsky's experience in this field it was felt that he would probably be of considerable assistance to the Board in this emergency situation. It is not necessary to attempt to appraise the assistance which Jabotinsky actually rendered to the Board's rescue operations in Turkey. It is sufficient to note that during his stay in Turkey Jabotinsky made an effort to discover ways and means for increasing the actual escape of refugees from enemy territory. This fact is supported by communications transmitted by Jabotinsky to the War Refugee Board and the Emergency Committee through State Department channels. The record shows that Jabotinsky made a number of investigations and suggestions designed to secure additional shipping for evacuation operations. The question of shipping was of course one of the most crucial problems which the Board faced at that time. Jabotinsky also made suggestions concerning the Board's "psychological warfare" program to induce the Germans and their satellites to cease their persecution of the Jews. Whether Jabotinsky accomplished more or less than other individuals in furthering the Board's program in that area is beside the point. The fact is that he did attempt to perform in Turkey the task for which he was sent. And it was essential to the Board's activities at that time that all possible efforts be made to meet the problem.

"I am calling these facts to your attention at this time in order that they may be taken into consideration in arriving at a decision as to whether Jabotinsky should be permitted to return to the United States in at least as favorable a status as he occupied when he left.

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"In your letter of January 22 to Mr. Fehle you indicated that the Visa Review Committee and the Board of Visa Appeals denied Jabotinsky's application for a permanent immigration visa because:

"Both the Committee and the Board felt that Jabotinsky's activities in rescue operations, however commendable, did not necessarily constitute evidence that his admission to this country would prove of benefit to the United States and considered that the question of his entry should be decided on the basis of the tests applied to all such applications."

"Would it not be possible for the Secretary of State to exercise his legal authority to waive the requirements for the granting of a temporary visa, and to advise the British and Turkish Governments that this Government is prepared to permit Jabotinsky to return to the United States? Should Jabotinsky be allowed to return to the United States, there is no reason why he cannot be deported, assuming there are grounds to justify such deportation."

That certainly doesn't make sense.

MR. DUBOIS: Here is the point as we say. It was spelled out a little further than--O'Dwyer suggested it not be spelled out too much.

(Discussion continued off the record.)

MR. GASTON: It means restoration of the status quo if reasons existed. Regardless of the mission he made, he would be deported, but otherwise not.

MR. DUBOIS: To put it another way: He left here with a wife and child to perform a mission that we are all interested in. Now, our point is the least you can do is restore him to the same status as before he left; if you are going to deport him, he gets a chance to defend himself and present his own case, which he doesn't get under this procedure.

(The Secretary leaves the conference temporarily.)

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MR. GASTON: He was here on a temporary visa--a visitor's visa.

MR. DuBOIS: A visitor's visa we say will put him back in the same status, and if you have anything against him, go after him.

MR. GASTON: We sent him abroad on a mission, and the idea is shall we not take steps to restore him to the status he had before he went abroad, having been sent abroad by us on a mission?

MISS HOEL: He wasn't sent abroad by us. He was sent abroad by a private agency.

MR. GASTON: The Emergency Committee.

MISS HOEL: And his travel was facilitated by us because the Emergency Committee was involved.

MR. DuBOIS: It's a little more than that. It's true he wasn't sent by us, but the fact remains that the Committee wanted him to go, but we felt that it was important enough that he go, that we put enough pressure upon the State Department, War Department, and the Turkish Government so as to get him to go because we thought it important enough.

MR. GASTON: He probably wouldn't have taken the chance of not being able to get back again if it hadn't been for our interest.

MR. DuBOIS: I think that is a very fair statement. If he hadn't known we were really behind this trip, he would never have taken the chance.

MR. O'CONNELL: He wouldn't have been able to go.

MR. DuBOIS: That's true, too, but he probably wouldn't even have wanted to go unless he knew we were behind him.

MR. O'CONNELL: That's a sort of impossible assumption. He knew he had to get our support. The trip required the support that he got.

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MRS. KLOTZ: He couldn't have gone unless the War Refugee Board helped him. He wouldn't have made the trip at all.

MR. GASTON: The question is what is our responsibility?

MR. O'CONNELL: Taking the other side of it, of what has been said, I don't think it necessarily follows from our intervention for getting him to go, that we more or less gave him any type of assurance.

MR. GASTON: There is a direct question of fact, and perhaps Joe can answer it. Did we or did we not say to this man, "We will do our best to get you back?"

MR. DuBOIS: I don't know what Fehle--I certainly told him we would do our best to get him back.

MR. GASTON: It's up to us to do our best to get him back if we made that promise.

MR. DuBOIS: We have already taken a number of steps. Not Fehle or anybody had--it's a question now whether you take--

MR. GASTON: It's a question of whether we really go through with it and do our best to try to get him back, and that is to be decided on the basis of what promises we made to the man.

MRS. KLOTZ: If this thing gets out--maybe I am injecting my own feelings, but if this thing gets out, the question is why did the War Refugee Board send a man like Jabotinsky, you see, and then this whole thing comes out in the open. That's--

MR. DuBOIS: Everybody knows we have sent him. That came out before, Mrs. Klotz. There was some criticism. Everybody knows that. That's known.

MR. GASTON: Did he do anything bad over there?

MRS. KLOTZ: No.

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MR. GASTON: Do we know him any differently from what we knew him when he went?

MR. DuBOIS: He was criticized over there, Herbert, and he claimed he did things that maybe weren't directly connected with his activities on behalf of this new Hebrew Committee of National Liberation. No evidence has ever been presented to support that. You start out with the fact that this guy is hated--literally hated--by a large number of groups that--

MRS. KLOTZ: Because he belongs to the terrorist group?

MR. DuBOIS: Particularly Jewish groups.

MR. GASTON: I understand, but we expected him to do something for us when we facilitated his departure, something for the War Refugee Board, and it was for that reason which formed the basis for our reason for expediting his trip.

MR. DuBOIS: We thought there was a reasonable chance that he would make a substantial contribution in the sense that any individual could make a substantial contribution to rescue people that we were set up to rescue.

MR. GASTON: Did he go about in good faith and try to do what he could along that line?

MR. DuBOIS: I think he did. Some people may say no.

(The Secretary re-enters the conference.)

MR. O'CONNELL: What was he entitled to before he left under a visitor's visa? Isn't that for a limited duration period of time, six months or something like that? Doesn't it expire in six months?

MR. DuBOIS: That's right, Joe. This isn't a question of it's legal right. There is no question about the fact that legally the State Department is within their rights. It is more a question of--

MR. O'CONNELL: I wondered what he had when he left here.

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MR. GASTON: We are talking about returning him to status quo.

MR. DuBOIS: The status quo was he was under a visitor's visa, which had to be extended from time to time.

MR. O'CONNELL: Which is something. It gives you certain rights. I don't know what, and I assume there is no express or implied right to or obligation to renew his.

MR. DuBOIS: No, you can revoke it at any time.

MR. O'CONNELL: His status quo was a visitor's visa which gave him say, six months here subject to revocation and the possibility of an extension.

MR. GASTON: I feel this way, that the State Department would probably refer this to Stettinius when he gets back and he will call up and say, "Well, now, Henry, do you want us to let this man come back?"

H.M.Jr.: That's for Miss Model. You can add yourselves, too, but I want--excuse me, Herbert, do you mind repeating that?

MR. GASTON: Well, I said that I thought that when this gets over to the State Department it would probably be held and submitted to Mr. Stettinius and he will call you and ask you whether you think we ought to let this man come back.

H.M.Jr.: Well, these things--I think that you people are constantly putting me on the spot. I mean, just because I am in the same building all the time, why, I have to be the first person in every case to pass on these things. It just burns me up. I have some things to do and they are constantly dumping the whole War Refugee Board policy and responsibility--every time you have something, you always come to me on this thing. I can't do it all.

MR. DuBOIS: Could I say on that, Mr. Secretary, that I agree with you?

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H.M.JR: Yes.

MR. DuBOIS: I think I originally mentioned to Mrs. Klotz that I did not think this should be mentioned to you, and I am sure O'wyer two weeks ago would not have wanted it mentioned to you. He told me over the phone that he felt this is more serious than this particular issue. He feels that you don't have confidence in him. He told me practically that. He is troubled by what he regards is an indication that you don't have full confidence in him, and he mentioned that fact specifically to me, and he said that he thought normally that he would take this on his own, but he felt that he better mention it to you because you might not like it if he did it.

H.M.JR: Like what?

MR. DuBOIS: You might not like it if you heard about it.

H.M.JR: About what?

MR. DuBOIS: That he has done this.

H.M.JR: Why does he think I haven't confidence in him?

MR. DuBOIS: The events of the last couple of weeks--maybe Fehle can tell you about them--made him feel you don't have full confidence in him because primarily calling in people to give advice and taking, when you went to the War Refugee Board meeting, Herbert and John with you; and of course he started out with the fact he is an awfully big man in New York and he gets down here and wants to be big here, you see, and it's a human sort of thing, and if it hadn't been for that, I am sure he wouldn't have even wanted this mentioned to you.

MISS HOEDEL: I think, too, you might add that there is a possibility that this story may break in the press, and in the face of that possibility he wanted the Secretary to be full advised of what the Board has done.

H.M.JR: Well my own feeling is I might just as well sign this thing and say I approve it.

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MR. DuBOIS: I don't think he wants you to say you approve it. I think he wants you to know about it. He didn't want to get in trouble with you. That was really it.

H.M.JR: The way things get out here--people know, so I might just as well sign it and say I approve.

MISS HOEDEL: He said he wants to inform you.

H.M.JR: The meeting has taken place. It's the same thing. I certainly want to know what they know about this fellow before I approve or disapprove.

MR. DuBOIS: We say these are your facts. He is not even making a recommendation. He said, "Would it be possible," and we have asked him for the facts, you know.

H.M.JR: Supposing this was Mr. A and he was a Treasury employee and he was put in jail in Palestine and he was one of Joe's lawyers, and Joe said, "I want to get this fellow back. I sent him over there on Foreign Funds and I want to get him back." The first thing I would say is, "What do we know about him?"

MR. O'CONNELL: Why is he in jail?

H.M.JR: Why is he in jail?

MR. DuBOIS: Certainly if he was a War Refugee man he would be entitled--

H.M.JR: He went with credentials of the War Refugee Board.

MR. DuBOIS: Not as our representative.

H.M.JR: You got him the passport. Whose representative was he?

MR. DuBOIS: The Emergency Committee's.

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MRS. KLOTZ: We went for them but we helped him get passage.

MISS HOEL: We facilitated his travel.

H.M.JR: Was he assigned to our man?

MR. DuBOIS: No.

MISS HOEL: As a representative of a private organization operating in Turkey, he was in close touch with our representative there, and his activities were reported to him.

MR. GASTON: In the belief he could accomplish something which was along the lines we wanted to accomplish, we helped him to get to Turkey, and I understand Joe DuBois to say that at the time we did that we told him that we, meaning the people here representing the War Refugee Board, would try their best to help him get back again.

MRS. KLOTZ: He couldn't have made the trip in the first place for the Emergency Committee if we hadn't helped him.

H.M.JR: Yes, but in the statement you people made, most likely in your desire to assist him, you let him go knowing you couldn't promise to bring him back.

MRS. KLOTZ: He knew that, too.

H.M.JR: I don't see that it is any of our obligation.

MRS. KLOTZ: Mr. DuBois said that he himself personally said that he would do everything he possibly could to get him back.

H.M.JR: Who said so?

MR. DuBOIS: That was the Board. I did personally, but you don't have to tie that on the Board. I don't know whether John did that or didn't. He probably didn't. You can forget that fact. That is why I am interested in this case.

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MR. GASTON: It's very important.

MR. DuBOIS: Entirely apart from that we made recommendations to the State Department at the time he left that he was going on a temporary mission from which he wanted to return and that the work was in the interest of this Government. We asked that he go and pressed the Turkish Government for a visa, pressed the War Department for air priority, and the State Department for an entry permit, and asked the State Department at that time if it would be possible to get a re-entry permit. Everybody knew it was a temporary mission and everybody knew he wanted to return to his wife and child, and everybody knew we wanted him to go. Under those conditions I don't think you need any more facts, and I suggest that the least we can do is to give those facts to the State Department.

H.M.JR: They have them, don't they?

MR. DuBOIS: Not the full résumé of all the facts.

H.M.JR: They have been up before the Board, and what you are doing is you are saying you personally accelerated this man's going.

MR. DuBOIS: Not me, personally. Don't misunderstand. I am not trying to place--

H.M.JR: Who did it? Is it on the part of the War Refugee Board or some of you people?

MR. DuBOIS: The War Refugee Board. John Pehle wrote-- they are attached there--two strong letters to Stettinius urging this trip.

H.M.JR: Well, all right then, it's the War Refugee Board. Then, I think my own feeling is the War Refugee Board can write a letter to the State Department saying that in view of the interest they have in this man they would like to know why he is in jail, why he is being held.

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MR. DuBOIS: You can do that of course, but the answer you will get is the same answer we got before when we asked why they had anything against him, and they never will give it out. For security reasons they have this thing and that--

MR. O'CONNELL: Is he in jail? He was deported from Turkey and sent to Palestine.

MR. DuBOIS: He is in jail.

MR. O'CONNELL: Would the British authorities let him come back here if State would give a re-entry permit?

MR. DuBOIS: We are not sure.

H.M.JR: I personally think this is a special argument to bring him back here so that the thing can be reviewed here and they get him back here and then the whole fight starts to keep him here.

MR. DuBOIS: We don't have to enter into that fight. All we are trying to do is--

MR. GASTON: If he carried out in good faith some agreement which he made with John Pehle as the Executive Director of the Board--if he carried out his part of that agreement and John Pehle's agreement--John Pehle's part of the agreement was he would do everything possible to permit him to return to the United States, then that agreement of John Pehle's should be carried out.

MR. O'CONNELL: By the War Refugee Board?

MR. GASTON: By his successor in the War Refugee Board. If this man did his part of the agreement in good faith, we should do ours in good faith.

MR. O'CONNELL: Whether that would result in his getting back would still depend on facts in the State Department, some of which may relate to action developed after he left this country. It is possible the things that have happened abroad are such that would justify the State Department's good faith

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in not letting him come back anyway.

MISS HOEEL: This is a restatement of all the facts involved in the case and presented again to the State Department in connection with Mr. Jabotinsky and whether he should be returned.

MR. O'CONNELL: It is a brief in support of his return, because there is little in here that was not known to the State Department.

MRS. KLOTZ: There is no question about the fact, I think, that we ought to do that, but it is going to get out in the papers that this man was put in jail, and now the War Refugee Board is making every effort to get him out and brought back here. There's no question about that.

MR. DuBOIS: We will assume that's the case.

MRS. KLOTZ: All I wanted was that the Secretary should know about it.

H.M.JR: The question is what was he put in jail for. Suppose this conspiracy turns out to be the one where Lord Moyne was murdered.

MR. GASTON: He wants to be cleared. We are not pleading his case with respect to any charges that have come up against him over there. That should be perfectly clear.

MR. O'CONNELL: It is pretty hard to make that clear.

H.M.JR: Suppose he's part of the gang that killed Lord Moyne?

MR. DuBOIS: There are all sorts of possibilities, Mr. Secretary. We know from the very beginning that the British have been bitterly opposed to this group, and they have thrown a lot of them in jail for no reason at all.

H.M.JR: I am amazed at John Pehle on this thing. I wish he were here. Has he seen this thing?

MISS HOEEL: I was in his office when you called me.

H.M.JR: Is he still out?

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MISS HOEL: He was when I came in. I cleared this with him.

MR. GASTON: I should hate to have it appear later that we had played a trick on this man to get him out of the country and get him into the hands of his enemies.

MRS. KLOTZ: That's the point DuBois is making.

MR. DuBOIS: That's the point I am making.

H.M.JR: Herbert, why don't we find out what the man did and why he is in jail?

MR. GASTON: I don't think that is our problem. It is to lay before the State Department the conditions under which this man left and what our responsibility toward him is. We don't know anything about this other case over there or charges against him, and I don't think that is our business to inquire. But just lay before the proper officials in the State Department what the terms and conditions are under which he left and what responsibility we assumed with respect to it, and then it is up to them to go on from there.

H.M.JR: In the case of Mr. and Mrs. Gould, when the French say, "Can we go after them for being collaborationists," we say, "No after them." We don't try to bring them back to this country.

MR. GASTON: Well, I don't believe that is it, I just don't.

H.M.JR: Because why Fehle and the rest of them should have moved heaven and earth to get this fellow over is beyond me.

MR. O'CONNELL: The thing that bothers me about your point is are we disclosing something to the State Department with respect to what happened before he went away that they did not already know?

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MR. GASTON: I don't know why we should be troubled about that.

MR. O'CONNELL: If they knew it already and they do know it now, this is, it seems to me, at least a brief in support of his return to this country.

MR. GASTON: If there are not circumstances which otherwise would forbid his return, it should be that.

MRS. KLOTZ: And they claim they have those facts.

MR. O'CONNELL: If they have the facts--

MR. GASTON: We ought to put on record what the facts are as we know them of the conditions under which he left here. It is our responsibility toward him.

MR. O'CONNELL: But the State Department already knows those facts. I am told they do.

MR. GASTON: We have no right to make an assumption not based on the record they know it.

MR. O'CONNELL: Are we telling the State Department anything they do not already know?

MR. DuBOIS: Put it another way.

MR. GASTON: Suppose we are not. I say we still owe it to the man--

MR. DuBOIS: Joe, I think--

MR. GASTON: ...to call it to the attention of the State Department that they should take into consideration the circumstances under which this man left.

MRS. KLOTZ: The State Department now has the facts showing why this man should not come back. Is that right?

MR. DuBOIS: No, that may be right, but put it another way.

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I mentioned to the Secretary when Dr. Corff was over to see Travers--Travers told him, and I have a transcript of all of the conversation, that when he left, the file indicated that the facts were such that he probably wouldn't get a re-entry permit. Now, I said that if the State Department knew at the time he left that there were facts indicating that he wouldn't be able to return, they not only didn't tell him, but they didn't tell us, because if they had told us, we would never have sent him obviously to a country in which relations are very critical. Of course we wouldn't have sent him.

MR. GASTON: We wouldn't have taken the responsibility of asking him to do anything for us.

H.M.JR: Wait a minute, Herbert, this doesn't make sense to me. In one breath DuBois said we urged this man to go over for this Bergson group--not for us, but for the Bergson group. Is that right?

MR. DuBOIS: Strictly speaking, that's right.

MR. GASTON: Not quite.

MR. DuBOIS: Not the way I would put the situation.

H.M.JR: I ask you, did he go for the War Refugee Board or the Bergson group?

MR. DuBOIS: Could I answer that by my own statement? He went for the Emergency Committee on a mission which we felt would contribute to the responsibility of this Government to get these people out.

MR. GASTON: Which we, at that time, desired to encourage, and did in fact encourage.

MR. DuBOIS: We never asked that he go or pressed that he go, because the Emergency Committee asked us. In fact, that was something that more or less operated against him going. I mean,

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with all the pressures. We thought this fellow might be able to do something to help get people out, and in the past he has done things to get people out. That was what he devoted his life to, and he was part of the group who participated in the illegal importation of people in Palestine before the War Refugee Board was ever set up. That's why the British don't like him. He is part of the group who operated these underground movements of Jewish people to Palestine. And we knew he probably could do it again, and I suspect he could do it again.

H.M.JR: What is your opinion?

MISS MODEL: Mr. Secretary, I think that we should present again to the State Department the facts of the case, and in the manner as suggested in this memo, simply for reconsideration, and I think that we should do it in the light of everything that has gone on. I was not personally involved in these negotiations between Jabotinsky myself, but I feel in the light of all the facts, we are placed in the position where we should at least try to have the State Department reconsider it in the light of what we have done.

H.M.JR: What is your opinion?

DR. O'CONNELL: I am having a little difficulty. We aren't playing at any point with all the cards on the table. For instance, the point Joe made a while ago about learning the State Department had information at the time he left the country that might prevent them from letting him come back. We did not know that. We can't make a point of that. Well, I have difficulty in seeing how we contribute or what basis there is for giving a substantial amount of weight to imputing the motives of the State Department by sending this thing. We are telling them nothing they don't already know, and my guess would be that if we did not know, or had not heard that they were going to stop him from coming back based on facts they knew before he left which they did not disclose to us, that we would have any kind of case at all for making a presentation of this sort to the State Department.

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MR. DuBOIS: Even the fact you put some weight on-- I beg your pardon. In all fairness there are a couple of things that are new. First, it is a question of lining up your facts, but in the second place more than that we are not asking that this decision of the Immigration Board be reversed. They asked us to apply for a permanent visa. On the basis of that he did apply. Now, what we are suggesting is--

MR. O'CONNELL: That's all right. How about a temporary visa? That's what is new.

H.M.JK: What has happened is Rabbi Corff comes around town and raises hell.

MR. DuBOIS: That isn't true. You have every right to believe that, but that isn't true.

H.M.JK: You don't even let me finish my sentence before you contradict me.

MR. DuBOIS: I am very sorry.

H.M.JK: You do that all the time. Here a man comes down and tries to see me and he has been here the last couple of days. As a result of that, then suddenly this letter comes. It looks to me as if the whole purpose of this thing is to say to Rabbi Corff, "Well, we sent this letter." But if this was going to go over my signature, I never would send this letter. This would be my advice to General O'Dwyer, to walk over to the State Department and say, "Now, look, here are the facts. Now before we ask, we feel we sent this fellow over there by getting him this, and this, and this, and now we have a sort of obligation to get this fellow back, but before we do any more formally, we have a right to know what you know about this man."

MR. DuBOIS: Just on that I would like to say, if I may, Mr. Secretary, I was interested in this case, as Florence will testify, long before Dr. Corff ever even heard about it.

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H.M.JK: But two or three days after he is in town, this letter comes.

MR. DuBOIS: This was raised with O'Dwyer before Dr. Corff ever came to town.

MISS ROEL: Dr. Corff saw General O'Dwyer.

H.M.JK: Did Corff's coming to town have anything to do with this letter coming in today?

MISS ROEL: I don't know. I know it follows Corff's interview.

H.M.JK: Anyway, that's unimportant. If Pehle and DuBois are so worried about this thing, then I think that Pehle and O'Dwyer should go over to the State Department personally and state this thing to them verbally. I mean, if they are sincere about this thing and not just trying to make a record so they can say to Corff, "Look, we have done this, and then we wash our hands." If they are sincere, the two of them should go over there and say, "Now look, these are the facts. I, John Pehle, got this man over there so that he could help bring these Jews out and that's what we wanted to do. Now, he is over there and has been thrown in jail. I would like to know why he is in jail. I would like to know, is it true what Rabbi Corff says, that you people know there was something against him before? I am John Pehle. I am on the spot. Why didn't you tell me you knew this? I want to know that." Pehle should go over there and pound the desk and say, "I want to know, did the State Department know? I want Mr. Stettinius to know because I urged Mr. Stettinius to do this. Now there is something in the State Department about this man. They should have told this to Stettinius and me, and somebody held out on Stettinius."

Now, I think Pehle should insist on knowing what that is, because it is a matter of good faith between him and Stettinius. If it is what DuBois said, some sort of political thing like fighting over something else, they can't justify themselves. Let's just say if the State Department knew

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beforehand that this man had something, and they let him go, there is a moral obligation for the State Department to send him back, because they sent him into this trap and he got trapped. Let's say that isn't the case and they didn't know, and they just let him go and encouraged him to go and he got there. Then, I think they have every right to ask the Foreign Office why this fellow is in jail, and let Pehle and the Board know.

MR. GASTON: There is no question about that. You are entirely right. Someone should go over there and see what the situation is, if they haven't already done so.

MISS ROHEL: John has been over several times.

MR. O'CONNELL: If the answer to the first question is in the negative and the State Department did not know the facts at the time this man went abroad which would justify them refusing a re-entry permit, and they are basing their decisions on things that have happened since, it is difficult for me to see how the War Refugee Board can review the decision of the State Department as to what has happened since which would justify the State Department refusing re-entry. The first part I am for one hundred percent.

R.W.JR: Do you, in any way, agree with me?

MR. DuBOIS: That's all right with me.

R.W.JR: Is it all right with you?

MR. GASTON: That's the logical step to take, and we can decide from what we learn.

R.W.JR: My recommendation to General O'Dwyer is not to send this. I use the word specious. It is specious. I was going to use the word tricky, but I think it is specious. But I think he and John Pehle, Pehle being responsible, should go over there and find out what did they know before the man left, if anything. Then I think it is up to us to bring it to Stettinius' attention as a matter of good faith between Pehle and Stettinius. Did Stettinius trick Pehle? Did Pehle

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trick Stettinius? Did they know something and let the man go? If they didn't know, why is this man in jail?

MR. DuBOIS: The question is the time limit.

R.W.JR: They are not going to shoot him, are they? How long has he been in jail?

MR. DuBOIS: That's the difficulty that always hits these things when they are ripe, Mr. Secretary.

R.W.JR: That's the way I feel, and I am only one of three members of the board, and there is no reason why--when does General O'Dwyer come back again?

MISS ROHEL: Wednesday morning.

R.W.JR: If there is such a hurry, let Pehle go over this afternoon to the State Department with Miss Rohel. Why can't you go over this afternoon?

MR. O'CONNELL: If General O'Dwyer is still Executive Director of the War Refugee Board--

R.W.JR: They can call him on the phone. Do you know where to get him?

MISS ROHEL: At three-fifteen.

MR. O'CONNELL: It's three-twenty now.

R.W.JR: You are asking me, and that is my recommendation. Don't you agree with that?

MR. O'CONNELL: I think the point of approach, going to the State Department, is perfect.

R.W.JR: I would certainly go, and if there is such a question of haste about it, I would go over this afternoon. But this business of General O'Dwyer always through a second-party is very difficult.

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March 3, 1945
3:15 p.m.

OPENING STATEMENT ON BRETTON WOODS

Present: Mr. Gaston
Mr. White
Mr. Luxford
Mr. Russell
Mr. Loth

H.W.JR: Go ahead please.

(Mr. Loth reads "Opening Statement on Bretton Woods," attached.)

H.W.JR: That is amazingly good.

MR. GASTON: That is a grand statement. There are little words here and there--

MR. LOTH: There are awkward places.

MR. GASTON: But on the whole it is wonderful.

MR. LOTH: There are a few places where the words are repeated too often.

H.W.JR: I have no suggestion. I would like to take it with me and read it in the country.

MR. LUXFORD: There is just one minor thing, Mr. Secretary, on page three where it says, "perhaps the greatest contribution to peace that the Bretton Woods program makes is that it frees the small and even the middle sized nations from economic dependence upon big powers." I think that is a little over-statement. The greatest contribution Bretton Woods can make is to eliminate economic chaos. I wouldn't say it is terribly important, but it is a little too much; it takes away from the final

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statement, which is the analysis, and I would like to see--

MR. LOTH: I think it might be better to say, "Perhaps one of the chief contributions--"

MR. LUXFORD: That is it.

MR. GASTON: And there is another place where I think we claim a little too much.

H.W.JR: Have you anything, White?

MR. WHITE: A couple of points.

H.W.JR: If they are only little things, tell him.

MR. WHITE: "The Bretton Woods program prohibits blocking of the legitimate profits of American branches abroad by any member nation;" it does eventually, but during the transition period it doesn't, they gradually work toward that.

MR. LOTH: Can we say it will do that?

MR. WHITE: "Will do that," or "takes progress toward that."

MR. LUXFORD: That is a goal.

MR. WHITE: I think that third paragraph on page four, "Of course, no program that the wit and wisdom of men could devise can possibly prevent a repetition of the tragedies of the Thirties unless there is a will to carry it out"-- I wonder if that doesn't weaken your statement a bit at that point. That is all I have.

MR. LOTH: Well, I thought there that they have got to have the will to carry it out. That will has already been proven.

MR. LUXFORD: It is a setting for the next paragraph.

MR. WHITE: O.K. Very good.

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H.M.JR: Fussell?

MR. FUSSELL: I have just a couple of minor things.

H.M.JR: Maybe you can tell him when he goes out.
I am ever so much obliged.

MR. LOTH: I hope it goes over.

H.M.JR: Mr. Fussell, will you see that the finished product gets to Mrs. Klotz so they can have it prepared for me? You tell him the two things, and then they can drop it in the mail box to Fishkill, New York, whatever the finished product is. And then have her do my reading copy for me. I mean, I will get the original, and the reading copy can stay here and I can have a--

MR. GASTON: ...carbon.

H.M.JR: The carbon copy can come to the country. They will do a reading copy here Monday, you see, and you can mail the carbon copy to me at Fishkill Monday afternoon, and I will get it.

MR. WHITE: If you haven't already seen it, I think you will want to see the report of the Independent Bankers before you come back. You might want to mention it while you are gone.

H.M.JR: Can I have it?

MR. LUXFORD: I sent you a copy of it yesterday.

MR. WHITE: But make a note to look at it.

H.M.JR: If you gave it to me, I will have it.

I am very much obliged.

Now, I don't know what they did. Fussell was going to leave some stuff behind. I don't know whether you have it.

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OPENING STATEMENT ON BRETTON WOODS

Mr. Chairman, Members of the Banking and Currency Committee:

The legislation which you have been good enough to ask me to discuss with you today is perhaps the most important measure for postwar international cooperation yet to come before Congress.

Right at the outset, therefore, I would like you to know that I have examined it just as carefully as I know how, and I am convinced of one fundamental fact. The Bretton Woods agreements are good for every American citizen.

I have been in close contact with every step of their development. I have watched the many months of arduous preliminary work. I have taken part in the deliberations of the conference at Bretton Woods, N. H. I have studied minutely the discussion that has taken place in the seven months since then. And I can assure you that the program we are advocating is definitely good business for the United States.

The Bretton Woods agreements, it is true, deal with the rather technical questions of national currencies and international credits. But they present a very simple issue - stability and order instead of insecurity and chaos.

Furthermore, these agreements can be translated into the basic necessities of life for the American people. They involve jobs and profits. They help determine the fate of both new and old enterprises. They govern the amount of food on the

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family table, the money for a new radio, school books for the children. Our country has as much to gain, perhaps more than any other from passage of the legislation now before you.

The Bretton Woods agreements are a firm step toward the

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solution of two problems which concern the American people more than anything except only the progress of our fighting men overseas. These problems are the organization of world security and the development of the world's resources for the benefit of all its people. Of course the two objectives are as interdependent as the blades of a pair of scissors. One will not work very well without the other.

The Bretton Woods agreements may be likened to the finger pieces of the scissors. They enable us to get a grip on the problem.

Legislation to carry out the Bretton Woods program is the first practical test of our willingness to cooperate in the work of world reconstruction and stabilization. It is also one very important step toward the orderly, expanding foreign trade upon which the future prosperity of our agriculture and our industry depends.

At Bretton Woods, the representatives of 44 United Nations agreed upon the creation of an International Monetary Fund and an International Bank for Reconstruction and Development. The members of Congress who were part of our delegation and contributed much to the success of the conference, know that there was no trace of partisan politics in our deliberations. Nor has partisanship intruded itself into the issue since then.

We were seeking a solution to one of the world's trickiest problems. Only the good will, good sense and sincerity of all the 44 nations could have found it. And I am confident that we did find it.

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The Monetary Fund provides machinery for preventing or if need be repairing the dislocation of international exchange rates. Stability in these rates means that all the nations can enter into world commerce without resorting to cut-throat competition. In world trade, such throat-cutting in the 1930s took the form of currency depreciation, blocked funds, import quotas, multiple currencies and so on. Desperate nations tried to save themselves at the expense of their neighbors. The result was ruin for themselves as well as their neighbors.

Perhaps the greatest contribution to peace that the Bretton Woods program makes is that it frees the small and even the middle sized nations from economic dependence upon big powers. These nations will no longer be obliged to go to their stronger neighbors for their government financing and have to make political and economic concessions in the process. Such practices in the past have tied these countries to the economies of their creditors. Political independence proved a sham unless economic independence went with it.

Under our agreements, both will be strengthened. The smaller countries can come to a world bank for their government financing. Loans will be made without political strings and without forcing the borrower into unnatural or undesirable trade relationships.

Therefore, in considering the legislation to carry out the Bretton Woods program, the choice before us is the fundamental one of economic isolationism versus United States cooperation in the rebuilding of a peaceful world. We know that economic security in the midst of political chaos is

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impossible. But political security in the midst of economic chaos is equally impossible. The Bretton Woods agreements are a part of the over-all program to achieve both political and economic security.

Power politics has become a term of reproach in the world. The United Nations hope to abolish it from the earth. But Power Economics is at least as dangerous. The legislation before this committee offers what I am convinced is our best hope of banishing that too.

Of course no program that the wit and wisdom of men could devise can possibly prevent a repetition of the tragedies of the Thirties unless there is a will to carry it out. Obviously, governments must want to achieve monetary stability or they will not get it.

The fact that the 44 delegations approved the Monetary Fund was the substantial evidence of their desire for stabilization. The legislation before your committee is simply the machinery through which that will can be expressed.

The International Bank for Reconstruction and Development is designed to stimulate the reconstruction of war torn countries and the necessary development in all countries. It is strictly confined to loans for thoroughly productive purposes. It is hedged about with safeguards to insure sound practices. Its functions have been formulated so that private finance will be rather helped than hindered by its operation.

The practical benefits of the program are so great and so obvious that I would like to summarize them briefly. But

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it must be understood that they and the success of the Bretton Woods agreement and the success of any other international agreements or national policies depend upon other progressive and intelligent measures to insure the economic health of the world.

As an important part of the machinery for establishing peace and promoting a profitable and useful commerce after the war, the Bretton Woods agreements will do or contribute to the doing of these things:

They will offer a medium for stabilizing exchange rates through which the foreign business of American firms can be carried out in an orderly manner and on an expanding scale. Anyone who had to grope his business way through the maze of fluctuating foreign currencies between the two world wars will appreciate the value of this.

The agreements will be an equal benefit to American companies with branches abroad. In all too many cases in the past, the profits of those branches were frozen. The Bretton Woods program prohibits blocking of the legitimate profits of American branches abroad by any member nation.

Because it offers a method for stabilizing currencies, the Monetary Fund is a long step toward eliminating some of the most dangerous restrictions on foreign trade. It helps to make unnecessary the tangle of import quotas, discriminatory tariffs and other desperate measures which added so many difficulties to the friendly economic relations between nations in the Thirties.

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The operation of the Bank will offer the best protection the American investor has ever enjoyed in the field of foreign finance. The facilities of the Bank are to be such that the private American purchaser of foreign bonds will know that impartial experts have considered the purpose of the loan sound. If the Bank's own money goes into floating the issue, the loan will also be guaranteed by the borrowing country and by all the resources of the Bank as derived from 44 member nations. People who bought certain foreign bonds during the twenties will realize how great a boon this can be.

In effect, the Bank discourages the borrowing country from seeking money that it cannot use productively and repay in full. It protects the lender from putting his money into investments that are not sound either because the borrower is over-extended or because the purpose of the loan is not genuinely useful.

In the postwar world there will be many demands for reconstruction and new development which will not offer an attractive return to private finance. Or perhaps they will seem too risky to the private financier. These loans the Bank would be prepared to make itself at low rates of interest or to guarantee for the private financing group. The obvious result will be speedier rebuilding of the nations who are America's customers and the development of new resources and new sources of wealth in countries who will be better customers than before.

In short, the whole program becomes the foundation for

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protection of investors, which will encourage productive investments abroad, and for stabilization of foreign trade, which is essential to full production and full employment in the United States.

Of course, that foundation must be built upon. The walls and roof are quite as important. But let us do first things first. The walls will totter and the roof fall in on us unless we have the firm foundation. That is provided in the Bretton Woods agreements and the legislation for putting them into effect.

I would like to enter a plea here to avoid delay in building our foundation for time is the most valuable commodity we have. By that I do not mean any haste in the deliberations of this Committee or the Congress in general. I am sure that the more you study the facts, the more you will approve of the Bretton Woods proposals. As I have tried to indicate, these are essentially the establishment of a stable medium of exchange for the world's commerce. In my own experience as an advocate of Bretton Woods in these last few months, I have found that understanding of the agreements is followed immediately by approval.

The delay I would wish to avoid is not the delay of full and frank discussion. It is the delay that would be caused by attempting to reconvene another conference if these agreements should be rejected. We had our chance to achieve postwar monetary stability at Bretton Woods. We made the most of it. But it is unlikely that this opportunity will come again to our generation.

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There is another point even more important, if that is possible. The fate of more than the Bretton Woods agreements hangs upon the action of Congress at this time. Favorable action on the bills before you will provide the most heartening evidence you can give that we in the United States are thoroughly sincere in our devotion to the principles of international cooperation. You will have added deeds to the words of hope which linked the United Nations in a great alliance for peace.

The world security organization which was outlined at Dumbarton Oaks and will be completed, we all hope, at San Francisco needs the Bretton Woods agreements as much as do the people of the United States.

We cannot say that we will join the other nations in an organization to maintain peace, but will not help to remove one of the most dangerous causes of war - economic dislocations. We cannot say we believe in cooperation to beat fascism, but will not cooperate in the removal of one of fascism's chief weapons - economic aggression. We cannot say we want equality of all nations and leave some of them at the financial mercy of others.

We are committed by all that we have said and done in these last four years to a community of power in the world, not to the irresponsible, unilateral wielding of power. The Bretton Woods agreements offer us the machinery for bringing the strength of 44 nations to the task of stabilizing the medium by which peoples exchange their goods, conduct business with each other, and provide for a mutual rise in standards of living.

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The men who will follow me in putting this case before you will amplify these arguments. They will give you the whole record, and for my part I am eager that the record speak for us. The facts, all the facts and nothing but the facts are what this Committee and both Houses of the Congress will want. Perhaps the most important fact of all is that we are facing one of those critical moments in history to which future generations will look back and say:

"There the world was at a turning point."

The stupendous task for us -- for you in the Congress and us in the executive departments of government -- is to act now so that those future generations also will say:

"Thank God, they took the right turning."

March 3, 1945
5:15 p.m.

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HMJr: John.
John
Pehle: Yes, sir.
HMJr: What's on your mind?
P: I want to discuss with you for a few minutes, if I can, a candidate for the Office of Surplus Properties.
HMJr: Well, I mean, who is it?
P: Mr. Fox. I can give you his whole story in about five minutes.
HMJr: Where are you?
P: Right up here next door.
HMJr: Well, I've got to clear my -- why is it so urgent?
P: Well, it's something I've been trying to do, and I want to get him down here and get him broken in.
HMJr: Which Fox is this?
P: He was with me in Foreign Funds Control.
HMJr: Well, you are in the building?
P: Yes, sir.
HMJr: Well, I'll try and see you before I
P: Right.
HMJr: I will see you. I don't know why it's so urgent, but I'll see you.
P: Okay.

March 3, 1945
5:22 p.m.

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HMJr: I just wanted to tell you how much I appreciate what you've been doing to help us all week.
Dean
Acheson: Well, you're very good to call me, Henry. I'm delighted to do it.
HMJr: I said so in cabinet yesterday. I mentioned you particularly as being helpful.
A: Well, you're very kind.
HMJr: I don't know
A: I have my heart in it and
HMJr: Yeah. I don't suppose
A: I just go after it.
HMJr: Well, I wanted you to know that I wanted the President to know, and I said so at Cabinet for whatever that's worth, and I gather that Harry is very enthusiastic about your testimony, and I got a report on everything except what happened with those Republican Senators.
A: Well, I -- I gave Eddie and Joe O'Connell a full report of that.
HMJr: They haven't had a chance to see me because I've been working all week on my financing. We still have to raise some money.
A: Yes. Well, I can tell you very briefly if you
HMJr: Would
A: would like to hear now.
HMJr: I would like to if you have the time.
A: Well, we
HMJr: Just briefly if you would tell me.
A: Well, we went up there Thursday night, Goldenweiser and I

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HMJr: Yes.

A: and they had about a little over half the Republican Senators

HMJr: Yeah.

A: and an equal number, if not a greater number, of Republican members of the House, and the thing started off by Taft, who was in the chair, asking George Roberts if he would state briefly what the provisions of the Bank and the Fund were.

HMJr: Yeah.

A: He did that, making several errors, which we corrected in the course of his statement, interrupting him and correcting him. Then he asked Leon Fraser to make his statement about it, and Fraser made a very effective and very powerful and utterly unscrupulous misrepresentation of the thing.

HMJr: For heavens sakes!

A: It was really very shocking.

HMJr: Really?

A: Old Dr. Goldenweiser was just trembling with rage when he got through.

HMJr: For heavens sakes!

A: Yes. It really was a demagogic appeal to every prejudice that they have.

HMJr: Yes.

A: And he did it extremely ably. He's no slouch.

HMJr: Oh, no.

A: He's all right.

HMJr: Yeah.

A: And he took cracks at me on the way through, and he -- he just represented this as the damdest silly thing that a bunch of crazy people could do.

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HMJr: I see.

A: And then they gave me half an hour, and I went into the thing, and I was polite to Fraser but I got stories which illustrated what I thought was the exaggerated and unfair presentation he'd made, and dealt with a few of the cracks he took at me, and then went after this thing from the point of view of its broad effect in the

HMJr: Yeah.

A: in the whole organization for peace.

HMJr: Yeah.

A: And then explained the terms as well as I could, and then Goldenweiser by that time had collected himself. At first, I think if he'd followed me, he would have been so mad, he would have had a stroke.

HMJr: (Laughs)

A: But he -- he was very good, and any group of people who really were open minded

HMJr: Yes.

A: I thought Goldie was moderate, and he said that he was terribly unhappy -- very unhappy about what Fraser had said, and that he had respect for Fraser -- he had a great reputation and all of that, and he couldn't understand this.

HMJr: Yeah.

A: He said that it was just like going out on a sunny day, and everything was all right, and then you put on some dark glasses and you thought it was going to rain, and you thought it was a terrible day, that a storm was coming up.

HMJr: Yeah.

A: And he said the trouble with Fraser is that he's got on creditor's glasses, and he wants to run the whole world as a creditor.

HMJr: Yeah.

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A: People come hat in hand and ask for a loan to reorganize their governments and stop all sorts of social legislation, and grant concessions and do all of that. He said you just can't do that.

HMJr: Yeah.

A: The world isn't that way.

HMJr: Yeah.

A: And it isn't going to be run by debtors either, but it's got to be run by mutual give and take....

HMJr: Yeah.

A: which this Fund is. Then he went on and explained it very well. Well, then they asked us questions. We were there for three hours and a half. We began at eight o'clock and left about a quarter to twelve.

HMJr: Good Heavens!

A: Now, some of them were -- were really interested in knowing. I thought Senator Millikin was -- was quite open-minded about this, and he really wanted to hear, and Harold Burton was taking full notes and listening, and Vandenberg was, and some of the others were. And then there were people like Wherry and Hawkes of New Jersey, who didn't want to learn at all. They were violent and rather abusive, and asked us all sorts of questions. Morse of Washington was very good. He wanted to learn. I thought he was -- he was open-minded on it. A good many of the House people were the same way. John Vorys was asking intelligent questions to find out, and some of his colleagues were not. But at any rate, we had it back and forth very hard, and they -- they got into things like this: I told Joe O'Connell we should be prepared for this sort of thing at the hearing -- Fraser gave them a lead that this was practically a dishonest attempt by the Administration to get things out of Congress without telling them the whole story.

HMJr: Nice fellow.

A: Yeah. We go on on the Bank and the Fund, but at the same time we have this French Lend-Lease which is two billion dollars, and some sort of credits,

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A:
Cont'd.

and then we hear that the Russians are asking for six billion, and we hear the talk about the British are going to get a whole lot of money, and we hear the Export-Import Bank is going to have some more billions, and then he said, "What is this? We talk about six billion dollars in this scheme, but that's chicken feed to the thirty, forty, fifty -- God knows how many billions of dollars these fellows have got up their sleeves." And he said, "Here Acheson goes around and says that Congress ought to act on this because it's going to have an effect on all these other things that are coming along." And he said, "Don't let him jostle you. What he's trying to do is to hurry you. He's joggling your elbow. He doesn't give you time to read this thing."

HMJr: Gosh.

A: "Don't -- don't do that -- let this fellow do that sort of thing." Now, one of them said to me, "Why do we have to pass on this now? Why don't you give us the whole peace set-up, Dumbarton Oaks, the Peace Treaty, the whole bill -- let's have everything here at once." So I said, "Well, that's an excellent argument for doing absolutely nothing."

HMJr: Yeah.

A: "You can't do anything until you can do everything. Many of these steps you can't possibly take until you give assurance that the ones at the threshold will be attended to, and this is just another way of saying you don't want to do anything at all." Well, we slugged it out that way for about three and a half hours.

HMJr: Did you? (Laughs)

A: And -- now, I thought -- they asked me what the result was, and I said, well, I thought you could put it this way: that if we had not been there, I think everyone in that room would have been a convinced, bitter opponent of the scheme.

HMJr: Well, we have Tobey to thank for the invitation, haven't we?

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A: Absolutely. Tobey was fine. He -- he asked questions. He put his oar in all the time. He was very much outraged at the attitude of these people, and he was very much encouraged that we were there, and you know, he wanted to see his side fight. And they didn't put anything over on us. They didn't ask us any questions we couldn't answer. He was encouraged. He said, "Well, it's all right. These fellows come through the battle and they don't surrender." The thing looks just as it did before to him.

HMJr: Well, that's fine. Well, I'm ever so much obliged. I'm going to send you over either tonight or the first thing Monday morning, a draft of my opening address.

A: Yeah.

HMJr: And if you have any comments on it, if you'd let -- let's see -- we have a new man over here that is helping me.

A: Feltus.

HMJr: No, Fussell -- Fussell.

A: Fussell.

HMJr: He's quite new.

A: Yeah.

HMJr: He was with us five or six years ago.

A: Yeah.

HMJr: Fussell, F-u-s-s-e-l-l.

A: All right.

HMJr: If you would let him know.

A: I thought Harry was very good yesterday afternoon, at the Reserve Board.

HMJr: He was?

A: Yes. He was very quiet and extremely -- very moderate and very good on his reentry.

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HMJr: He didn't get edgy?

A: Not a bit. No, he was relaxed, and I thought he did a first class job, and Eddie was very good, too.

HMJr: I gather you were very good over there.

A: Well, it sort of caught me by surprise. I just made a long-winded speech on one minute's notice.

HMJr: Yeah, they say you were wonderful. Well, I think -- I think the House looks as though we have fifty-fifty there.

A: Yes. Oh, I should think so.

HMJr: The trouble -- I told the President yesterday our trouble is going to be in the Senate.

A: Yes, I think it is, too.

HMJr: Well, I'll be seeing you.

A: Fine, Henry. Thank you very much for calling.

HMJr: Thank you.

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March 3, 1945
5:26 p.m.

HMJr: I've said this to you but I'm going to remind myself and you about Bob Thornton

Ted Gamble: Yes, in Texas.

HMJr: Are we doing anything about it?

G: Well, Bell was to get some information on it.

HMJr: Well, I've got it all right, and Wright Patman is going to be very important as far as I am concerned.

G: Yes.

HMJr: And he's all right. Now, I'd like to some way

G: Take advantage of it.

HMJr: Yeah, and if by Monday you could get some word to him.

G: Well, it would be during the -- it won't be -- it will be by Tuesday.

HMJr: That's all right.

G: Because it won't be by Monday, because I'll need to do a little work on it during the -- Monday morning.

HMJr: That's all right. If by the middle of the week

G: Yes.

HMJr: We open -- I'll tell you -- we open on Wednesday. If it could be Tuesday.

G: Yes. It will be.

HMJr: Tuesday or Wednesday.

G: Fine.

HMJr: If you could, and then let me know what you do.

G: I'll do that.

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HMJr: Because Wright Patman has to be a wheel horse for us.

G: Yes.

HMJr: I have -- I got the report, and I didn't know that -- I didn't know who was waiting, but Bell sent me a report.

G: I think it would be good if you would send it on to me.

HMJr: Gosh

G: I don't need it 'till Monday.

HMJr: Well, I'll try and find it.

G: Fine. Well, I'll ask for it on Monday.

HMJr: I'll tell one of the girls.

G: Fine. All right, sir.

HMJr: Thank you.

G: All right, sir.

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March 3, 1945
5:30 p.m.

PERSONNEL

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

H.M.JR: I will let you do yours first, and then Charles can do his.

MR. PEHLE: One of the first things I set out to do was to get a Director of Surplus Property, because one was terribly needed. I found the best man I could; his name is A. U. Fox. He was with me for three years in Foreign Funds Control; he was one of the two top assistants. He is forty years old, married, and has three children. He graduated with honors from Rutgers University and went into the banking business. He was with the National City Bank in the Far East for five years, starting at eighteen hundred and later getting five thousand dollars. Then he went with a private banking firm in the Far East and was there for seven years, and while there went from seventy-five hundred to twenty-five thousand dollars.

He did all sorts of banking business, including supervision of several rather responsible merchandising concerns, the Bolton Bristle Company, which is the most important bristle company in China, and a firm of rubber dealers that were controlled by the banking firm.

In 1940 when things started back up in the Far East he brought his family back here and went with the Treasury Department, and he stayed with us for three years. Then he left and went to Lazard Freres as head of their Foreign Department about six months ago. He knew Schubert very well from the Bank of Manhattan who had gone in there. He is getting eighteen thousand from them plus ten percent of the profits, and finds business uninteresting and thinks this would be a real challenge. I have discussed this with

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Charlie, who is in agreement, and Luxford, DuBois, and other people here who know him. I also talked to Harry about him. Harry would prefer somebody who is less conservative. Fox is not an outstanding liberal. On the other hand, he is not a reactionary; he is fully trustworthy. I know him very well. He is a good administrator and I think he will be a very good man in there.

H.M.JR: What is his name?

MR. PEHLE: Fox, A. U. Fox. He is called Foxy around here.

H.M.JR: What does A. U. stand for?

MR. PEHLE: Abijah Upson.

H.M.JR: How do you spell Abijah?

MR. PEHLE: A-b-i-j-a-h. He has also been called Foxy. He is known very well around here and did a very good job.

H.M.JR: Abijah.

MR. BELL: He is a very fine fellow, and did Pehle's job in Foreign Funds when Pehle was out of town. He gets along well with everyone and is a very intelligent fellow and a darned good selection.

H.M.JR: What sort of appearance does he make?

MR. PEHLE: Very good.

H.M.JR: Can he handle himself on the Hill?

MR. PEHLE: Oh, yes, and he is not Jewish. He would appeal to the conservative people, and still I think he will follow--

H.M.JR: I don't hold that against him that he is not Jewish.

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MRS. KLOTT: He didn't think that you would want a Jew.

MR. PERLE: I just want him to know what the facts are.

H.M.JR: He said Abijah; that might be Jewish.

MR. PERLE: He worked well with Lesser, who is doing a very good job, I might say, as Chief Counsel down there, and I think he would be a big help. I am terribly anxious to get him in because I am overwhelmed. There is a terrific amount of detail work, and I can't do all this stuff. He has been thoroughly investigated.

MR. BELL: I am satisfied, yes; he is a good selection.

H.M.JR: What are you going to pay him?

MR. PERLE: Eight thousand.

H.M.JR: And charge that to Surplus Property?

MR. PERLE: Here is a memo to put it on record, and the papers will go through later.

H.M.JR: It doesn't give you a chance to cool off, does it? (Signs memo approving Mr. Fox as Director of Surplus Property Disposal.)

Abijah.

MR. PERLE: That is all I have, Mr. Secretary.

H.M.JR: Did you get my message about the State Department?

MR. PERLE: Yes, I did.

H.M.JR: And your friend is in prison in Palestine.

MR. PERLE: He is no particular friend of mine.

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H.M.JR: Did you agree with the way I--

MR. PERLE: It is perfectly satisfactory.

H.M.JR: Do you agree that was the way to handle it?

MR. PERLE: I agreed with the memo, too, Mr. Secretary. I think this will do much more good than a memo. I think the State Department is in a very difficult position.

H.M.JR: Don't you think it is better to go there personally and make inquiry first as a matter of good faith between Stettinius and you?

MR. PERLE: There is no bad faith involved any more than it would be if they knew this long ago. If we can find that out and put it on record so we know--

H.M.JR: They knew in advance that there was something the matter, and let this fellow go.

MR. PERLE: I think Travers and those people in the Visa Division pulled a very dirty deal.

H.M.JR: And then Mr. Stettinius should know.

MR. PERLE: I agree.

H.M.JR: Well, I spent half an hour of precious time. You are satisfied; you'll go over it personally, verbally? Don't you think from everybody's standpoint it is a much safer way to handle it?

MR. PERLE: We don't know what they have, but nevertheless from all the earmarks that are there it is just dirty business.

H.M.JR: Well, you can't go over and say you suspect him of being a dirty dog.

MRS. KLOTT: It was Corff who talked to Travers, wasn't it, and he brought back the information?

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H.M.JR: We know how this baby feels about Mr. Corff.
MR. PERLE: You certainly do. Didn't Senator Mead ask you to see him?

H.M.JR: Did you hear what happened outside on that?

MR. PERLE: The brazen gall of that guy.

H.M.JR: Did you hear what happened?

MRS. KLOTZ: No.

H.M.JR: Fitzgerald said Senator Mead's secretary called and said Senator Mead wanted Mr. Morgenthau to see Corff. So Fitz said, "Is Rabbi Corff sitting there with you?" And she said, "Yes."

Fitz said, "I want to know--did Senator Mead tell you that himself? I want the truth. Is that the truth?"

MRS. KLOTZ: Good for Fitz.

H.M.JR: And the Secretary said, "No, it is not the truth."

MR. PERLE: He said, "Did you lie to me?" And she said, "Yes, I lied to you."

MRS. KLOTZ: What a dumb secretary. (Laughter)

MR. PERLE: Corff gets these people--

MRS. KLOTZ: He certainly hasn't tried to work on me. He certainly hasn't.

MR. PERLE: Thank you, Mr. Secretary.

H.M.JR: Bring the fellow in and introduce him to me.

MR. PERLE: Right. Thank you very much.

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H.M.JR: And listen, John, between us, if General O'Dwyer doesn't like you and my bringing you and Geston and--

MR. PERLE: We had a long talk about that.

H.M.JR: It is just too damned bad.

MR. PERLE: I know, but it is a situation we have to live with until this thing winds up. I don't think we want that blow-up, and I think it would be--

H.M.JR: You and I know that O'Dwyer--if we can get three or four days a week--

MR. PERLE: We thought it was a device to get him out of the Army, anyway. We were both taken in. I was taken in and you were, too.

H.M.JR: It is also a springboard for something else.

MR. PERLE: Well, I suppose we could have foreseen that.

H.M.JR: I don't know what the opposite of a springboard is, but it isn't what he thought it was.

MR. PERLE: It isn't working that way.

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MAR 3 1945

TREASURY DEPARTMENT ORDER NO. 59

This Order revises, consolidates and enlarges existing Treasury Orders pertaining to the Office of the Administrative Assistant to the Secretary. Specifically, Treasury Department Orders 1, 4, 5, 22, 22-A, 31 and 41 are revoked in so far as they may be in conflict with this Order, and Treasury Circular No. 244 is amended accordingly.

1. The Administrative Assistant to the Secretary has immediate supervision over the following Departmental organizations:

- (a) Division of Personnel
- (b) Office of Chief Clerk
- (c) Superintendent of Treasury Buildings

2. In addition to the authority delegated to and exercised by the Administrative Assistant through the organizations named above, he is responsible for general supervision over all business management activities of the Department except those relating exclusively to the preparation and submission of the Departmental Budget. Illustrative in this broader responsibility are the following types of business which are subject to the review of the Administrative Assistant.

(a) Leasing, assignment and management of all space, both Federal and Commercial, occupied by Treasury offices in Washington and the Field.

(b) Bureau and office organizational changes, including the designation of Acting Heads of offices.

Copy to C. C. Kitch

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(c) Correspondence, reports and other administrative transactions with the Congress and with Heads of departments and independent agencies of the Government.

In the exercise of his authority as the Chief Administrative Officer of the Department, the Administrative Assistant may direct such surveys and examinations as he deems necessary to guarantee the efficient operation of the Department's administrative facilities. At his discretion he may conduct management, methods and employee utilization studies in any branch of the Treasury Department and is authorized to use technical employees from any Treasury office in the making of such studies.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

CSB:JRS:eg
3/3/45

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March 3, 1945.

Charles Bell.
Secretary Morgenthau.

Mrs. Doyle informs me that they are talking about sending Dr. Hedorffer to sea. If there are any younger doctors doing similar work in Washington, it seems to me that they can send them to sea first. Hedorffer is forty-one. Anyway, look into the situation and have a talk with me if you please.

Bell reported to Hays

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March 3, 1945
5:50 p.m.

RE: MR. C. S. BELL

Present: Mr. Bell

MR. BELL: Sir, I can't hear very well.

H.M.JR: That doesn't mean you have to shout.

MR. BELL: I don't know when I am shouting. That's the trouble.

I've got an awful lot of stuff, and you are tired out from the whole day. I can hold back some of it.

H.M.JR: Hold back.

MR. BELL: You want me to hold back?

H.M.JR: Yes.

MR. BELL: Fine. There are two or three things I'd like to take up if the Secretary doesn't mind my talking a little loud. I can't hear myself.

MRS. KLOTE: I'd hate to call him names. He'd hear me, Mr. Morgenthau.

MR. BELL: Do you want to continue to sign these letters to the employees with the pay checks?

H.M.JR: If they are good.

MR. BELL: This is fairly good. It follows your idea of the other day. The CIO, by the way, have got hold of some of these and want to come in and make some suggestions. This Ann Spiegel has asked for an appointment.

H.M.JR: I tell you what I am going to do. I'll sign this, but I want Fussell to look this over.
(Secretary signs letter addressed to Treasury employees dated March 1, 1945.)

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I also want Fussell to get a decent place, and I don't care if you have to shove somebody out down here.

MR. BELL: That is on the slate. Can I move the War Refugee people out of the building Monday to the Sloan Building, into nice quarters, leaving O'Dwyer and his secretary here?

H.M.JR: Yes.

MR. BELL: Thank you, sir.

H.M.JR: Did you hear that all right?

MR. BELL: Yes, sir.

MRS. KLOTE: Is Miss Hodel his secretary?

H.M.JR: Keep Hodel in the building. I can't get along without Hodel as far as the War Refugee Board goes.

MR. BELL: Hendorfermatter is in pretty good shape. I talked with the Assistant Surgeon General Thompson who is doing everything he can to hold him here. Mrs. Doyle spoke to you about that. I told them if they make a change to let me know so you can talk to General Farran.

H.M.JR: She said the politics that go on Public Health are terrible. She doesn't want to get in on that.

MRS. KLOTE: How many people are there in the War Refugee Board?

MR. BELL: There are not so many. There are only five rooms involved, but it would help us out tremendously.

MRS. KLOTE: And they will work in two places?

MR. BELL: I've got Mr. Fussell working at a table in John Larson's office.

H.M.JR: I want to find out from Fehle how much Fehle uses his office.

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MR. BELL: I just talked to him about that, and he would dislike very much to sever his connections over here.

H.M.JR: I don't want to do that. Who is using Sullivan's office?

MR. BELL: Coe.

H.M.JR: Is there nothing on the line here?

MR. BELL: No, sir, but I could possibly work out an exchange with Pehle putting Pehle upstairs and letting Fussell go right on into the old Fred Smith room if you want to have it that way, and I think Pehle would go along with that.

H.M.JR: Of course that is where he should be--Pehle.

MRS. KLOTZ: For the time being I don't think I'd do it.

H.M.JR: That is where Fussell should be.

MR. BELL: I thought you'd want him across from Charlie Shaeffer, and it is only down a flight of stairs, and Fussell isn't too fussy.

H.M.JR: You've got a place for Fussell across from Charlie Shaeffer? Put him there temporarily.

MR. BELL: That throws War Refugees out.

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

MR. BELL: That is a letter that should go out to the Secretary of the Navy on the man Dave Levy. That is getting kind of hot.

MRS. KLOTZ: Do you need him, Mr. Morgenthau?

H.M.JR: Do I? No. But they do for this War Loan.

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MRS. KLOTZ: I can't imagine what for.

H.M.JR: What?

MRS. KLOTZ: I can't imagine what for.

H.M.JR: The War Loan people need him.

MRS. KLOTZ: They do need him?

H.M.JR: Oh, yes. He is wonderful. I tell you what I'd like to do. I'd like to ask you, see, to see if you can't keep him for the Seventh War Loan.

MR. BELL: Yes.

H.M.JR: Just for the Seventh War Loan. After that if they want him back, all right.

MR. BELL: Okay. I think you can still sign that letter, because he is on detail until July 25, but after the Seventh War Loan, which will be around that time, if you want to release him, we can easily enough do it then.

H.M.JR: I would say we have to have him for the Seventh War Loan, and then after that I wouldn't put it a flight. (Signs letter to Secretary Forrestal, dated March 3, 1940.)

MR. BELL: All right, sir.

Do you want to sign Fussell's appointment?

H.M.JR: No--it's eight.

MR. BELL: I thought it was nine.

H.M.JR: He turned down a nine.

MR. BELL: Oh, he did!

MRS. KLOTZ: He is even nicer than you thought, Charlie.

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MR. BELL: He is plenty nice. He is wonderful.

H.M.JR: He said he wasn't worth nine.

MRS. KLOTE: Yes.

H.M.JR: He said, "I'm worth seventy-five hundred to eight thousand."

MR. BELL: You can sign that, and I'll make that little correction. (Secretary signs letter addressed to Mr. Fussell, dated March 3, 1945.)

MRS. KLOTE: I hate to tell you what I was worth tonight.

H.M.JR: What were you worth?

MRS. KLOTE: Two cents.

H.M.JR: I don't get the point.

MRS. KLOTE: There is no point. It's just silly.

MR. BELL: Mr. Gaston--I thought you would want to send that to the group stating what he is going to do and get him started on the right foot. (Secretary signs memo addressed to the Under Secretary, Assistant Secretaries, and Assistants to the Secretary re: Mr. Fussell's duties, dated March 2, 1945.)

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H.M.JR: Who is the Director of Public Relations?

MR. BELL: Charlie Shaeffer.

When a new man comes in now, he gets a book of every one of your orders. By the way, I thought you would want to take a quick glance at that. It contains every order issued by Norman and McReynolds. As soon as they come in they get that; it is something new. (Hands Secretary memo entitled "U. S. Treasury Department Circulars of Special Interest to Staff Officers.")

Here is an order explaining the duties of your Administrative Assistant so we won't have any more skirting.

H.M.JR: How do you spell skirting?

MR. BELL: That ties together--

H.M.JR: This will stop all the skirting?

MR. BELL: All the trouble, and it gives me the responsibility. I think you want me to have them.

MRS. KLOTE: He doesn't hear what he doesn't want to hear.

MR. BELL: S-k-i-r-t-i-n-g.

H.M.JR: I said it would take all the fun out of life.

MR. BELL: I didn't get that. I will use that next January 3.

H.M.JR: What does it do?

MR. BELL: It permits me to go in and make official surveys where we think it is necessary and use detail personnel from those offices to do that. We wanted to do it for a long while.

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H.M.JR: But no skirting!

MR. BELL: No skirting.

H.M.JR: He hears it all right.

(Secretary signs Treasury Department Circular No. 58.)

MR. BELL: Something should be in the record confirming Aarons until Orvis Schmidt gets back. (Secretary signs Treasury Department order dated February 28, 1948.)

H.M.JR: Keep going until I hold you up and say stop.

MR. BELL: Well, I would like to elevate Ted Wilson through Civil Service and use him more -- attach him to Paul McDonald and myself--and use Joe Jordan in the Personnel Division proper for all every-day recurring stuff, and elevate Mrs. Doyle to the next grade and give her full responsibility over employee relations.

H.M.JR: That sounds good. I don't know Joe Jordan.

MR. BELL: He has a couple strikes against him on attitude; it hasn't been one hundred percent, but we have been working on it two years. He is safe, reliable, and you can count on him, but his disposition isn't one hundred percent. Ted Wilson is perfect.

H.M.JR: The little I have seen of Ted Wilson is O.K. I like McDonald.

MR. BELL: McDonald, Wilson, and myself are all in agreement. We will hold Jordan away from Mrs. Doyle and let him go ahead and handle all this field of detail work, because Ted Wilson has heart trouble. I don't think he should have that load. There are just too many conferences and CIO meetings and that kind of thing every day.

H.M.JR: And who would handle that in the future?

MR. BELL: Joe Jordan. He is game at it, but if he doesn't come up to standard we will knock him back.

H-2

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H.M.JR: The hell you will! Did you hear what I said?

MR. BELL: Yes, "The hell you will!" We will, but it will be tough. (Laughter)

MR. BELL: Well, this classification on Wilson is much the same as the War Department, and Navy, War Manpower, and Office Supplies Administration, so if you are in agreement on it, I would like to bring it to your attention.

H.M.JR: All right.

MR. BELL: Do you want me to tell Mrs. Doyle--I will fix her a letter.

H.M.JR: Real easy. What else do you have?

MR. BELL: That is fine. I think I made good progress.

H.M.JR: What will Mrs. Doyle get?

MR. BELL: Fifty-six--from forty-six to fifty-six. She knows nothing of it. She doesn't even know we have thought of it.

H.M.JR: And that puts her in charge of--

MR. BELL: That gives her full responsibility over employee relations which I think now she should have. She knows the Treasury. She has been working under Jordan, and that hasn't been one hundred percent satisfactory. Joe is a little bit narrow in spots, and I think he has tried to hold her down here and there. I don't think she should be held down.

H.M.JR: Well--

MR. BELL: I would like to see her go all out with her own responsibility.

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H.M.JR: I think she is a wonderful woman. I don't know anything about your Joe Jordan and most likely never will.

MR. BELL: I doubt whether you will ever have much contact with him with Paul and me around, and Ted Wilson. He is a good fellow. He was with Farm Credit, an administrative officer over there. He is a lawyer; maybe that is what is wrong with him.

H.M.JR: Could be, I don't know. I have got to rely on you fellows' judgment.

MRS. KLOTZ: He is kind of chipper after his nose operation, wouldn't you say?

H.M.JR: It is on account of the conversation he and I had.

MR. BELL: Yes, sir. He called me and told me I was to be tough. He said I was too soft.

MRS. KLOTZ: I think he has got something there.

MR. BELL: I am trying. I don't know how it is going to work.

H.M.JR: I told them the story about Bob, you know, and the punching bag, and the men on the boat said, "My God, look at the Exec; he is human, too." I said, "There has got to be one in every office, and he is going to be it."

MR. BELL: All right, sir, thanks a lot.

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MAR 3 1945

Dear Mr. Fleven:

I wish to express my appreciation of your kind communication of February 24th. You may count on my furthering the closest cooperation between our Governments.

It would be helpful if, as you propose, a special representative of the Ministry of Finance would come to Washington to discuss financial matters and exchange information with us.

Very sincerely yours,

(Signed) H. Morgenthau, Jr.

The Honorable, Rene Fleven,
Minister of Finance,
Provisional Government of the
French Republic,
Paris, France.

HJ:MT/er 3/7/45

Ref to Ser 3424

149

Translation

Paris, February 24, 1945

Dear Mr. Hergenthaus:

At the moment of M. Jean Monnet's departure for Washington in order to sign together with our Ambassador in the name of the French Government the Lend-Lease and Long-Term Credit Agreements which he negotiated with you, I wish to send you my best wishes.

I know through M. Monnet the very important personal part you have played in the preparation of the Agreements which France looks forward to as an effective aid in the difficult economic situation in which the looting and loans imposed by the enemy has left her. I thank you for the broad understanding you have shown once again of the needs of our country.

I am planning to send to Washington, at such time as seems useful to you a special representative of the Minister of Finance to complete your information on the financial burdens of France, resulting from more than five years of war or occupation.

I hope with all my heart that the Agreement which M. Monnet will sign will be only a step toward closer cooperation on the financial level between the United States and France.

Very sincerely yours,

(Signed) R. Flevin

The Honorable Henry Hergenthaus, Jr.
Secretary of the Treasury,
The Government of the United States.
WASHINGTON.

Wfmc:2/28/45

12"

MINISTÈRE DES FINANCES

LE MINISTRE

PARIS, le 24 Février 1945.

Monsieur le Secrétaire d'Etat

Au moment où M. Jean MONNET repart pour Washington afin d'y signer avec notre Ambassadeur, au nom du Gouvernement français, les accords prêt-bail et de crédit à long terme qu'il a eu l'honneur de négocier avec vous, je tiens à vous envoyer mes vœux les meilleurs.

Je sais par M. MONNET la part personnelle si importante que vous avez prise dans la préparation des accords dont la France attend une aide efficace dans la situation économique difficile où l'ont laissée les pillages et les prestations imposés par l'ennemi. Je vous remercie de la large compréhension que vous avez montrée, une fois de plus, des besoins de notre Pays.

Je compte envoyer à Washington, lorsque cela vous paraîtra utile, un représentant spécial du Ministère des Finances pour compléter vos informations sur les charges financières qui résultent pour la France de plus de cinq années de guerre ou d'occupation.

J'espère de tout coeur que l'accord que va signer M. MONNET ne sera qu'une étape vers une collaboration de plus en plus étroite sur le plan financier entre les Etats-Unis et la France.

Très cordialement, Le Secrétaire d'Etat

Bien respectueusement

Wiley

L'Honorable Henry MORGENTHAU Junior
Secrétaire de la Trésorerie
du Gouvernement des Etats-Unis.
WASHINGTON.

12"

150

Translation

Paris, February 24, 1945

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I hope with all my heart that the agreement which M. Monnet will sign will be only a step toward closer cooperation on the financial level between the United States and France.

Very sincerely yours,

(Signed) R. Flémen

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury,
The Government of the United States.
WASHINGTON.

100-10022/20/45

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

151

DATE

March 3, 1945

To Secretary Morgenthau (For Information)

FROM Mr. Coe F.C.

Subject: Mr. Tomlinson's letter concerning arrest of key officials in Germany's financial institutions.

In his letter of February 6, 1945 Mr. Tomlinson transmitted a memorandum concerning the arrest of Nazi and Nazi sympathizers in financial institutions. The memorandum lists by name all the high officials in the German Treasury, the Reich Accounting Office, the Reich Finance Court, the Reichsbank, the Reich Supervisory Board for Insurance, and many public and private banks. The number of persons whose arrest is suggested is, however, relatively small. Additional names and categories of personnel in fields of finance will be submitted if further investigation justifies their inclusion in the arrest list.

It is pointed out in the memorandum that recommendations for the arrest of leading industrialists and outstanding business leaders are not included since the Economics Division of U.S. Group CC is responsible for the arrest of such persons.



AIR MAIL

Office of the Treasury
RepresentativeUNITED STATES OF AMERICA
TREASURY DEPARTMENTEmbassy of the United States
London, February 6, 1945

No. 234

Dear Mr. White:

Reference is made to our letter of 2.1.45 in which there was enclosed a memorandum on a conversation with Major (now Lieutenant-Colonel) Morton Fisher and two of his officers concerning the arrest of Nazis and Nazi sympathizers in financial institutions.

1/

We have now received from Colonel Fisher a memorandum prepared by the US Group CC, Financial Division, on the arrest and detention of Nazis and Nazi sympathizers in financial institutions, a copy of which is enclosed. The memorandum was sent by Colonel Fisher to Colonel Charles C. Blakeney, Chief of the Intelligence Division, in accordance with the latter's request. Please restrict the distribution of the copy enclosed, since it was given to us in confidence by Colonel Fisher.

Very truly yours,

William W. Robinson
U.S. Treasury Representative

Enclosure

Mr. Harry D. White
Assistant Secretary
U.S. Treasury Department
Washington, D.C.

SECRET

U S GROUP C C
Finance Division
APO 742

1 February 1945

SUBJECT: Arrest and Detention of Nazis and Nazi Sympathizers
TO : Col. CHARLES C. BLAKENEY, G.S.C., Chief, Intelligence

1. In compliance with instructions contained in letter dated 12 Jan. 1945, there follows a list of individuals and categories of personnel to be arrested in the field of Finance.

2. The categories listed are key positions as stipulated in JCS 1067, but, on the basis of information available at this time, this Division is not prepared to state that all of the holders thereof are necessarily Nazis or Nazi sympathizers.

3. It is assumed that recommendations for the arrest of such leading industrialists or outstanding business leaders as are members of the Reichrat of the Reichsbank or of the board of directors of the Big Six Banks, and as are not specifically mentioned herein, are the responsibility of the Economics Division. Close liaison will be maintained with that Division in respect of all those individuals who are specifically listed in the enclosure, or are included in subsequent lists so as to ensure their arrest either by the Economics Division or by this Division.

4. No individual names are submitted at this time in the field of private insurance or reinsurance. A detailed study is being undertaken with a view to submitting, at a later date, a list of names and categories of personnel in this field who should be arrested and detained.

5. Additional names and categories of personnel in all fields of Finance will be submitted as further investigation produces information justifying their inclusion in an arrest list.

6. It is assumed that it will be possible for Divisions to arrange for the release of persons arrested and detained whenever information leading to their arrest should subsequently prove incorrect and whenever such release be considered to further Allied Objectives.

MORRIS F. FISHER
Major, AUS
Executive

SECRET

SECRET

ENCLOSURE

LIST OF CATEGORIES OF PERSONNEL TO BE ARRESTED IN THE FIELD OF FINANCE

I. MINISTRY OF FINANCE

a. Minister of Finance: Graf Schwerin von Krosigk
Staatssekretär: Fritz Reinhardt.

Divisions:

- I. Ministerialdirektor Joachim von Manteuffel (Div.Chief)
Ministerialdirektor Dr. Johannes Kluge (Dep.Div.Chief)
- II. Ministerialdirektor Dr. Theodore Bucher (Div. Chief)
Ministerialdirigent Dr. Siepert (Dep.Div.Chief)
- III. Ministerialdirektor Dr. Prof. Otto Heddig (Div. Chief)
Ministerialdirigent Dr. Trapp (Dep. Div. Chief)
- IV. Ministerialdirektor Geheimr. Rat Karl Wever (Div.Chief)
Ministerialdirigent Geheimr. Rat Dr. Fischbach
(Dep.Div.Chief)
- V. Ministerialdirektor Dr. Fritz Berger (Div. Chief)
Ministerialdirigent Haase (Dep. Div. Chief)
- VI. Ministerialdirektor Maass (Division Chief)
Ministerialdirigent Geheimr. Rat Schlüter
(Dep. Div. Chief)
Ministerialdirigent Dr. Brahtz (Chief of Personnel
Sub-Division)
- VII. Ministerialdirektor Geheimr. Rat Karl Reichle
(Div. Chief)
Ministerialdirigent Dr. Ing. Fiedler (Dep.Div.Chief)

General Administrative Questions
Ministerialdirigent Schlüter (Chief)

Training & Examination Matters
Ministerialrat Dr. Bussigel (Chief)

General Inspector of Customs Border Guards
Geheimer Finanzrat Johannes Hossfeld (Chief)
Ministerialrat von Dries (Dep. Chief)

General Bureau for General Finance & Audits Questions
Ministerialdirigent Walther Bayrthofer

Statistical Bureau
Ministerialdirigent Dr. Ewald Fiedler

Commissioner for Questions of Trustee Offices in the East
Ober finanspräsident Dr. Casdorf

Reichshauptkasse
Deputy Direktor Fiebig

Reichsschuldenverwaltung
Präsident Ernst Articus
Geheimer Finanzrat Hientzsch, Vice-President

Deutsche Reichslosterie
Präsident Dr. Baron Waldemar von Daxur
Direktor Konopath (Dep. Chief)

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Regraded Unclassified

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Reichsbaudirektion
Direktor Voss (Chief)

- b. Number: 29.
c. Location: Berlin.

II. RECHNUNGSHOF

- a. President: Heinrich Müller.
Deputy: Müsschl
b. Number: 2
c. Location: Berlin

III. REICHSPFANZHOFF

- a. President: Ludwig Hirsch.
b. Number: 1
c. Location: Berlin

IV. OBERFINANZPRÄSIDIUM

- a. Berlin-Brandenburg - Oberfinanzpräsident Fahn
b. Number: 1
c. Location: Berlin.

V. FINANCIAL INSTITUTIONS AND SUPERVISORY AGENCIES

1. Reichsbank.
 - a. President, Vice Presidents, all members of the Direktion, and Chief of the Personnel Dept. (Chief der Personal-Abteilung)
 - b. Number: 8
 - c. Location: Berlin.
2. Deutsche Golddiskontbank.
 - a. All members of Aufsichtsrat and Vorstand.
 - b. Number: 10
 - c. Location: Berlin
3. Main Departments III and IV of the Ministry of Economics.
 - a. Hauptabteilungsleiter and their Deputies.
 - b. Number: 4
 - c. Location: Berlin
4. Reichsaufsichtsamt für Versicherung.
 - a. staatsbankaufsicht.
hypotheken und Schiffpfandbriefbankenaufsicht.
Deutscher Sparkassen- und Giroverband.
Deutsche Verrechnungskasse.
 - a. President or equivalent top executive.

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- b. Number: 5
- c. Location: Berlin.
5. Reichsgruppen Banken und Versicherung.
 - a. Leiter of both Reichsgruppen, of all Wirtschaftsgruppen und Fachgruppen, and Chiefs of the Personnel Depts. (Chefs der Personal-Abteilungen)
 - b. Number: 20
 - c. Location: scattered.
6. Geschäftsgruppe Davisen in the Office of the Four Year Plan.
 - a. All officials of a rank down to and including Ministerialrat.
 - b. Number: 10
 - c. Location: Berlin.
7. Bank der Deutschen Arbeit.
 - a. Deutscher Ring Lebensversicherungs - A.G.
Deutscher Ring Transport und Automobil-Versicherungs - A.G.
Deutscher Ring Kranken Verein - A.G.
Deutsche Sachversicherungs - A.G.
Volksfürsorge Lebensversicherungs - A.G.
 - a. All members of Aufsichtsrat and Vorstand and Chiefs of Personnel Depts. (Chefs der Personal-Abteilungen)
 - b. Number: 76
 - c. Location: Berlin (10) and Hamburg (66).
8. Deutsche Umsiedlungs Treuhand, G.m.b.H.
 - a. All members of Aufsichtsrat und Geschäftsführung, and Chief of the Personnel Dept. (Chef der Personal-Abteilung).
 - b. Number: 21
 - c. Location: Berlin.
9. Bank der Deutschen Luftfahrt, A.G.
 - a. Deutsche Industriebank, A.G.
Wehrerüstungs-Kredit, A.G.
Rüstungskontor, G.m.b.H.
 - a. All members of the Aufsichtsrat, and Chiefs of the Personnel Depts. (Chefs der Personal-Abteilungen).
 - b. Number: 54
 - c. Location: Berlin.
10. Deutsche Rentenbank
 - a. Reichskreditkasse.
Deutsche Rentenbank-Kreditanstalt
Deutsche Gesellschaft für öffentliche Arbeiten, A.G.
Deutsche Bau und Bodenkredit, A.G.
Deutsche Siedlungs Bank
Deutsche Verkehrs-Kredit-Bank, A.G.

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Regraded Unclassified

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- 2 -

Reichsbaudirektion
Direktor Voss (Chief)

- b. Number: 29.
c. Location: Berlin.

II. RECHNUNGSBÜRO

- a. President: Heinrich Müller.
Deputy: Müsschl
b. Number: 2
c. Location: Berlin

III. REICHSPFINANZBÜRO

- a. President: Ludwig Mirre.
b. Number: 1
c. Location: Munich

IV. OBERFINANZPRÄSIDIUM

- a. Berlin-Brandenburg - Oberfinanzpräsident Kuhn
b. Number: 1
c. Location: Berlin.

V. FINANCIAL INSTITUTIONS AND SUPERVISORY AGENCIES

1. Reichsbank.
 - a. President, Vice Presidents, all members of the Direktorium, and Chief of the Personnel Dept. (Chief der Personal-Abteilung)
 - b. Number: 8
 - c. Location: Berlin.
2. Deutsche Golddiskontbank.
 - a. All members of Aufsichtsrat and Vorstand.
 - b. Number: 10
 - c. Location: Berlin
3. Main Departments III and IV of the Ministry of Economics.
 - a. Hauptabteilungsleiter and their Deputies.
 - b. Number: 4
 - c. Location: Berlin
4. Reichsaufsichtsamt für Versicherung.
 - a. Staatsbankaufsicht.
Hypotheken und Schiffpfandbriefbankenaufsicht.
Deutscher Sparkassen - und Giroverband.
Deutsche Verrechnungskasse.
 - a. President or equivalent top executive.

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- b. Number: 5
- c. Location: Berlin.
5. Reichsgruppen Banken und Versicherung.
 - a. Leiter of both Reichsgruppen, of all Wirtschaftsgruppen und Fachgruppen, and Chiefs of the Personnel Depts. (Chefs der Personal-Abteilungen)
 - b. Number: 29
 - c. Location: scattered.
6. Geschäftsgruppe Davisen in the Office of the Four Year Plan.
 - a. All officials of a rank down to and including Ministerialrat.
 - b. Number: 10
 - c. Location: Berlin.
7. Bank der Deutschen Arbeit.
 - a. Deutscher Ring Lebensversicherungs - A.G.
Deutscher Ring Transport und Automobil-Versicherungs - A.G.
Deutscher Ring Kranken Verein - A.G.
Deutsche Sachversicherungs - A.G.
Volksfürsorge Lebensversicherungs - A.G.
 - a. All members of Aufsichtsrat and Vorstand and Chiefs of Personnel Depts. (Chefs der Personal-Abteilungen)
 - b. Number: 76
 - c. Location: Berlin (10) and Hamburg (66).
8. Deutsche Umsiedlungs Treuhand, G.m.b.H.
 - a. All members of Aufsichtsrat and Geschäftsführung, and Chief of the Personnel Dept. (Chief der Personal-Abteilung).
 - b. Number: 21
 - c. Location: Berlin.
9. Bank der Deutschen Luftfahrt, A.G.
 - a. Deutsche Industriebank, A.G.
Feeresüstungs-Kredit, A.G.
Rüstungskontor, G.m.b.H.
 - a. All members of the Aufsichtsrat, and Chiefs of the Personnel Depts. (Chefs der Personal-Abteilungen).
 - b. Number: 54
 - c. Location: Berlin.
10. Deutsche Rentenbank
 - a. Reichskreditkasse.
Deutsche Rentenbank-Kreditanstalt
Deutsche Gesellschaft für Öffentliche Arbeiten, A.G.
Deutsche Bau und Bodenkredit, A.G.
Deutsche Siedlungs Bank
Deutsche Verkehrs-Kredit-Bank, A.G.

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- a. Chairman (Vorsitzender) of Aufsichtsrat or Verwaltungsrat; Reich Commissioners (Deutsche Rentenbank-S); and Chiefs of Personnel Depts. (Chefs der Personal-Abteilungen).
- b. Number: 21
- c. Location: Berlin.
11. Deutsche Girozentrale-Deutsche Kommunalbank.
- a. Reich Commissioner and Generaldirektor and Chief of the Personnel Dept. (Chef der Personal-Abteilung).
- b. Number: 3
- c. Location: Berlin
12. Deutsche Zentralgenossenschaftskasse.
- a. President of Direktorium and Chief of the Personnel Dept. (Chef der Personal-Abteilung)
- b. Number: 2
- c. Location: Berlin
13. Preussische Staatsbank.
- a. President and Chief of the Personal Dept. (Chef der Personal-Abteilung)
- b. Number: 2
- c. Location: Berlin.
14. Reichs-Kredit-Gesellschaft, A.G.
- a. All members of Aufsichtsrat and Vorstand, and Chief of the Personnel Dept. (Chef der Personal-Abteilung)
- b. Number: 25
- c. Location: Berlin.
15. Deutsche Bank
Dresdner Bank
Commerz Bank
Berliner Handels-Gesellschaft.
- a. Chairman (Vorsitzender) of Aufsichtsrat and Chiefs of Personnel Depts. (Chefs der Personal-Abteilungen)
- b. Number: 8
- c. Location: Berlin
16. Stock and Commodity Exchanges.
- a. Reich Commissioners.
- b. Number: 21
- c. Location: scattered.

SECRET

LIST OF INDIVIDUALS IN THE FINANCIAL FIELD TO BE ARRESTED AND DETAINED EVEN IF THEY NO LONGER HOLD POSITIONS LISTED BELOW

I. NATIONAL MINISTRY OF FINANCE

Schwerin von Krosigk, Count Fritz, Minister of Finance

Reinhardt, Fritz. Secretary of State in Finance Ministry

Bayrhammer, Walter. Ministerialdirigent in Finance Ministry and member of Reichsbank directorate

Berger, Fritz Hugo. Ministerialdirigent in Finance Ministry

Hedding, Dr. Prof. Otto. Chief of Department of Income Property and Trade Taxes in Finance Ministry.

Reichle, Karl. Chief of National Building Administration in Finance Ministry

Wever, Karl G. E. Head of Department IV on Pensions, Welfare, etc.

Articus, G. H. Ernst. President of Debt Administration.

II. RECHNUNGSHOF

Müller, Dr. Heinrich. President of Rechnungshof

III. REICHSPFINANZHOF

Mirre, Ludwig. President of Reichsfinanzhof

IV. OBERFINANZPRÄSIDENTEN

Casdorf, Hans. Oberfinanzpräsident in Saarbrücken.

Denhard, Wilhelm K. P. Joh., Oberfinanzpräsident of Hannover

Kuhn, Oberfinanzpräsident in Berlin.

V. PRUSSIAN MINISTRY OF FINANCE

Popitz, H. E. Johannes. Minister of Finance

Landfried, Dr. Friedrich Walter. Secretary of State (Until 1943)

Hohn, Konrad. Ministerialrat

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VI. REICHSBANKA. Direktorium:

Pfunk, Walther - Reichsbankpräsident, Reichswirtschaftsminister.

Lange, Kurt - Vizepräsident

B. Beirat:

Buzzi, Richard - Creditanstalt-Bankverein, Wien

Pischböck, Dr. Hans - Minister a. D., Berlin

Hayler, Dr. Franz - SS Gruppenführer, Staatssekretär, Berlin

Milgard, Edward - Allianz Versicherungs, A.G., Berlin

Holtz, Gebhard - Stettiner Vulkan Werft, A.G., Stettin

Kiesewetter, Anton - Kreditanstalt der Deutschen, Reichenberg

Lindemann, Karl - Norddeutscher Lloyd, Bremen

Olscher, Alfred - Dr. -- Viag, Berlin

Pleiger, Paul - Reichswerke -- Hermann Göring, Berlin

Rienhardt, Rolf - Stabsleiter, Reichsverband der Deutschen Zeitungsverleger, Berlin

Ries, Heinrich - Präsident der Gauwirtschaftskammer Ostpreussen, Königsberg (Pr.)

Schoeller, Dr. Phillip von - Schoeller & Co., Präsident der Wirtschaftskammer, Wien

Wolff, Dr. Otto - Hamburg-Amerika Linie, Hamburg

C. Other Officials:

Graumann, August - Reichsbankinspektor, political leader in the bank

Hoppenrath, - holder of the Party Badge in gold;

Lange, Karl - Direktor bei der Reichsbank

Maul, L. - Personnel manager for higher officials

Rosenberg-Lipinsky - Chief of Personnel Dept.

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VII. DEUTSCHE BANK, BERLINVorstand

Halt, Karl Ritter von

Hunke, Heinrich

Aufsichtsrat

Pietzsch, Albert

Quandt, Günther

Reemtsma, Philipp F.

Schmitz, Hermann

Zangen, Wilhelm

VIII. REICHENBERGER BANK, BERLINVorstand

Lier, Carl

Meyer, Emil H.

Aufsichtsrat

Roehnert, Hellmuth

Avieny, Wilhelm

Ullrich, Hans

Schieber, Walter

Krupp von Bohlen und Halbach, Alfred

Flick, Friedrich

IX. COMMERZBANK, BERLINVorstand

Handel, Eugen

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X. BERLINER HANDELS-GESSELLSCHAFT, BERLINAufsichtsrat

Honigsmann, Alfred C. P. I.

Nicolai, Eduard von

Göring, Herbert L. W.

XI. PRIVATE BANKERS

Fischer, Christian Otto. Merck Finck and Co., Munich

Finck, August von

Hanel, Paul. Spohnholz and Co., Berlin

Schröder, Kurt von. J.H. Stein, Cologne

Stein, Heinrich von. J.H. Stein, Cologne

Stein, Johann Heinrich von. J.H. Stein, Cologne

XII. DEUTSCHE BAU UND BODEN BANK, A.G. BERLINAufsichtsrat

Riehle, Otto

Tengelmann, - -

Wagner, - - (former chairman)

XIII. BANK DER DEUTSCHEN ARBEIT, A.G., BERLINVorstand

Langer, Rudolf Berlin

Christoffel, August Berlin

Geyrhalter, Adolf Berlin

Reitbauer, Heinz Berlin

Slanina, Hanna Berlin

Aufsichtsrat

Strauch, Hans Berlin

Pierlein, Ludwig Berlin

Halder, Alexander Berlin

Müller, Adolf Munich

Rauscher, Bruno Berlin

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XIV. DEUTSCHE UNSIEDLUNGS-TREUHAND-GESSELLSCHAFT M.B.H., BERLINGeschäftsführung

Bang, Dr. Ferdinand Posen

Dölfer, Helmut Berlin

Gollob, Dr. Karl Bosen

Kaumann, Dr. Artur Danzig

Kleinschmidt, Dr. Kurt Berlin

Kulmann, Dr. Alfred Berlin

Schneider, Dr. Karl Kattowitz

Wollert, Dr. Heinrich Laibach

Aufsichtsrat

Keppler, Wilhelm Berlin

Greifelt, Ulrich Berlin

Berger, Dr. Hugo-Fritz Berlin

Christians, George Berlin

Kehrl, Hans Berlin

Kröger, Dr. jur. Erhard Posen

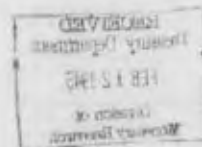
Lorenz, Werner Berlin

Schneider, Dr. jur. Karl Mannheim

Vits, Dr. Ernst-Hellmut Berlin

Waldhecker, Hermann Berlin

Weiss, Dr. Hellmut Berlin



TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE March 3, 1945

TO Secretary Morgenthau
FROM Frank Coe and L. C. Aarons

FOR YOUR INFORMATION

We know you will be interested in reading the script of a radio broadcast which favorably discussed the Treasury's freezing control program, emphasizing its successful role in assisting the prevention of enemy sabotage and espionage. The broadcast referred particularly to the role played by the Treasury in "taking over one of the largest chemical plants in America."

This script was the subject of a broadcast over the Blue Network on Wednesday night, February 28th, at 9 o'clock, as part of the radio program "KEEP UP WITH THE WORLD."

W. Coe
F. Coe

PORTION PERTAINING TO FOREIGN FUNDS CONTROL OF SCRIPT
BROADCAST WEDNESDAY NIGHT, FEBRUARY 28TH, ON THE PRO-
GRAM "KEEP UP WITH THE WORLD," SPONSORED BY THE ELGIN
NATIONAL WATCH COMPANY, ON THE BLUE NETWORK

DR. ANDREWS: During the first World War, America suffered from much enemy sabotage, which was climaxed by the Black Tom explosion that destroyed \$20,000,000 worth of property. But since June, 1941, little successful espionage and sabotage has taken place in the United States, owing to the vigilant work of a dozen federal bureaus, particularly the Foreign Funds Control office of the Treasury Department. How well this office has stopped enemy agents is the true and amazing story we tell you now as we Keep Up With The World With Elgin.

(MUSIC:)

DR. ANDREWS: New York ... six months before Pearl Harbor. Germany had been riding the crest of a wave of successes on the field of battle and in international diplomacy. And the victories were the result of the carefully planned espionage work the Nazis had carried out in Poland, Czechoslovakia, France and other countries. And they were working hard in America, too. Make no mistake about it. For example, in New York City, in its German section that is called Yorkville, a certain newspaper was being published by a certain man....

(BACKGROUND OF NEWSPAPER OFFICE.)

SCHMIDT: All right, today we will run the editorial about a Free America free from the influences of all undesirable groups.

HANS: You can run whatever editorial you want, Mr. Schmidt. All I want is to get my money. Two weeks I have not been paid.

SCHMIDT: But the Treasury Department has frozen our bank account.

HANS: Who cares what they have done? We want our money.

SCHMIDT: But my bank refuses to allow me to withdraw even a single dollar.

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HANS: Then I am quitting. And so are all the printers. We want our money.

SCHMIDT: But what about the cause? What about the Fatherland?

HANS: What about my money?

SCHMIDT: Well...to tell the truth...I feel the same way. And I'm going to do something about it. And right now too.

(MUSIC:)

(FOOTSTEPS ACROSS THE HALL....DOOR OPEN)

WINKLER: Close the door.

SCHMIDT: What's the matter?

WINKLER: I told you many many times never to come to see me here. This is supposed to be the office of the Export-Import Company.

SCHMIDT: But I can't carry on my activities without money. You know that.

WINKLER: Well, I told you not to come here. It is very dangerous. And as far as money is concerned, I can't give you any. My bank accounts are frozen, too. They think they are very clever...these Americans. But they can't get away with it.

SCHMIDT: They seem to be getting away with it, and after all a newspaper needs paper, ink, printers, writers. I can't get them all for nothing. And they have been working on promises for two weeks already. And I have tried to tell them the same thing you have tried to tell me. I didn't believe it anymore than you seem to believe it.

WINKLER: What makes you think I don't believe it?

SCHMIDT: Because I can see in your eyes you don't believe it. And even if you could get the money you would first have had to file a statement about your activities. How can an export-import company do business with a country that is blockaded?

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WINKLER: Yes, we have already tried to explain that. And frankly I don't think we succeeded.

SCHMIDT: You mean the Fatherland has decided to let us face the music alone?

WINKLER: Yes. After all, why not? With our funds frozen, with these reports about our activities in the hands of the United States Government what further use can we be to them?

SCHMIDT: Well, are you going to stand for it?

WINKLER: I certainly am not.

SCHMIDT: But what can you do?

WINKLER: I am going to see some of the others ... the more important men in the organization.

SCHMIDT: Good...can I go along with you?

WINKLER: Maybe it would be better if you didn't come.

SCHMIDT: I think it would be better if I did.

WINKLER: All right, if that's the way you feel. Meet me in Grand Central station tomorrow morning.

(MUSIC:)

(SMALL TOWN STREET NOISES)

SCHMIDT: You mean the heads of our organization are hiding out here in such a small town?

WINKLER: They are not hiding out here. They own the chemical works here in town...it is one of the largest chemical plants in America.

SCHMIDT: And who are we going to see?

WINKLER: A Mr. Reinhold.

SCHMIDT: It doesn't sound like you know him very well.

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WINKLER: I don't. I have never seen him before.

SCHMIDT: Then how do you know he will see us?

WINKLER: I am pretty sure that he will. This is the office building. Go ahead.

(FOOTSTEPS UP STONE STAIRS. OPEN DOOR)

(FOOTSTEPS ON TILE)

SECRETARY: Can I help you, sir?

WINKLER: Will you tell Mr. Reinhold that Mr. Winkler is here to see him?

SECRETARY: Certainly. (FADE) Just a moment, please.

(FOOTSTEPS)

SCHMIDT: (FADING ON) Do you think he'll see us?

WINKLER: We'll know in a minute.

SECRETARY: (FADING ON) Mr. Reinhold will see you immediately. Will you come this way?

(FOOTSTEPS ALONG HALL)

SECRETARY: It is right in here.

(DOOR OPEN)

WINKLER: Mr. Reinhold?

AGENT: You're Mr. Winkler?

WINKLER: Yes. And this is Mr. Paul Schmidt.

AGENT: I see. Well, sit down, gentlemen, sit down. It is a pleasure to see you. Now what can I do for you?

WINKLER: Well, we have come here on a matter of money. We thought you might have received instructions from the Fatherland as to what to do. Perhaps you could give us the money!

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SCHMIDT: After all, we are all working for the same cause.

AGENT: I see. Tell me, are both you gentlemen citizens of this country?

SCHMIDT: Yes, but what difference does that make?

AGENT: It could make a lot of difference.

SCHMIDT: But how?

AGENT: Well, then you would be guilty of treason.

SCHMIDT: (LAUGH) Oh, that?

AGENT: Well, it could be serious.

SCHMIDT: It could. But as we work for the Fatherland, we will receive protection.

AGENT: Not from me.

WINKLER: Listen, Reinhold, stop playing with us. We need help and must have it.

AGENT: Oh, I know you need help. Mr. Reinhold needs help too.

WINKLER: Mr. Reinhold? But you.....

AGENT: Me? Oh, I'm not Reinhold. I'm an agent of the United States Treasury Department. We've taken over this plant and it's been a very interesting experience.

SCHMIDT: A government agent? You've taken over the plant?

AGENT: That's right. This business is frozen. Our investigations have revealed that it is a German-owned company and that it has been getting much secret information about our war equipment.

WINKLER: But what about us?

AGENT: Well, now, the little party is over. You will discover that when you get back to New York. And I think you'll be going back....under police escort.

(MUSIC:)

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DR. ANDREWS: Yes, the greatest single blow against enemy agents in this country was the freezing of all foreign funds and foreign property under a Presidential Order on June 14, 1941. Cut off from their funds, the Nazis here could not carry on their subversive work or even obtain money with which to live without disclosing their spy activities. The greatest catch of the F. P. control was this disguised Nazi corporation that had collected movies and drawings of secret military equipment through subsidiaries whose business it was to develop the films and service the blue print machines they had sent to 3500 industrial plants - including those of the Army and Navy - thus getting this information long before the official censors. Yes, that ingenious governmental order four years ago has caught many a spy in its financial trap.

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March 3, 1945

MEMORANDUM

To: Mrs. Klotz
From: Mr. Pussall

Subject: Town Meeting of the Air

I delivered to Mr. Smith the message that the Secretary would be unable to participate in the projected Town Meeting of the Air debate on Bretton Woods, Constitution Hall, Washington, March 22.

Mr. Smith said the Washington meeting on this date would have been definitely devoted to Bretton Woods if it had been possible for the Secretary to appear and that the door is not closed against this subject even though the Secretary cannot be a speaker. He suggested that in addition to Mr. White, one or more friendly radio commentators be considered (he had Mr. Shirer particularly in mind but said any well known commentators on the program would stir listener attention). He suggested the list of speakers might be expanded to include more than the customary four.

Mr. Smith said Miss Carter would be in Washington Monday or Tuesday to discuss advance arrangements for the Washington meeting and would call upon Mr. Gaston, and indicated a desire to cooperate generally with the Treasury in this matter.

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MAR 3 1945

Dear Dr. Kung:

I am glad to receive your letter of February 26, 1945 regarding exports of gold to China. I am very sorry to learn that you are in the hospital receiving medical treatment and do hope that you will recover quickly.

I am sure that you appreciate the many difficulties involved in making arrangements for the export of gold to China. As in every other phase of our activities these days, military necessity takes precedence over everything else.

I have, however, instructed my men to raise again with the military authorities the possibilities of shipping gold to China during the next few months. They will inform your representatives of their findings on this matter.

With best wishes for your speedy recovery,

Sincerely yours,

(Signed) H. Morgenthau, Jr.

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

ISB/sis 3/2/45

12"

EXECUTIVE YUAN
NATIONAL GOVERNMENT OF CHINA
Room 4113
Waldorf-Astoria Hotel
New York, N. Y.

February 25, 1945

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

Dear Mr. Secretary:

You will recall that on several occasions we have discussed the provision of gold for China, and that you kindly undertook to expedite this matter. Since shipments of gold have been considerably slower than we feel necessary, I wish now to present the situation for urgent attention.

The chief present financial problem of the Chinese Government, as you know, is to finance its large and growing deficits. The Government must handle this deficit in such way that the inflation does not get out of hand -- since if this took place, it would cause most serious consequences to the war effort of China and would be very harmful to the conduct of American operations against Japan in and from China. Moreover, if inflation should seriously accelerate, this condition would undermine China's economic structure, impair internal stability, make it much harder for China to recover and restore the areas now in enemy hands, gravely hamper China's reconstruction and progress in the next few years, and make it much harder for China to play the part in stabilization and peace maintenance in the Far East which its Government and people wish to play and which is desired by the American Government and people.

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It is of vital importance, therefore, to reduce in every possible way the deficit financed through increase of note issue. For a little over a year, the Government has been selling gold to realize Chinese currency. In that way, we have sold from the latter part of 1943 to date over 900,000 ounces* (something over 28,500 million) -- which have realized around 2,212 billion. While exact figures are not at hand, available data indicate that this sum is equivalent to something like a sixth of the deficit in the period. The sale of gold has been most helpful, and has definitely prevented the inflation from attaining a higher level which otherwise would have been reached. It helps to check increase of the general price level by diverting to purchase of gold certain funds which otherwise would be used to buy commodities to be held for higher prices.

The American Government, in order to help China, made available US\$200 million of gold out of the US\$500 million credit. Of this gold, the first instalment was US\$20 million. Unfortunately, deliveries of gold to China out of this US\$20 million have totalled only US\$7,276,066.11, including 40,000 ounces (out-turn being US\$1,399,247.99) delivered in New York to the Bank of England against a similar amount in India. Actual shipments to China out of this US\$20 million were only US\$5,876,119.12. Thus, shipments have fallen far short of what is needed. As a result, the Central Bank was obliged to substitute forward sales for spot sales. A black market for spot gold developed, which the Government could not control owing to lack of ready supplies. The black market price for gold has risen to around CNY\$55,000 per ounce, whereas the spot price -- though no recent sales have been made -- remains CNY\$20,000 per ounce. Because of lack of gold, the Government has had to print and import more notes than otherwise would have been needed, which adds to the inflation.

*The Chinese ounce in common use, called the taul or see liang, is equal to 1.06471 Troy ounces.

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Also the Central Bank will not be able to meet its commitments for forward sales unless shipments are materially expedited. In this connection, I quote the substance of a telegram from the Bank received February 5:

"Forward delivery sales of gold for January were 61,730 taels, total undelivered up to end of January 239,230. Six months deposits (that is due July) were 233,501 taels. Our experience shows that shipments by boat take two months to arrive at Chungking. Therefore, we hope that arrangements may be made for at least four shipments right away. This will enable us to have the American bars minted into 5 and 10 tael small bars, in order to pay the deposits due in April, May and June. Both forward delivery sales and deposits require supplies."

Under present conditions it is specially urgent to sell gold actively in China. In the past half-year the basic budgetary situation has become definitely more critical. Note issue has increased because of the program of reorganizing the Chinese Army, the operations of the American Army, and the outlay of the new War Production Board. At the same time, revenues have been cut by wide-spread military operations, and because the Government abolished certain taxes. My advices from China state that the Government expects to rely to a large extent upon sales of gold and of goods to hold the economic line. Since the first of this year prices have been rising more rapidly and the rising tendency is continuing. Our experience lately has been that prices rise more rapidly in the first half of the calendar year. It is particularly important, when prices are actively rising, to be in position to sell gold to withdraw money from the market, thereby lessening the need for increase of circulating notes. The American Government has been concerned about China's inflation and for the present gold sales are the most effective means to combat it.

Furthermore, there is now an active demand for gold in China. If sufficient gold is available in China, the Central Bank of China will be in position to raise its selling price for gold, thus getting back larger amounts of Chinese currency. Otherwise, however, the Bank cannot control the price of gold. If the price were to be raised without an adequate supply on hand, the

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black market would only be driven to a higher level -- with a bad effect on confidence and upon the general price level. As to price policy, we feel it is important to raise the price in the near future to substantially the present level of the black market (US\$35,000 per ounce). Thereafter, our selling price will be governed by the demand for gold and the course of general prices.

In view of the urgent need for gold in China, we are most anxious to send forward at once by air the balance of US\$12,723,935.28 (say 364,000 ounces) of the US\$20 million, which is required at the earliest possible moment to meet near deliveries and to make spot sales. We would, therefore, appreciate your good offices in arranging with the American Army Air Transport Command for such shipment. Also we would like to have a further amount of say 500,000 ounces (US\$17,500,000) go forward as soon as practicable by air to enable the Central Bank of China to meet further near deliveries and to make spot sales. In addition, we would like to ship at once 500,000 ounces (US\$17,500,000) by sea to meet later deliveries. Thereafter shipments should be adapted to needs in order to avoid again running short of gold in China.

I fully realize of course that this sale of gold is a financial expedient which should not ordinarily be used, and it is only the present emergency that justifies this policy. We wish to taper off and discontinue the sale of gold after consumer goods, especially cotton textiles, begin to reach China in good volume. It is the policy of the Chinese Government to obtain abroad and ship to China essential goods as rapidly as conditions of procurement and transport permit. In this way, the inflation will be checked most effectively -- first, by adding to the supply of necessary goods, and second, by realizing from their sale on the basis of current market prices large amounts of Chinese currency which can be applied to meet the deficit and thus obviate the need for relying to that extent on increased note-issue. The opening of the "Stillwell Road", together with the growing volume of air transport over the Hump and the progress of the oil pipe-line, greatly adds to the available capacity

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for sending supplies to China. Further, it is our intention to obtain and transport larger quantities of necessary goods as soon as sea communication with China is re-opened. Notwithstanding the urgency of military requirements, I feel that it is in the interest of the war effort of China and the United States to ship large quantities of such goods, because of the beneficial effect of this operation in retarding inflation and removing the threat of disorganized and extreme price rises which, if they occurred, would disrupt the Chinese war effort and also make it very difficult for the Chinese Government to afford to the American armed forces the cooperation which they require and which China is anxious to give.

At present, a request from the Chinese Government to procure and ship to China about 20,000 tons of cotton textiles is pending before the authorities concerned. I very much hope that you will give your valuable support to this and other proposals for shipment of goods, in order that we may obtain the goods and the transport required.

I wish finally to refer to the gold tokens of 1 ounce, $\frac{1}{2}$ ounce, and $\frac{1}{4}$ ounce denominations to be made in the American mints, which you will recall we have discussed and issuance of which is in accordance with your ideas. The designs approved for these tokens were made with a view to commemorating cooperation between China and the United States. We are very anxious that these tokens be completed and shipped as soon as possible, in order to obtain the maximum benefit through broadening the market. Obviously, gold in the form of ordinary bars is not adaptable to ready distribution; whereas tokens such as these would be widely distributed among the public in China. It was stated last fall that it was expected that production of the tokens could be begun about the end of last December. I shall much appreciate early advice as to how the preparation of these tokens is progressing and how soon we may expect

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deliveries.

I shall much appreciate favorable action on these matters as soon as possible. I regret that I am temporarily unable to meet with you in person to discuss these matters, because of receiving medical treatment in hospital. I shall, however, delegate representatives to arrange details with the officers of the Treasury.

With personal regards and good wishes, I am

Yours faithfully,

H. H. Kung

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date

March 3, 1945

TO Secretary Morgenthau

FROM Randolph Feltus

Harry White and I are meeting in New York Monday, March 5, at 9:00 p.m. in Suite 170, Astor Hotel with a group of approximately 150 radio writers, directors and producers, magazine writers, columnists, commentators, and others who can be helpful. All of these people are definitely sympathetic and merely want to know what to do for Bretton Woods.

This group is being called together by friends of mine in New York and can be depended on to help the cause in many ways.

We would like very much to have you present if convenient. Your presence would stimulate them to greater activity, and if announced in advance, would assure better attendance than we would normally get.

I am leaving for New York late today and can be reached there at Regent 4-5945.

R.F.

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My dear Mr. Reed:

I am taking the liberty of writing to you in connection with your statement on Monday concerning the Bretton Woods proposals. I believe that you are troubled by several points which can be easily cleared up.

The gist of your remarks was that the International Monetary Fund, as well as the International Bank for Reconstruction and Development, is an agency designed for the purpose of making loans to foreign countries. You have taken exception to my statement that the Fund is not a scheme for lending money to debtor nations and that those who see it in that light are missing its entire meaning.

It seems to me that too much importance is attached to the question of whether a purchase of foreign exchange from the Fund constitutes a loan. The point which is missed by those who place undue emphasis on the interpretation of the provisions governing purchases of foreign exchange is fundamental to a thorough understanding of the Monetary Fund proposal. The exchange transaction--or, if you prefer, "lending"--function of the Fund is a subordinate operation and not the major purpose of the institution.

The real purposes of the Monetary Fund are to stabilize exchange rates, to outlaw competitive currency depreciation and to do away with all types of unfair and discriminatory monetary practices. The Agreement commits all the member countries to abide by a set of rules which will make possible the expansion and balanced growth of world trade. With the Fund in operation, the hazards of monetary disorder such as that which existed in the 1930s will be eliminated.

The Fund has resources to engage in exchange transactions in order that the members will be confident that the adoption of monetary policies designed to promote free trade is a joint undertaking of all the United Nations and that when one country finds itself in temporary difficulties it will not be left entirely to its own resources. The Fund provides a cushion of foreign exchange which can be made available to the members to tide them over temporary periods of unbalance. In this way they will gain time within which to make the necessary adjustments to bring their international payments back into balance, and will be enabled to do so without resorting to discriminatory measures which restrict world trade.

I am disturbed by the fact that these aspects of the Fund arrangement, which in my mind are the most important, have been neglected by the press and by the public in general. It is unfortunate that discussion has been concentrated on the exchange transaction aspect of the Monetary Fund without reference to the rules of the game which are established by the Fund Agreement, and it is my sincere hope that there will be a wider understanding of these other provisions.

Perhaps this letter will be of some assistance to you in connection with your consideration of the Monetary Fund proposal, but I realize that the problems involved are not simple and can not be explained quickly. If you wish, I shall be happy to have a member of my staff make an appointment with you to discuss the proposal at greater length.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Daniel A. Reed

House of Representatives.

RB:ec 2/28/45

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MAR 3 1945

Dear Miss Sternberger:

I was very pleased by your recent broadcast in which you explained so clearly the importance of the Bretton Woods Agreements. I agree with you completely that the International Monetary Fund and the International Bank will do a great deal to prevent chaos in the post war period and to keep American factories busy and American workers in their jobs.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Miss Estelle M. Sternberger
c/o Radio Station WLIS
Brooklyn, New York.

RB:ec 2/23/45

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

Date

March 3, 1945

TO Secretary Morgenthau

FROM Randolph Feltus

The following organizations have taken definite favorable action on the Bretton Woods agreements:

Banking:

Independent Bankers Association
Pennsylvania Bankers Association

Economists:

Members of the American Economic Association who are specialists in international trade and related fields.

Farm:

American Farm Bureau Federation
National Farmers Union

Labor:

Congress of Industrial Organizations
American Labor Conference of International Affairs (AFL)
New York State American Labor Party.

Business:

National Cotton Council
Individual businessmen and industrialists who will be formed into a special national committee to support Bretton Woods.

General:

Americans United for World Organization
Citizens Conference on International Economic Union
National Foreign Trade Council

Women:

National League of Women Voters
Women's Conference on International Affairs.

R.F.

(None)

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There are other organizations considering the passage of resolutions supporting Bretton Woods and some few that have published favorable comment on the principles involved in Bretton Woods but not mentioning Bretton Woods by name.

These include the Foreign Policy Association, American Association of University Women, and the New York University Institute of Post-war Reconstruction.

There are also scattered local groups around the country which have come out in support of the program.

R.H.

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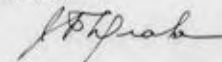
GULF OIL CORPORATION
OFFICE OF THE PRESIDENT
GULF BUILDING
PITTSBURGH, PA.

March 3, 1945

My dear Mr. Morgenthau:

Absence from Pittsburgh has prevented prior acknowledgment of your good letter of February 22nd, referring to your recent appearance upon the Program "WE THE PEOPLE". I listened to the program that evening with more than ordinary interest, knowing that you would be present, and I am writing to tell you that I think the success of that program was due to the splendid way in which you handled it. I feel that it is not only a pleasure but a privilege for us to give our active support to the very important message which you brought, the object being to impress upon the American people the importance of not only buying War Bonds but holding them after they are purchased.

Sincerely yours,



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

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March 3, 1945

TO: Secretary Morgenthau

FROM: J. W. Pahle

The following is a summary of significant developments in the Surplus Property and Procurement offices for the week ending February 17, 1945:

Surplus Property:

Total disposals for the period February 1 to February 13, amounted to \$4,977,877.23. Of this amount \$700,000 represents transfers to Lend-Lease and other governmental activities. Inventory balances as of February 13, were \$90,147,132.37.

Thirteen spot sales of construction and farm equipment have been scheduled for the next thirty days in various sections of the country. It is expected that these sales will result in the disposal of at least fifty percent of our inventory of this type of surplus.

1,266 160-watt heating units and 10,000 feet of code wire were transferred to the Federal Works Administration. 6,000 125 volt plug fuses were transferred to the Stores Branch of the Procurement Division.

75,000 wooden ammunition boxes were declared surplus. On the other hand, the Army is withdrawing 30 and 50 caliber ammunition boxes heretofore declared as surplus.

The Government of Puerto Rico has cancelled its orders, pending further study, for a large number of items which we have been unable to supply. Efforts are being made to make available to the insular government a number of commercial sized refrigerating units which have been declared surplus in Puerto Rico. The transfer of this property has been delayed because of difficulties in obtaining reasonably accurate figures of the original acquisition costs.

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The International General Electric Company sent a representative to the construction machinery spot sale held at Kearney, Nebraska, for the purpose of having him submit bids on tractors to be exported to Venezuela and Colombia, for use there by American-owned oil companies. As the result of discussions with officials of the International General Electric Company, no bids were placed by their representative. The company was advised that the problem of sales of surplus property for export was being considered by Treasury and other agencies, and that pending the determination of an overall governmental policy, we would prefer not to have the issue raised in connection with items that are in critically short supply.

Approximately 1,800,000 surplus dishes have been earmarked for transfer to the Navy and to the Welfare & Recreational Association of Public Buildings & Grounds, Inc.

Bids for the large quantity of Carlisle dressings which has been the subject of much publicity are being tabulated. Since one of the high bids is for a quantity, the acquisition cost of which is more than a million dollars, awards of this property are subject to approval by the Attorney General under the Surplus Property Act. The Army has indicated, however, that it is contemplating withdrawing a large portion of these dressings.

The Senate War Investigating Committee concluded its hearings in connection with the auction sales of surplus property conducted by Surplus Liquidators, Inc., for the Defense Plants Corporation. The Committee stated it was concerned with the entire problem of surplus property disposal and that the primary object of the hearing was to provide a basis for the evaluation of the auction method of disposal against other methods of disposal. The Committee is now preparing a report to the Senate.

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We have been working with the Surplus Property Board and the other disposal agencies on a proposed regulation of the Board dealing with priorities for federal, state and local governments and instrumentalities, and tax-supported and tax-exempt institutions. We have taken the position that tax-exempt and tax-supported institutions should not be granted priorities by the Board since to increase the number of priority buyers might well impair the effectiveness of the priority program for federal, state and local agencies. While the Act requires the granting of priorities to federal, state and local governments, it does not establish priorities for tax-exempt and tax-supported institutions.

We are attempting to accelerate plans for the disposal of surplus photographic film, since a large portion of such film is occupying refrigerated vaults which are needed for newly acquired film. The surplus film is all over age and our information is that there are approximately thirteen million square feet on hand.

Special feature stories on surplus property disposal will appear in Construction News, Popular Science and the Seattle (Washington) Times. Arrangements are being made with the Office of Price Administration to assure that OPA news releases concerning price ceilings on surplus property are accurate in their description of the property and other particulars of importance to us.

Procurement:

Total purchases for the week were \$25,465,007.37 of which \$25,300,000 were for Lend-Lease (schedules attached), and \$165,007.37 represented regular purchases.

Unusual requisitions included two-hundred midwife's bags for civilian relief in Italy; 1,000 kerosene lamps for postoffices in Tunisia; and, radio equipment for Saudi, Arabia.

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Unusual purchases included 9,500,000 pencil leads for shipment to Australia for the manufacture of pencils; 1,432,000 pounds of unbleached grease-proof paper, also for shipment to Australia, and 42 tons of synthetic essential oils for shipment to Russia.

Carloadings of Lend-Lease material totalled 3,027. Total exported tonnage for the month of January was 404,054 net tons.

We are continuing to work with the Philippine Government and the Acting High Commissioner of the Philippines with respect to supplying from warehouse stocks, the needs of the Philippine national, provincial and municipal governments.

Administration:

A personal history report of all employees earning \$4000 or more per annum, paid from funds appropriated to the Office of Surplus Property, was prepared at the request of Representative John Taber of New York.

The Foreign Economic Administration was requested to furnish \$500,000 to the Procurement Division for administrative costs in connection with the UNRRA program. Our experience to date with this program is not adequate to forecast the period which this allotment will cover. From the information available at this time, we feel these funds will probably be sufficient for the balance of this fiscal year.

J. Taber

LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
AS OF FEBRUARY 17, 1945
(In Millions of Dollars)

	Total	U. K.	Russia	China	Administrative Expenses	Miscellaneous & Undistributed
Allocations	\$5957.0 (5956.1)	\$2628.0 (2529.0)	\$2457.4 (2457.4)	\$ 172.8 (172.8)	\$17.4 (17.4)	\$281.4 (280.8)
Requisitions in Purchase	\$ 156.3 (154.5)	\$ 22.5 (23.2)	\$ 21.3 (21.8)	\$.3 (.4)	-	\$112.1 (116.1)
Requisitions not Cleared by W.P.B.	\$ 116.9 (91.5)	\$ 25.5 (19.0)	\$ 37.8 (45.2)	\$.7 (.7)	-	\$ 52.9 (26.8)
Obligations (Purchases)	\$4671.7 (4646.4)	\$2083.8 (2079.9)	\$2044.3 (2034.4)	\$ 104.3 (104.1)	\$18.7 (18.7)	\$422.6 (412.6)
Deliveries to Foreign Governments at U. S. Ports*	\$2966.6 (2927.7)	\$1606.9 (1601.7)	\$1274.7 (1242.3)	\$ 26.4 (26.4)	-	\$ 58.6 (37.8)

*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 February 10, 1945.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE March 3, 1945

TO Secretary Morgenthau

FROM Mr. Gee

These two letters, to Secretaries Stinson and Ickes, are designed to get our Treasury program in the Philippines in operation. We have made it clear orally to the War Department representatives that if MacArthur delays the incoming of a High Commissioner we want to get our representative there as soon as possible -- and certainly before private bankers go in.

For your information we have also informed the War Department that we would like to have them clear travel of all financial personnel in the Philippines with us in the interim period.

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TREASURY DEPARTMENT
WashingtonPress Service
No. 45-35

FOR RELEASE, MORNING NEWSPAPERS,
Saturday, March 3, 1945.

Secretary Morgenthau announced today the types of securities to be sold in the Seventh War Loan Drive and the periods during which intensive campaigns will be conducted to sell these securities to the various classes of investors.

The goal for the Seventh War Loan has been set at \$14,000,000,000, of which \$7,000,000,000 is to come from sales to individuals and \$7,000,000,000 from other non-bank investors. Again the major emphasis throughout the entire Drive will be placed on the quota for individuals, which is the highest established in any of the war loan drives. Of that quota, \$4,000,000,000 has been established as the goal for Series E War Savings Bonds, which is also the highest quota established in any drive for that security.

The goal and the securities to be offered were determined by the Treasury after full discussion with various groups, including chairman of the State War Finance Committee, officials of the Federal Reserve System, members of the American Bankers Association, representatives of insurance companies, and other investment authorities.

The Secretary stated that there is every evidence that Federal expenditures are going to remain at a high level for some time to come, and that the Seventh War Loan program was designed to obtain maximum funds necessary to prosecute the war from non-bank investors.

The securities, which will be sold under the direction of the State War Finance Committee, are as follows:

Series E, F and G Savings Bonds
Series C Savings Notes
2-1/2% Bonds
2-1/4% Bonds
1-1/2% Bonds
7/8% Certificates of Indebtedness

(The 1-1/2% Bonds will not be offered in the Drive to corporations)

The Drive for individuals will extend from May 14 to June 30. However, an intensification of activities in the

- 2 -

sale of Series E bonds will begin April 9, when millions of persons on payroll savings plans throughout the country will be asked to enlarge their participation as a part of the Seventh War Loan. All Series E, F and G Savings Bonds and Series C Savings Notes processed through the Federal Reserve Banks between April 9 and July 7 will be credited to the Drive.

During the final phase of the Drive which will cover the period from June 18 through June 30, subscriptions will be received from all other non-bank investors for the 2-1/4% and 2-1/2% marketable bonds and the certificates of indebtedness.

The Treasury will request that there be no trading in the marketable securities and no purchases of such securities other than on direct subscription until after the closing of the Drive on June 30.

To avoid unnecessary transfers of funds from one locality to another, the Treasury again urges that all subscriptions by corporations and firms be entered and paid for through the banking institutions where funds are located. This request is made to prevent disturbance to the money market and the banking situation. The Treasury will undertake, as in the Sixth War Loan Drive, to see that statistical credit is given to any locality for such subscriptions as the purchaser may request, except that subscriptions from insurance companies will be credited to the State of the home office as in the past. The Treasury appreciates the substantial cooperation it has received in this respect.

In order to help in achieving its objective of selling as many securities as possible outside of the banking system, the Secretary will request the cooperation of all banking institutions in declining to make speculative loans for the purchase of Government securities, and in declining to accept subscriptions from customers which appear to be entered for speculative purposes. The acquisition of outstanding securities by banks on the understanding that a substantially like amount of the new securities will be subscribed for through such banks, thus enabling them to expand their war loan deposit balances, is regarded as an improper practice by the Treasury. The Secretary will request banking institutions not to make such purchases, and not to make loans for the purpose of acquiring the Drive securities later for their own account. The Treasury is in favor of the banks making loans to facilitate permanent investment in Government securities provided such loans are made in accord with the joint statement issued by the National and State Bank Supervisory Authorities on November 23, 1942. (Attached)

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The Treasury requests that all non-bank investors refrain from selling securities heretofore acquired to obtain funds to subscribe for the securities offered in the Seventh War Loan Drive. However, this request is not intended to preclude normal portfolio adjustments.

Life insurance companies, savings institutions, and States, municipalities, political subdivisions and similar public corporations, and agencies thereof, will be permitted to make deferred payment, at par and accrued interest, for the 2-1/4% and 2-1/2% marketable bonds allotted to them, up to August 31, 1945.

During the period from June 18 through June 30 commercial banks, which are defined for this purpose as banks accepting demand deposits, will be afforded an opportunity to subscribe for Series F and Series G savings bonds, and for the 1-1/2% bonds and the 7/8% certificates offered in the Drive, in aggregate amounts not exceeding \$500,000 or 10 percent of the time deposits (of which not more than \$100,000 may be Series F and Series G savings bonds) under the same formula as was used during the last Drive. Securities so acquired by the banks will not be included in the Drive nor will they be counted toward any quota.

Commercial banks will not be permitted to own the 2-1/2% or the 2-1/4% marketable bonds offered in the Drive until within ten years of their respective maturity dates.

eGo

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The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Executive Committee of the National Association of Supervisors of State Banks made the following statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities.

1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.
2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short term or amortization basis fully repayable within periods not exceeding six months.
3. Banks will not be criticized for utilizing their idle funds as far as possible in making such investments and loans and availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve Banks when necessary to restore their required reserve positions.

DEPARTMENT
OF
STATE

OUTGOING

TELEGRAM

March 3, 1948
DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

This telegram must be
rephrased before
communicated to
other than a
Agency. (RESTRICTED)

1948 MAR 5 PM 2 01

DC/L
LIAISON

AMEMBASSY,

CHUNGKING, (CHINA).

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We are informed that the New York Office of the
U. C. B. has informed Sweet that after consultation
with Arnold Clearboard Committee here is willing to
permit sale of checks provided they are stamped requir-
ing presentation payment within one year or if necessary
and at Sweet's discretion up to within three years also
if stamped limiting endorsement to payee or if necessary
to one other party. (RECEIVED 92, Jan. 20)

Please cable your comments thereon with particular
reference to question whether Treasury should permit
U.C.B. to sell negotiable checks in China.

GRIM
(Acting)
(JJB)

FMA:PHO:rmk

3/2/48

MS-1872

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

Bern

Dated March 3, 1945

Rec'd 7:23 p.m.

Secretary of State,

Washington.

1375, March 3, 2 p.m.

The following telegram has been sent to Caserta.

82, March 3, 2 p.m.

Kindly deliver following message to Brigadier General Charles Spofford, Assistant Chief of Staff, G-5 AFHQ from MacLellan of War Refugee Board: "Swiss Government would like to evacuate 1672 Hungarian Jewish refugees plus approximately 760 other Jews out of group of 1200 who recently reached Switzerland from the Resionstedt as soon as possible. Remainder of 1200, that is some 400 Jews of Dutch nationality, will stay temporarily in Switzerland pending a decision of Dutch Government regarding their ultimate destination.

Whereas Swiss authorities would prefer evacuate these 2522 refugees in as large units possible they are willing move them in 4 or 5 smaller increments if shipping space for 1 or 2 larger units is not available from French port of embarkation to North Africa to Allied authorities.

Kindly advise, therefore, how shipping arrangements are working out and Swiss will adapt evacuation accordingly. It would be helpful if you could suggest or set some future sailing date for all or any part of this group of refugees. In cooperation with Swiss who are willing furnish trains for transport through France we will get corresponding number of refugees to French port of embarkation.

Evacuation can, therefore take place as soon as maritime transport is available.

Repeat to WHS in Washington.

HARRISON

JMS

MS-1990

PLAIN

Lisbon

Dated March 3, 1945

Rec'd 7:11 a.m., 4th

Secretary of State,

Washington.

483, Third.

RE 349 FOR REAM 425 LAPEYRE STREET NEW YORK FROM
DAVID SCHWITZER HICOM.

• Still without reply ours February 17th meantime Jacobson cables authorities considering fixing rate which may officially become 130 (repeat 130) lei per dollar instead of previous unofficial rate of about 4,000 (repeat 4,000) lei per dollar. He urges us for immediate transfer, therefore are taking steps effect same this end. This for your information will advise.

CROCKER

RR

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FO-1994

PLAIN

Lisbon

Dated March 3, 1945

Rec'd 7:34 a.m.

Secretary of State

Washington

485, Third

WRS 351 JDC 194 FOR LEAVITT FROM HAROLD WHEEL.

Substance cable Filerman for Schwartz follows:

Rumania for 7,500 Hungarian, Polish and Czech refugees and 8,000 returning from Transylvania need lei 620 million monthly. For evacuated Communities and others 500 million monthly. For 20,000 Transnistrian repatriates for people liberated concentration camps and victims Jassy pogroms need one billion rehabilitation fund. For 12,000 additional repatriates arriving from Transnistria beginning March need 500 million monthly and one billion clothing.

To Hungary sent special delegation with 100 tons food clothing medicaments which already distributed another equal shipment underway have used 400 million lei Debrecen delegation asks 100 million for 3,000 needy minimum 80,000 needy in Hungary require one billion monthly.

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Bulgaria Consistoire Sofia have 20,000 needy want 360 million for urgent reparation homes of 6,000 families also for rehabilitation 50,000 artisans and small merchants 450 million.

Sub-Carpathian delegation asking 300 million for 3,000 needy.

Please cable Geneva to put immediately our disposal Swiss francs two million and advise other funds or credits for Rumania. We are without money and awaiting your word regarding appropriations for each country where funds needed.

CROCKER

RD

200

ISI-1995

PLAIN

Lisbon

Dated March 3, 1945

Rec'd 7:37 a.m., 4th

Secretary of State,
Washington.

4th, Third.

WHS 350 JDC 193 for LEAVITT FROM HAROLD THOM

Bosnik advises 102 non-Yugoslavs arrived Bari
from Topusko February 24.

CROCKER

ER

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CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, FROM THE WAR REFUGEE BOARD

Please deliver the following message to the Jewish Agency, Jerusalem,
from Arieh Tartakower, World Jewish Congress:

QUOTE HAVE DECIDED TRANSMIT 50,000 POUNDS CLOTHING FOR JEWS
BULGARIA CAN BE SENTED TRANSPORTATION POSSIBLE WITH YOUR
COOPERATION. UNQUOTE

*about
March 9, 1945*

NOT TO BE RE TRANSMITTED

CPTL No. 71

Information received up to 10 A.M. 3rd March 1945.

1. NAVAL

Mediterranean Raiding forces supported by a British Destroyer and aircraft have captured PISCOP. Enemy attacked two Norwegian merchant ships which were sunk by U-boat in home bound Atlantic convoy in ST. GEORGE'S channel.

2. MILITARY

Western Front Southern Sector: Capture of TRIER not yet confirmed but known that U.S. forces have entered southern outskirts of city and also within three miles of it, north of river. Further north, troops of Third U.S. Army have two bridgeheads across river RAH and have closed up to east bank of River RAH on hills front south of BIEBURG.

South Central Sector: First U.S. Army gained two bridgeheads over river RAH, one east of HEPPENDORF and second three miles downstream.

North Central Sector: 9th U.S. Army made excellent progress capturing NEISS and KNEIFELD but exact situation regarding bridges east of these places not yet clear. Right flank of this sector held on line river RAH from BIEBURG north. NEISS while northern flank now runs KNEIFELD-NEIFEN-NIEFER-SIEBEL-VALLO.

Eastern Front Northern Sector: Further local advances made S.W. KONIGSBERG.

Central Sector: Advances of 15 to 20 miles made N.W. and West NEUSTETTIN in direction of coast.

Burns Coastal sector on night 27th/28th enemy attacked positions North RUY A but was repulsed.

3. AIR OPERATIONS

Western Front 2nd. Escorted Bomber Command aircraft 666 (7 bombers missing) attacked COLOGNE (2601 tons) where bombing concentrated and accurate. Additional escorted aircraft 155 (one missing) later despatched same target when 15 dropped 60 tons through cloud and remainder returned. Escorted U.S. Heavy bombers (44 bombers and 12 fighters outstanding) using pathfinder technique attacked tank factory.

LADGERS (590 tons) railway centres CHELSEA (530 tons) and HERTFORD (464 tons) while visual bombing with good results carried out against four oil plants Central GELAND (383 tons) and other targets (189 tons). Enemy casualties 75 killed in combat and 350-29 on ground.

Medium bombers 690 (one missing) dropped 1030 tons bombs, communications and supply depots behind battle areas, while fighters and fighter bombers 3156 (19 missing) operated battle areas destroying on Central Sector alone I.T. 200, tanks 20, locomotives 20, and railway trucks 460, and inflicting enemy casualties 227 killed, 95 dropped 21 tons on three rocket sites (storage) near HAGUE with good results.

2nd/3rd. (Night) aircraft 249 despatched (without loss) HASSEL 67, BERLIN 22, Sea mining 16, Bombersupport 73, diversionsary sweep 67 and other operations 4.

Mediterranean First escorted heavy bombers 632 (three missing) dropped 1272 tons oil and rail targets AUSTRIA and YUGOSLAVIA including successful attacks oil plant LCOB BIEBAUM (501 tons) and railway centre LARIBOR (219 tons).

Southeast Asia 28th. 43 Liberators dropped 87 tons railway yards KORAT (N.E. SINGAPORE) with good results.

4. HOME SECURITY

Flying Bombs. 2nd/3rd (Night) Four attacks made. In first four bombs plotted. In second attack four bombs plotted. In third three bombs plotted. In fourth two bombs.

Rockets: 1st. One further incident reported. 2nd Five incidents reported. 2nd/3rd. (Night) Nine incidents reported.

SECRET

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FOR RELEASE
Sunday, March 4, 1945

The Independent Bankers' Association has sent to the Committees on Banking and Currency of the House and Senate the attached report on the Bretton Woods agreements. The letter of transmittal of the executive secretary of the association is also attached.

These documents are released to the press and radio in the interest of contributing to the public understanding of legislation embodying the Bretton Woods proposals which are now before the Congress.

Robert P. Wagner, Senator from New York
Chairman, Senate Committee on Banking
and Currency.

Brent Spence, Representative, 5th District
of Kentucky
Chairman, House Committee on Banking and
Currency.

For Release: Sunday, March 4, 1945

Text of letter to chairmen of the Senate and House Committees
on Banking and Currency.

INDEPENDENT BANKERS ASSOCIATION

Office of the Secretary

Sauk Center, Minnesota

February 28, 1945

Sirs:

The Executive Council of the Independent Bankers' Association met in St. Louis on the 24th and 25th of February for the purpose of considering the Bretton Woods Agreements. At the meeting the Council on behalf of the Association approved the attached report recommending the adoption of the Bretton Woods Agreements and by resolution directed me to make this report available to the Congress of the United States.

As you know, the Independent Bankers' Association has a membership of over 2,000 country banks and extends into forty states. While we can hardly claim to speak for Wall Street, we do believe we can speak for Main Street.

Copies of our report on the Bretton Woods Agreements are being sent to each member of Congress.

(Signed) Ben DuBois

Secretary

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For Release:
Sunday, March 4, 1945.

The Bretton Woods Agreements
Report of the
Independent Bankers Association
to the Congress of the U.S.

The Independent Bankers Association, through its Executive Council makes the following report on the Bretton Woods Agreements:

I

Need for International Economic Cooperation

The United Nations in cooperating to win this war have been compelled to marshal their total resources for unrestrained use in a war for survival. Victory will find the territories of many of our allies in a state of ruin; their industries destroyed, their manpower depleted and their population sick and hungry. Even the more fortunate of our allies will find their whole economic structure must be reconverted from war to peace and that years of war have depleted their productive facilities to the point where new equipment and new machinery must be introduced at once if economic paralysis is to be avoided. The United States, in turn, will find itself needing new outlets for the tremendous productive capacity we have generated during this war.

We are deeply conscious of the fact that the end of this war will confront the whole world with monetary and financial problems of a magnitude never before known to man. These problems will be international in scope, knowing no national boundaries and transcending solution except in terms of international cooperation.

Common sense alone would dictate that when we are face to face with monetary, financial and economic problems which are international in scope, we should seek their solution through international action. Common sense would also dictate that when we are confronted with an international economic disaster it is nonsense to muddle over details. Disasters must be met with action. We are called upon to address all of our efforts to getting the most out of the machinery now available. It would be the height of folly to start overhauling the fire engine on the way to the fire.

In devising effective machinery for dealing with international economic problems, we must measure its adequacy by the task to be done rather than by conformity to traditional design. We shall win this war because we were prepared to adapt our military strategy to meet the problem before us. Our invasion of France, our air power, our naval action in the Pacific are but a few examples of doing the impossible because we were compelled to. These lessons should be remembered in our

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consideration of programs for international economic cooperation. There is no precedent for the magnitude of the international monetary, financial and economic problems we are facing with victory. We cannot, therefore, lightly cast aside any carefully considered proposal merely because some groups regard it as "novel."

II

The Role of International Economic Cooperation
in Achieving Lasting Peace

The President of the United States on February 12, 1945 — the same day as the results of the Yalta Conference were announced — sent a special message to the Congress on the Bretton Woods Agreements. In that message he stated:

"If we are to measure up to the task of peace with the same stature as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the Amberton Oaks proposal for a permanent United Nations. International political relations will be friendly and constructive, however, only if solutions are found to the difficult economic problems we face today. The cornerstone for international economic cooperation is the Bretton Woods proposal for an International Monetary Fund and an International Bank for Reconstruction and Development."

The Independent Bankers Association and its members have not always concurred with the views of President Roosevelt. At times we have bitterly opposed them. On this matter, however, there can be no dispute. We think he spoke for the nation when he said that "we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation."

We see no hope for retaining the unity of the United Nations even through the years if the end of the war is the signal for each of us again to resume the attack in economic warfare. Just as you cannot steal your neighbor's bread from his hungry children and expect to retain his friendship, you cannot steal your allies' markets and expect the ally to be taken in by pious statements of friendship and cooperation.

We cannot permit the channels of world trade to be clogged with currency depreciation, discriminatory exchange controls, barter arrangements and cut-throat competition and expect a world in economic chaos to cooperate in preserving the peace. We cannot isolate ourselves from the fact that our devastated and war torn allies must be helped to get back on their economic feet or their collapse will shake the foundations of our own country. Neither can we ignore the pressing needs of some of our allies for economic development so that their people can have enough to eat and improve their standard of living.

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These premises we hold to be obvious. On these premises we conclude that real international economic cooperation is as essential to lasting peace as Lumberton Oaks and a world security organization.

III

The Bretton Woods Agreements

Last July the delegates of forty-four countries were represented at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire. At this Conference they formulated concrete proposals for an International Monetary Fund and an International Bank for Reconstruction and Development.

The International Monetary Fund is designed to achieve three objectives through international cooperation:

- (1) To stabilize the values of all currencies in terms of gold.
- (2) To progressively remove barriers against making payments across international boundaries.
- (3) To provide a revolving fund of foreign exchange for member countries to enable them in times of stress to maintain stable and unrestricted exchange relationships without resorting to cut-throat competition and economic warfare.

Each country contributes gold and local currency to a common pool in the Fund. Total assets of the Fund will be \$8.8 billion, of which the United States will subscribe \$2.75 billion.

The International Bank for Reconstruction and Development will operate as follows:

- (1) It will encourage profitable international investment in productive enterprises. Loans in which the Bank is interested will be only for the purpose of rebuilding industries, public utilities, etc., in war devastated countries, and developing natural resources, public utilities and industries in under-developed countries.
- (2) The principal function of the Bank will be to guarantee loans made by private lenders, such as banks and investment houses. In addition, where necessary, the Bank will make some loans out of its own resources.
- (3) Each of the 44 United Nations will purchase shares of stock in the Bank. Only a small part of the value of each share will be paid immediately, and by far the larger part will constitute a reserve to support guarantees made by the Bank.
- (4) The liability of each member country is limited to the value of the shares of stock in the Bank purchased by that country. Each member will share in the Bank's risks in proportion to the stock it holds.

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The subscribed capital to the Bank will be \$9.1 billion, of which the United States will subscribe \$3.175 billion. Members will pay in only 10 percent of their subscription, in our case \$918 million.

The operations of the Fund and Bank are technical and involved. This is inevitable because international monetary and financial matters are technical and complicated. But, as the above analysis shows, the principles involved are simple and can be intelligently evaluated by the ordinary man in the street. We believe these principles to be both sound and workable.

We also believe that the technical details of the Fund and Bank, representing as they do the product of the technical experts of 44 nations, are as sound and workable as it is possible to formulate in advance of an actual trial and tested experience. We are fortified in this conviction by the fact that more than two hundred of the nation's top economists in this field — including 16 past presidents of the American Economic Association — approve the Fund and Bank Agreements in their present form. No doubt some technical problems may develop in actual operation just as so frequently occurs in other fields. However, we believe the intelligent way to go about the improvement of these technical details is to get the institutions going and observe their results. Both Agreements provide methods of amendment and if experience demonstrates the need for improvement we are confident that all will be as anxious as we to see the improvements made.

The Independent Bankers Association has carefully weighed the arguments against the Bretton Woods proposals. We feel that the opponents of the proposals completely misconceive the nature of the objections they are raising if they do not recognize that the changes they propose will most likely torpedo the whole Bretton Woods program for international economic cooperation. We are of the opinion that the changes proposed will not be acceptable to other countries and we will end up with another era of economic warfare with all of its tragic consequences to world peace.

IV. Conclusion

The Independent Bankers Association therefore:

- (1) Endorses both the International Monetary Fund and the International Bank for Reconstruction and Development.
- (2) Urges the Congress of the United States to act favorably on the Bretton Woods legislation at the earliest possible date and without crippling reservations.
- (3) Calls upon America to insure the sound economic foundations for a lasting peace by carefully studying the operation of the Fund and Bank so that we can improve such institutions as tried experience shows the need.

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DGS-117

PLAIN

Paris

Dated March 4, 1945

Rec'd 4:16 a.m. 5th.,

Secretary of State,

Washington.

1021, Fourth

FOR MOSES LEVIT AMERICAN JOINT DISTRIBUTION COMMITTEE
FROM JOSEPH SCHWARTZ

"Regarding projected emigration from Greece even before receipt your cable have advised Benik that prices excessive and that all emigration from Balkans should be handled by Passman. Kaplan Jewish Agency agrees price excessive and has heard nothing concerning this entire project."

CARTER

M7

NOT TO BE RE-TRANSMITTED

COPY NO. 4

SECRET

OPTCL No. 72

Information received up to 18 a.m., 4th March, 1945.

NAVAL

1. NORTH ATLANTIC. 3rd. One of H.M. A/S Whalers torpedoed and sunk by U-boat off Reykjavik.
2. ENEMY ATTACK ON SHIPPING. 23rd. A 7136 ton ship from Trinidad torpedoed and sunk by U-boat in South Atlantic.

MILITARY

WESTERN FRONT
 Chain. 1st Sector: 3rd. In the Bordeaux area the German Garrison in the Fort de Gave (south of Bordeaux) estuary broke out and advanced 200 and 250 miles.

Southern Sector: Now confirmed that troops of 3rd U.S. Army have entered Trier from south and captured intact one of the bridges across River Moselle while another force has advanced from northwest to point within 4 miles of city. Late report states gap north of Trier now closed and area between Rivers Moselle and Saale completely cleared. Further north troops of same army made advances up to 2 miles on sector of front between Bitburg and Prüm. Late reports state that U.S. armour has crossed River Kyll, east of Bitburg.

South Central Sector: Troops of 1st U.S. Army made advances from 3 to 4 miles over whole front from area north of Roer dams while according late reports Zulpich captured and infantry striking north from bridgehead across River Ert at Bedberg have reached Neurath.

North Central Sector: On 9th U.S. Army front Rhine reached between Neuss and Hohenbudberg (north Krefeld). Rhine bridges at Dusseldorf have been blown by Germans. Opposition seems to be stiffening in area north Krefeld, while remaining light other parts this army front. Line now runs westward from Hohenbudberg keeping north of Huls and Kempen which captured, thence north to area Aldekerk which in enemy hands, thence N.E. to point 5 miles from Rhine, S.W. Rheinburg, thence westwards to include Bevelen and Geldern where line joins that of U.K. troops of 1st Canadian Army.

Northern Sector: U.K. troops of 1st Canadian Army have extended hold on east bank of River Maas down to Well, whence line runs eastward to Kevelaer. From latter place narrow corridor has been pushed down to Geldern; thus leaving area on east bank of Maas between Venlo and Well to be cleared. Canadian troops on this sector have now cleared most of Balbergerwald and Hochwald against very heavy opposition.

4. BALTIC FRONT

Central Sector: On Northern flank Rummelsburg and Pollnow captured.

Southern Sector: Advance into Czechoslovakia now been made this area.

5. ITALY

8th Army Sector: Small attack by Italian forces making progress south of Porto Garibaldi.

5th Army Sector: Attack by units of U.S. mountain formations made north of Gaggio (N.W. Poretta) where advances up to 2 miles achieved.

6. BURMA
 Central Sector: Bridgehead across Irrawaddy opposite Pakokku now 30 miles wide and 15 miles deep, extending some 5 miles South Pagan. Further north opposition continues against our bridgehead south Myinmu which being extended and has reached depth 4 miles over front of 20 miles. Still further north progress southward being made from bridgehead Kyaukmyung and leading troops engaged in heavy fighting 30 miles north Mandalay.

Northern Sector: East of Irrawaddy British troops now within 10 miles Mongmit while further north Chinese forces moving on Lashio are 20 miles from town on northwest and 7 miles from northeast.

AIR

7. WESTERN FRONT
 2nd/3rd (night). Coastal Command aircraft met fair to 4,000 ton ship and damaged floating dock and 6,000 ton ship in Heligoland.

3rd. 1029 escorted 1st Heavy Bomber 20 bombers and 20 fighters dropped 1500 tons supply. Central Germany including oil plants (773 tons), 3 synthetic oil plants (525 tons) and 3 rail targets (486 tons). Enemy casualties 5,2,10 in combat and 20,0, 29 on ground.

587 medium bombers (1 missing) dropped 898 tons supply bases and communications central sector and others 116 dropped 165 tons rocket target Holland and bridges Wesel while 2472 fighter bombers and fighters (16 missing) operated battle area destroying or damaging 2,000 road and rail vehicles.

3rd/4th (night). 784 Bomber Command aircraft despatched (10 missing and 19 crashed, latter of these due to action 70 enemy intruders which operated over this country and two of which known to have crashed). 234 synthetic oil plant Kamen, 222 Dortmund/Ems Canal, 64 Berlin, 31 sea mining and 233 other operations, including bomber support.

8. MEDITERRANEAN FRONT

2nd. 483 escorted heavy bombers (8 bombers, 1 fighter missing) dropped 972 tons railway centres Austria and North Italy, while 318 fighter bombers and fighters (1 missing) also operated North Italy.

9. SOUTH EAST ASIA

2nd. 64 Super Fortresses bombed naval base Singapore with fair to good results.

HOME SECURITY (Up to 7 a.m. 4th)10. FLYING BOMBS

3rd. 5 bombs plotted.
 3rd/4th (night). 5 bombs plotted.

11. ROCKETS

2nd/3rd (night). 1 further incident reported.
 3rd. 1 incident reported.
 3rd/4th (night). 3 incidents reported.

12. MINOR BOMBING

3rd/4th (night). Some enemy aircraft operated over this country and scattered incidents reported between 0005 and 0745 hours.

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MEMORANDUM FOR THE FILE

Meeting in Mr. White's Office
March 6, 1945
10:30 A.M.

Present: Mr. White, Mr. Bernstein
Mr. Ladd, Mr. Lacey
Mr. Bremer, Miss Gessett

Subject: Bretton Woods

1. Meetings

Mr. White noted that he wanted to be asked "Who is the Economic? National Committee on Monetary Policy" and "Who is the Economic? Committee on Bretton Woods", but that we shouldn't be put in the position of defending the Woods.

Keynes is very anxious to testify and will do so in the Senate.

Henry Gedy can't testify but wants to do something. He is to be asked to send a statement (Laddford will tell him the general approach) and join the Business Men's Group.

It was suggested that Nicholas Murray Butler would make a good witness.

O'Neill has not been able to get Eric Johnston to get, but he will continue to try. He would be glad to testify himself after talking it over with us.

2. Congress

Helen Delagard Douglas--very good

Jerry Voorhis--a bit of a monetary crack. Weg should talk to him.

Orland--excellent. Could be very useful. Laddford will talk to him.

3. Independent Business Association Report. Laddford should check with Barth about getting something into the report.

4. All People

Mr. Davies (Interior Dept.) telephoned Mr. W. to say that 20 pay "oil men" were coming on March 15 and six or so of the latter would meet at dinner with a couple of Treasury people on March 15. The whole group would meet with us sometime later.

5. From Hall Meeting of the Air (March 15)

The line-up will be White and Shiver against Manning (or Burgess if he's offered) and Fleming or Folger. It would be excellent if we could get Justice Black Douglas as a Chairman. Polas and Lacey handling this?

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6. Legislative Reference Service.

Mr. White telephoned Mr. Evans (acting head of the Library of Congress) and their Mr. Manning will arrange with Mr. Bernstein a meeting to educate them on Bretton Woods.

7. Dorsey Tidwell

It was thought that we could get him (Director of Studies for the Council on International Relations) to speak for us, although his talk would be on "peace".

M. A. Gessett

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MEMORANDUM FOR THE FILES

Meeting in Mr. White's Office
March 1, 1945
1:00 P.M.

Present: Mr. White, Mr. Bernstein
Mr. Laxford, Mr. Feltus
Mr. Brenner, Mr. Leroy
Miss Bassett

Subject: Bretton Woods Campaign

1. The Secretary's Speech for the Hearings

Mr. Roth was present for this part of the discussion. It was decided that the speech should be on a high and broad plane, with no details or figures, and should end on the note that this is a critical period in history in which the choice between relative freedom in international economic relations or trade-stifling controls and blocs will be taken, and that economic security and political security are inseparable. It should also be emphasized that neither the discussions nor the Conference have been on a partisan basis, that it is not an Administration or Treasury plan, but rather the demand has sprung from the whole country, with the exception of the isolationists "who would do it differently, do it later and do it alone." The idea that the Treasury is against bankers should be denounced -- although the bankers have opposed at first most pieces of constructive legislation (to be enumerated), the opposition has come from the organizations, not from the grass roots and eventually all have recognized their value. The various functions of the Secretary are to be brought out at the beginning of the questioning. He is also to insist that the details and facts be left to those following him and emphasize the necessity of judging on these facts. Mr. Roth was supplied with a list of the legislation opposed by the bankers.

2. Memorandum to the Secretary on Pressing Matters Requiring his Action.

Issues were composed and despatched covering the following points:

1. Invitations to the commentators and columnists for luncheon in the Treasury on Tuesday, March 6.
2. Madison Square Garden, March 20.
3. Filming of newsreel theatre release on Friday, March 9.

Treasury Department
Division of Monetary Affairs 215
Date March 2 1945

To: Secretary Forgan Chase

For your information.

S.D.W.

MR. WHITE
Branch 3256 - Room 214-7/2

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4. Requests to telephone Eugene Thomas (National Foreign Trade Council), Bernard Baruch, and Owen D. Young about their testifying.
5. A tentative speaking schedule: Baltimore -- March 15, Atlanta -- April 7, Dallas -- April 9, San Francisco -- April 12, and Minneapolis -- April 16.
6. Appearance on "Town Meeting of the Air," March 22 in Constitution Hall.
7. Broadcast similar to Election Eve Broadcast for President Roosevelt for Bretton Woods.

3. San Francisco Speech

It was decided that the Secretary should not speak on this program (sponsored by Lawyers' Guild and Institute of Pacific Relations) but that Mr. Gaston would do it if it was agreeable to them. Mr. Feltus will find out.

4. Mr. Feltus will also keep in touch with Mr. Gaston on Mr. Pratt and the New Orleans shipping people.

5. Army Mission Bulletin on Bretton Woods.

Mr. Bernstein will handle this with Col. Shreiber.

6. Witnesses who must be called.

Mr. White -- Paul Hoffman
 Beardsley Hall
 Eric Johnston (through O'Neil)
 Eleanor Miles (will return March 5)
 Nelson Rockefeller (after conference)
 Myron Taylor
 Henry Grady
 Ashton -- about Clark Minor (Int'l. Gen. Electric)
 Wayne Taylor (when back)

Crowley -- Charles Wilson
 Philip Reed

Unassigned - Stacy May (for himself & McGraw)
 Edw. Wiley (General Motors Export, for himself and maybe Sloane)
 King or Hoyt (Int'l. Harvester)

In addition, the Secretary has been asked to call Bernard Baruch, Owen D. Young, and Eugene Thomas.

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7. Grow Pearson

David Farr thinks that something should be done about the Economists National Committee and Mr. Bernstein or Mr. Luskford will get up a memo on it which Pearson can use to hook them up with the interests which are fighting Bretton Woods.

As for the material on the individual banks, it should be gotten together for him, but not used unless necessary.

8. Mr. Luskford is continuing to try to arrange a meeting with Feltus, Outland, etc.

9. Mr. O'Donnell will arrange the distribution of Bretton Woods material to the Senate and House. (Has anyone asked him to?) It was also suggested that there should be more Treasury contact with the Hill.

10. Mr. Feltus is going to H.K.G. to arrange for the three 500 word statements for Mr. Speed.

11. Articles for Foreign Language Press.

Mr. Bernstein will send Mr. Leroy the article on "500,000,000 Jobs."

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MEMORANDUM FOR THE FILES

Meeting in Mr. White's Office
February 28, 1945
5:00 P. M.

Present: Mr. White, Mr. Bernstein
Mr. Laxford, Mr. Feltus
Miss Bassett

Subject: Bretton Woods Campaign

1. California Speeches

It was emphasized that this request for speakers must be given immediate attention. Large meetings are to be scheduled for San Francisco and Los Angeles. The Secretary will go to one of them and it was suggested that Dean Acheson handle the one in San Francisco as he is to be out there March 23. Mr. Feltus is to speak to him about it. Mr. Hess would be available for it also, or for other west coast engagements.

2. Buffalo Chamber of Commerce Speech (Late March)

Although Mr. Bernstein can't go, it was decided to send someone. Mr. Bernstein will check with Mr. Bloomfield about his going.

3. American Institute of Bankers (Pittsburgh)

Mr. Hess will go - about March 15.

4. Silver Senators

They have invited the A.B.A. to address them at a dinner meeting (Feb. 28). Mr. O'Connell is to contact them about a similar opportunity for us. (Mr. White will check with him on this.)

5. von Minderger

Mr. Edmiston will suggest to him that he send a redraft of his letter to his Congressman and the Committee Chairman. Mr. Edmiston requested a copy of our statement on Bretton Woods and the farmer. Mr. Bernstein will send this to him.

6. Meeting on Witnesses

Mr. O'Connell is to call a meeting with Dean Acheson, John Ferguson and others from State - tentatively set for 12:15 Thursday (March 1).

7. Meeting with Democrats

Mr. Ferguson (State) is planning to arrange, on Rayburn's suggestion, a meeting with the Democratic members.

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MEMORANDUM FOR THE FILES

Meeting in Mr. White's Office
February 27, 1945
10:30 A.M.

Present: Mr. White, Mr. Bernstein
Mr. Laxford, Mr. Feltus
Mr. Teatch, Mr. Brunner
Mr. Leroy, Miss Bassett

Subject: Bretton Woods Campaign

1. Independent Bankers Association Report

The best method of releasing the report was discussed and it was decided to use a transmittal letter from the bankers to Spence and Wagner. Mr. Feltus and Mr. Laxford are to work out the details (of who is to sign it, etc.)

2. Senate Republican Conference Meeting (March 1)

It was decided that the advocates of Bretton Woods should be strongly represented, even at the risk of a full-fledged debate, and a meeting with Mr. Acheson and Mr. Goldenweiser to discuss answers to the R.I.B.A. report was arranged.

3. McGraw-Hill

It was decided that, in the light of McGraw's signed advertisements, he should be approached to testify. Mr. Bernstein is trying to contact him through Stacy Ray and Mr. Feltus is using the same through S. J. Henry.

4. Spence's Advertisements

It was not decided what would be the correct timing. (It should be delayed because of his activity on Wallace and Williams but must come soon to be effective.)

5. Lamberton Cakes

The Secretary is to discuss with Stettinius the possibility of tying Bretton Woods to Lamberton Cakes.

6. A.B.A. Rebuttal

It was decided to go through with it in the form of an answer to a letter from Wagner (Mr. Bernstein to handle).

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7. Recorded Speeches of Congressmen

These can't be handled as in the War Bond Campaigns. Mr. Feltus will discuss with Mr. Gamble (Also newspapers).

8. Representative Spence is to be asked to request Seymour Harris to roll "all economists" (Mr. Feltus will handle). There was also discussion of the necessity of Spence's restricting irrelevant and time-consuming discussions in the Hearings.

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Dear Mr. Jones:

In your letter of January 31, you suggested that this Department undertake preparations for resuming the administration of Foreign Funds Control in the Philippines, and in my letter of February 7, I advised you that we were prepared to do so.

It has now come to my attention that the President of the Philippines has engaged the services of two American bankers to assist him in organizing a banking division of the Philippine Treasury to engage in the general banking business in the Philippines in the near future. In addition, I have been informed that the National City Bank of New York has been making arrangements with the Army for sending personnel to the Philippines at an early date to resume operation of the National City branch, which conducted a general banking business in the Philippines before the Japanese invasion. Officials of this Department conferred with Mr. E. B. Rester of your Department with reference to these and other matters, and were advised that the plans for instituting these banking operations in the Philippines do not necessarily contemplate awaiting the arrival of a United States High Commissioner in the Philippines. Mr. Rester could not make any definite prediction of the date upon which the High Commissioner or other civilian authorities of the United States Government are likely to go to the Philippines.

It is my judgment that the efficacy of the program of Foreign Funds Control in the Philippines might be seriously impaired by permitting the resumption of banking business prior to the reestablishment of a United States Treasury office in the Philippines which would be in a position to administer Foreign Funds Control measures. Administration of such controls at long range affecting a territory about whose financial and economic conditions we now have a minimum of information is a sheer impossibility. To permit uncontrolled banking operations might provide the very opportunity that our enemies and their collaborators are seeking to avoid the measures taken by this Government under the Trading with the Enemy Act.

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I have therefore written to Secretary Stimson about this matter and offered to make available U. S. Treasury representatives to proceed to the Philippines at an early date, prior to the resumption of banking business in the Philippines by the proposed banking division of the Philippine Treasury, the National City Bank, or any other agency or institution. A copy of my letter to Secretary Stimson is enclosed.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable

The Secretary of the Interior

Enclosure

G3:JEF:fls
2/27/45

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MAR 5 1945

Dear Secretary Stimson:

Under Executive Order 8388 of April 10, 1940, as amended, the Treasury Department has the responsibility for the planning and administration of this Government's foreign funds control program in the Philippine Islands. As you know, the Treasury had a foreign funds control program in effect in the Philippines prior to the occupation by the Japanese. The administration of this program was carried out by United States Treasury representatives attached to the office of the High Commissioner. The liberation of the Philippines makes it necessary for the Treasury to reestablish the foreign funds control administration there.

I have discussed this matter with Secretary Ickes and we are agreed that the Treasury should resume the administration of a foreign funds control program in the Philippines and that, at such time as the High Commissioner's office is reestablished, United States Treasury representatives will be available in the Philippines to administer such a program in consultation with the High Commissioner.

I am informed, however, that arrangements are being made whereby banking business may be commenced in the Philippines before a U. S. High Commissioner resumes his functions. It is understood that the Commonwealth Government is planning to establish a banking division in the Philippine Treasury which would exercise general banking functions. Moreover, the National City Bank of New York is said to be making arrangements to send personnel to the Philippines at an early date to reestablish the National City branch, which conducted a general banking business in the Philippines before the Japanese invasion.

Throughout the war, this Government has done everything possible to exercise an effective control over the assets of enemy nationals and enemy collaborators. In our opinion, it is now important that this control be so exercised as to prevent the Japanese from laying the basis for postwar influence in the

Ref 2430

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Philippines through financial machinations between the Japanese and disloyal elements in the Philippines. It also seems essential that Manila should not become a center for subversive arrangements. Manila's population includes many persons of diverse nationality who play an important part in the financial and economic life there, and who, before Pearl Harbor, had intimate contacts with fascist and Nazi organizations in Europe and Japan. Such persons could now serve as useful cloaks both for the Germans and the Japanese. It has been our experience that the effective administration of a program involving such complex problems requires personnel which has had extensive training and experience in the U. S. Treasury.

The Treasury is eager to carry out its responsibilities in the Philippines under Executive Order 8388. We feel, however, that delay in resuming such a program would prejudice the chance of successful administration of foreign funds control. The Treasury is, therefore, prepared if you and the Theater Commander so desire, to send immediately to the Philippines personnel experienced in Treasury functions to undertake this task. In my judgment, it is essential that U. S. Treasury representatives be established in the Philippines before the resumption of banking business by the proposed banking division of the Philippine Treasury, the National City Bank, or any other agency or institution. To permit unregulated banking operations might give enemy and collaborationist elements the opportunity successfully to evade the controls which are contemplated.

I would appreciate your advising me at your earliest convenience whether my suggestion is feasible and whether the necessary arrangements can be made for Treasury personnel to proceed promptly to the Philippines.

I am providing Secretary Ickes with a copy of this letter.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable

The Secretary of War

ISF:JCF:OB:fls
2/22/45

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March 5, 1945

MEMORANDUM FOR THE FILES

re: von Windegger as witness

I called Mr. von Windegger, President of the Plaza Bank of St. Louis, today and invited him to testify on Bretton Woods. He said that he would be very happy to testify the fourth week in March rather than the third. I told him we would do our best to fit his convenience on this point.

I left the matter that he will receive a formal invitation to testify and, in turn, he will accept. If any other arrangement is contemplated, it will, of course, be necessary to revise this procedure.

Von Windegger advised me that he is sending a revised statement on Bretton Woods along the lines of his letter to the Secretary to the Banking & Currency Committee as well as the Missouri Delegation. von Windegger will stop in and see us before he goes up to testify.

RR

Treasury Department
Division of Monetary Research 227

Date 1945

To: Mrs. McHugh

From: L. Shannon

This is in response to the Secretary's memo of Feb. 28th, attaching editorial from Tribune. Secy. inquires: "What is our side of the picture?"

JA

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ASSISTANT SECRETARY OF THE TREASURY

March 6, 1945

Secretary Morgenthau:

I have mentioned that Mrs. Morgenthau was interested in this. She may like to see the memorandum.

R.H.T.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE March 5, 1945

TO Mr. White
FROM Miss Bennett

SUBJECT: The Economists National Committee on Monetary Policy's Attack on the American Economic Association's Poll on Bretton Woods

1. As you know, a committee of 30 members of the American Economic Association, headed by Seymour Harris, polled all members of the Association listed as specialists in international economics and related fields on their approval of Bretton Woods. Of the over 250 replies received, 224 were favorable. In addition, all living ex-Presidents of the Association were polled and 16 of the 16 replies were favorable. The Economists National Committee on Monetary Policy's charge that this poll was misleadingly phrased is completely unjustified. The statement was entirely fair and unequivocal. It consisted of a direct request of Congress to accept the Bretton Woods Agreements, supported by an outline of the reasons. A glance at the accompanying lists will serve to indicate the high calibre of the signers.

2. In sharp contrast to the above group, the Economists National Committee on Monetary Policy is a one-man organization, run by Walter F. Spear, which was formed to fight the New Deal legislation in 1933 and has since been used steadily by Mr. Spear as a propaganda agency against the administration. It is made up, for the most part, of old, third-rate economists (a large proportion are financial writers for Wall Street), who reached the peak of their ability in the 1920's (when problems involving monetary policy were apparently relatively simple) and who have since devoted themselves to yearning for the good old days of the international gold standard and combatting all progressive attempts to deal with current problems. They advocate, among other reactionary measures, the restoration of the "full gold standard", meeting the wartime inflation problem by reducing the Federal Budget and imposing a sales tax, and the divorce of the Federal Reserve System from any government control. They oppose, among other progressive measures, long-term

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Government financing through banks, general price-fixing in war-torn, sharply progressive income taxation, deficit spending, and the A.A.A., the N.R.A., the S.W.C., the R.F.C., the F.W.A., the H.O.L.C., and the T.V.A. As you probably remember, they filled the newspapers awhile back with their charge that the Allied military currency was unconstitutional.

Of the twenty odd economists on the attached list of those who have spoken out in the press against Bretton Woods, half are, or have been, members of this Economists National Committee on Monetary Policy.

It is also significant to compare the attached list of the group's membership in March 1941 as compared with June 1944 as it shows that many of the better people have left, and that of those and of those still remaining, the best have signed the American Economic Association Committee statement.

3. The American Economic Association Committee is now polling all of its over 2,000 membership and we are confident that the outcome will be distinctly favorable to Bretton Woods.

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MEMBERS OF
ECONOMISTS' NATIONAL COMMITTEE ON MONETARY POLICY
(As of June, 1944)

1. Officers:

President: John W. Duesenberry
Executive Vice President: Harry D. Johnson
Secretary-Treasurer: Walter M. Spahr
Vice President: Will Carothers (Lehigh University)

2. Associate Committee. The above officers plus the following:

S. M. Anderson
Edward A. Brown
Wendell H. Bennett (Lehigh University)
Wendell H. Bennett
Frederick A. Bradford (Lehigh University)
John A. Calverly (University of Illinois)
William H. Dickhofer (University of Wisconsin)
Wendell H. Bennett
Joseph A. Schuchman
William A. Smith (University of Wisconsin)

3. Members. The above officers and members of the Executive Committee plus the following advisory experts:

Wendell H. Bennett (New York University)
Charles C. Arbuthnot (Western Reserve University)
William A. Barbridge (Metropolitan Life Insurance Co.)
J. Ray Calde (Marshall Valley College)
Wilbur Calhoun (University of Cincinnati)
John Chapman (Columbia University)
Edward H. Collins (New York Herald-Tribune)
Merfield V. Cole (University of Chicago)
William W. Cushman (Wellington & Co., New York City)
Charles A. Hise (Ohio State University)
D. W. Ellsworth (S. W. Cox and Co.)
William D. Munk (Stevens Institute of Technology)
Fred Fairchild (Yale)
Charles Fichtner (Wells Strigitt Corp.)
Clara Ann Fisher (Washington)
J. Anderson Fitzgerald (University of Texas)
Major S. Foster (Alexander Hamilton Institute and N. Y. University)
Wendell H. Bennett (Spartanburg College)
Ray L. Lewis (Vanderbilt University)
Wendell H. Bennett (Queens College)
Lewis H. Macy (Journal American, New York)

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E. C. Harwood (American Institute for Economic Research)
 Hudson Hastings (Yale University)
 William H. Haurhart (Southern Methodist University)
 Frederick C. Hicks (University of Cincinnati)
 Montfort Jones (University of Pittsburgh)
 Donald Kemmerer (University of Illinois)
 William Griffin (Bank of Rockville Center Trust Co.)
 Frederic M. Lee (University of Illinois)
 J. L. Leonard (University of Southern California)
 Phillip Lissman (Mass Magazine)
 *James B. Ligon (New York University)
 A. Wilfred May (New York City)
 Mark C. Mills (Indiana University)
 Margaret G. Myers (Vassar College)
 Alexander Ross Myers (New York Times)
 Isidor Peter (University of Chicago)
 Clyde W. Phelps (University of Chattanooga)
 Charles Phillips (State University of Iowa)
 Charles L. Prather (Syracuse University)
 *Howard H. Preston (University of Washington)
 Ralph West Rabe (Columbia University)
 Island Rex Robinson (70 Beaver Street, New York City)
 R. W. Rooley (University of Michigan)
 Otis Glen Saxon (Yale)
 Corliss Seelye (New York Sun)
 James G. Smith (Princeton University)
 William H. Steiner (Brooklyn College)
 *Charles G. Tipton (Gettysburg Academy)
 *Malvin S. Untch (College of Worcester)
 James Grant (Indiana State)
 Walter G. Tucker (Burlington, N. J.)
 Robert Warren (Institute for Advanced Studies, Princeton)
 Edward Weidman (University of Michigan)
 Russell Wilson (Western Reserve University)
 William W. Wirth (Johns Hopkins University)
 *Maxwell B. Young (Wheeler and Woods Co., Cincinnati)
 Edward West (University of Kentucky)
 Sam Winkler (College of the City of New York)
 Eva Wright (Brooklyn College)

*Signed statement of Economic Committee - the Treasury Board
 Program.

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PARTIAL LIST OF MEMBERS OF THE
 ECONOMISTS' NATIONAL COMMITTEE ON MONETARY POLICY
 (as of March, 1941)

*Eugene E. Agger (Rutgers University)
 *James W. Angell (Columbia University)
 Charles C. Arbuthnot (Western Reserve University)
 *Don C. Barrett (Haverford College)
 Benjamin Haggott Beckhart (Columbia University)
 *James Washington Bell (Northwestern University)
 *Ernest L. Bogart (University of Illinois)
 *Jules I. Bogen (The Journal of Commerce and N. Y. University)
 Frederick A. Bradford (Lehigh University)
 *William Adams Brown, Jr. (Brown University)
 J. Ray Cable (Washington University)
 Wilbur F. Calhoun (University of Cincinnati)
 Neil Carothers (Lehigh University)
 Edward H. Collins (New York Herald Tribune)
 *Garfield V. Cox (The University of Chicago)
 William W. Cumberland (120 Broadway, New York)
 Charles A. Dice (The Ohio State University)
 *William E. Dunkman (The University of Rochester)
 William D. Ennis (Stevens Institute of Technology)
 *Clyde Olin Fisher (Wesleyan University)
 J. Anderson Fitzgerald (The University of Texas)
 *Herbert F. Fraser (Swarthmore College)
 Roy L. Garis (Vanderbilt University)
 *Earl J. Hamilton (Duke University)
 Lewis H. Haney (New York University)
 E. C. Harwood (American Institute for Economic Research)
 Hudson B. Hastings (Yale University)
 William F. Haurhart (Southern Methodist University)
 Frederick C. Hicks (University of Cincinnati)
 *John Thon Holdsworth (The University of Miami)
 Edwin W. Kemmerer (Princeton University)
 William H. Kieckhefer (The University of Wisconsin)
 *David Kinley (University of Illinois)
 Frederic M. Lee (University of Illinois)
 *Ray V. Leffler (Dartmouth College)
 J. L. Leonard (University of Southern California)
 *Arthur W. Marget (University of Minnesota)
 A. Wilfred May (New York City)
 Mark C. Mills (Indiana University)
 Margaret G. Myers (Vassar College)
 *Ernest Minor Patterson (University of Pennsylvania)
 Clyde W. Phelps (University of Chattanooga)
 Charles L. Prather (Syracuse University)
 *Howard H. Preston (University of Washington)

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Leland Max Robinson (76 Denver Street, New York City)
 R. G. Rodkey (University of Michigan)
 Olin Glenn Saxon (Yale University)
 James G. Smith (Princeton University)
 Joseph A. Schumpeter (Harvard University)
 Walter E. Spahr (New York University)
 *Oliver M. W. Sprague (Harvard University)
 William H. Steiner (Brooklyn College)
 Rufus S. Tucker (Westfield, N. J.)
 Leonard L. Watkins (University of Michigan)
 Russell Weissman (Western Reserve University)
 William O. Weyforth (The Johns Hopkins University)
 Nathaniel R. Whitney (The Procter and Gamble Co., Cincinnati)
 Max Winkler (College of the City of New York)
 Ivan Wright (Brooklyn College)
 *John Parke Young (Occidental College)

*Names not appearing in June, 1944 list.
 **Signed statement of Economists' Committee on the Bretton
 Woods Program.

RHM:ers 2/26/45

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Economists Unfavorable to Bretton Woods, as Listed in the Press

Academic -

John Williams (Harvard)
 *Herin Kemmerer (Princeton)
 *Lewis Hanes (N.Y.U.) - daily column
 *H. D. Anderson (U.C.L.A.)
 *Benjamin Backhardt (Columbia)
 *H. D. Westerfield (Yale)
 *Ivan Wright (Brooklyn)
 *Clyde Phelps (Chattanooga)
 *Walter Spahr (N.Y.U.) - is represented only through quotations used by other economists or columnists
 Peter Brucher
 Frederick Lutz (Princeton)
 Paul Samuelson, Prof. Emeritus of U. Western University

Non-Academic -

Charles Rowensky (Chase)
 J. H. Diddle (Banker's Trust and National Bureau of
 Economic Research)
 *Col. Leonard Ayres (Cleveland Trust Co.)
 Virgil Jordan (National Industrial Conference Board)
 Arthur H. Crow Ford (Economic writer)
 Samuel Sporker
 *Garet Garrett (Financial writer for Times, Wall St.
 Journal, etc.)
 *Robert S. Palmer (unidentified)
 *Melchior Palyi (Financial writer)

* Indicates present or former members of the Economists National
 Committee on Monetary Policy.

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The following former Presidents of American Economic Association approve the Bretton Woods Program:

W. F. Willcox (Cornell)
 Irving Fisher (Yale)
 J. H. Commons (Wisconsin)
 C. C. Flehm (California)
 **W. C. Mitchell (Columbia)
 E. F. Gay (Harvard)
 E. L. Bogart (Illinois)
 H. A. Mills (Chicago)
 J. H. Clark (Columbia)
 Alvin S. Johnson (New School for Social Research)
 **C. M. W. Sprague (Harvard)
 A. H. Hansen (Harvard)
 **Jacob Viner (Chicago)
 P. C. Mills (Columbia)
 E. G. Bourne (Brookings Institute)
 A. H. Wolfe (Ohio State)

*Two former presidents of the Association oppose the Bretton Woods program.
 **Included among the committee of sponsors.

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The Economic Committee which sponsored the statement recommending approval of the Bretton Woods program consisted of the following:

James H. Angell (Columbia)
 John D. Black (Harvard)
 J. H. Clark (Columbia)
 J. B. Condliffe (California)
 J. Anton de Haas (Harvard)
 Howard S. Ellis (California)
 Paul T. Ellsworth (Wisconsin)
 J. E. Selbraith (Fortune)
 Harry D. Gideonse (Brooklyn)
 Frank D. Graham (Princeton)
 Clare E. Griffin (Michigan)
 William Haber (Michigan)
 G. Haberler (Harvard)
 Seymour E. Harris (Harvard)
 Albert G. Hart (Committee on Economic Development)
 Dean Calvin S. Hoover (Duke)
 Frank H. Knight (Chicago)
 Wassily Leontief (Harvard)
 Fritz Machlup (Buffalo)
 Edward S. Mason (Harvard)
 Wesley C. Mitchell (Columbia)
 Habel Newcomer (Vassar)
 Paul M. O'Leary (Cornell)
 Dean Howard H. Preston (Washington)
 Winfield H. Hefler (Princeton)
 Henry C. Simons (Chicago)
 Arthur Smithies (Michigan)
 Tipton R. Smalley (Virginia)
 Oliver M. W. Sprague (Harvard)
 Jacob Viner (Chicago)
 Charles R. Whittlesey (Pennsylvania)
 Clair Wilcox (Swarthmore)
 John B. Woolley (North Carolina)

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In the poll of the Economists' Committee on the Bretton Woods Program, the following additional persons, specialists on international trade and related economic fields, have indicated their approval:

Milton Abelson, Department of Commerce
 Moses Abramovitz, War Production Board
 R. King Adamson, Ohio University
 J. Hans Adler, Yale University, Institute of Int. Studies
 E. L. Agger, Rutgers University
 W. E. Alley, Drake University
 Clay J. Anderson, Central Missouri State Teachers College
 Ivar Axelsson
 Willis M. Bear, John A. Stebbins University
 Edgar H. Baker, Jr., U. S. Department of Labor, Postwar Division
 Antonin Basch, Columbia University
 Theodore M. Beckman, Ohio State University
 S. M. Bernstein, University of North Carolina
 Percy B. Bidwell, Council on Foreign Relations
 Arthur I. Bloomfield
 Elmer C. Brett, Lehigh University
 Benjamin F. Brooks, U. S. Civil Service Commission
 William Adams Brown, Jr., Brown University
 Edgar H. Crossard, U. S. Tariff Commission
 Norman S. Buchanan, University of California
 F. E. Bunting, University of North Carolina, Woman's College
 Roy E. Cameron, San Diego State College
 Claude A. Campbell, University of Oklahoma
 Valdemar Carlson, Ambloch College
 Cecil C. Carpenter, University of Kentucky
 W. Harrison Carter, Jr., University of Connecticut
 Frank Cist
 Richard Clemence, National Bureau of Economic Research
 Richard Clemens, Jr., John Adams High School, West Hempstead, N. Y.
 Clara M. Cleveland, N. E. Missouri State Teachers College
 Emilio G. Collado, State Department
 M. V. Condoide, Ohio State University
 Arthur G. Coons, Occidental College
 John H. Cover, Office of Lend-Lease Administration
 Garfield V. Cox, University of Chicago
 Prescott C. Crafts, Jr., U. S. Naval Reserve, Supply Corps
 John F. Cronin, St. Mary's Seminary
 Morgan B. Cushing, Bowdoin College
 Don M. Dailey, U. S. Savings and Loan League
 John S. deBeers
 Walter M. Delaplane, Duke University
 Ethel E. Dietrich, Mount Holyoke College
 Harwood B. Dolbeare, University of Florida

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Ernest G. Draper, Board of Governors of the Federal Reserve System
 Boris G. Drossler, College of the City of New York
 Eleanor Lansing Dulles, State Department
 William E. Duncan, University of Rochester
 E. Dana Durand, U. S. Tariff Commission
 Earl V. Dye, Pennsylvania State College
 James S. Farley, University of Wisconsin
 L. R. Edminster, Department of State
 Henry H. Edmiston, Federal Reserve Bank of St. Louis
 Walter P. Egle, Ohio State University
 J. Edward Ely, Bureau of the Census, Division of Foreign Trade Statistics
 John Ester
 Clyde Olin Fisher, Wesleyan University
 Carroll W. Ford, University of Akron
 Willy J. A. Fesslerlein
 Harry L. Franklin, U. S. Tariff Commission
 Herbert F. Fraser, Swarthmore College
 Ralph E. Freeman, Massachusetts Institute of Technology
 Robert W. French, Louisiana State University
 Lewis A. Froman, University of Buffalo
 Gordon S. Fulcher
 Denton A. Fuller, Jr., American Institute of Banking
 Earl S. Garver, Trinity College
 Arthur D. Gayer, Queens College
 Eunice H. Gettell, Board of Economic Warfare
 R. M. Gille, Louisiana State University
 Max Gideonse, Rutgers University
 T. H. Gollightly, Madison-Crawford National Bank
 Henry F. Gray, American Pres. Lines, Ltd.
 William L. Gregory, Easton Taylor Trust Co., St. Louis
 Albert Griffin, Emory University, Georgia
 F. Guhmann, University of North Carolina
 George H. Hall, Tufts College, Massachusetts
 George H. Haines, Grove City College, Pennsylvania
 Alvin H. Hansen, Harvard University
 H. C. Hayes, Ohio State University
 H. H. Heftabower, State College of Washington
 Michael A. Heilperin, Hamilton College
 F. A. Herrens, University of Notre Dame
 C. A. Hickman, State University of Iowa
 James Holladay, University of Alabama
 Jacob Horan
 H. D. Hotchkiss, The Citadel
 Warren S. Hunsberger, University of New Hampshire
 Elgin F. Hunt, Woodrow Wilson Jr. College
 Asher Isaac, University of Pittsburgh
 James M. Jarrett, U. S. Tariff Commission
 Otto Jeldels, Bank of America
 Albert E. Keister, University of North Carolina, Woman's College
 Raymond P. Kent, University of Notre Dame

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Milo Kimball, Ohio State University
 J. L. Knipe, Douglas T. Johnston & Co., New York
 Carl Kreider, Goshen College
 R. S. Lantry, Beloit College
 Simon Litsan, University of Illinois
 T. W. Longstreet, Board of Governors of the Federal Reserve System
 Lewis L. Lorwin, Board of Economic Warfare
 L. R. Lundin, University of Minnesota
 O. G. McDiarmid, College of William and Mary
 Harlan E. McGregor, University of North Dakota
 John Gilbert McGrew, Concord State Teachers College
 M. Grace Madeleine, Immaculate College
 J. D. Magee, New York University
 Otto T. Mallory
 W. J. Maurer, Baker and Co.
 Elliot G. Mears, Stanford University
 Raymond F. Mikesell, University of Washington
 B. O. Miller, Virginia Polytechnic Institute
 Henry S. Miller, Queens College
 Robert R. Milroy, Bowling Green College of Commerce
 Waldo F. Mitchell, Indiana State Teachers College
 T. A. Mogilnitsky, Loyola University
 Theodore Morgan, Harvard University
 Walter A. Morton, University of Wisconsin
 F. W. Mueller, Jr., DePaul University
 Walter R. Myers, University of Minnesota
 Marcus Nadler, New York University
 Otto Nathan, New York University
 M. R. Neifield, University of Newark
 Hans Neisser, University of Pennsylvania
 J. H. Noble, Armour and Co.
 R. M. Nolen, University of Illinois
 Rolf Nugent, Russell Sage Foundation
 O. A. Olson, McPherson College
 Carl E. Parry, Board of Governors of the Federal Reserve System
 Ernest V. Patterson, University of Pennsylvania
 Paul S. Peirce, Oberlin College
 J. Marvin Peterson, Miami University
 E. M. Petrusselli, Bureau of Foreign and Domestic Commerce
 William T. Phillips, University of New Hampshire
 E. L. Quirin, Babson's Reports
 Harold L. Raed, Cornell University
 Joseph E. Reeve, Bureau of the Budget
 Alice J. Reynolds, Goucher College
 Robert Rockefeller, Rhode Island College
 Harold F. Rosen, Board of Economic Warfare
 Walter S. Salant, Office of Price Administration
 Rainer W. Schickels, Iowa State College

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Arthur Schweitzer, University of Wyoming
 Lawrence H. Seltzer, Wayne University
 Hale T. Shenefield, Joint War Production Committee
 William E. Sherman, Hillsdale College
 Edward C. Simmons, University of Michigan
 R. W. Simsbaugh, Woodruff, Hayes and Co.
 Lawrence Smith, Wellesley College
 I. J. Sollenberger, University of Oklahoma
 S. D. Southworth, College of William and Mary
 Kenneth M. Spang, Yale University
 Charles R. Spaulding, Whittier College
 A. Eugene Stalwy, Fletcher School of Law and Diplomacy
 Hans Staudinger, New School for Social Research
 Leroy B. Stinebaker, State Department
 M. L. Stokes, Lebanon Valley College
 M. I. Stone, National Bureau of Economic Research
 Gordon H. Strong, Duquesne University
 A. F. Sturmthal, Institute for Economic Education
 Ernst W. Swanson, State College of Washington
 Joseph H. Taggart, University of Kansas
 Herman F. Thomas, University of Richmond
 E. G. Thomas, Purdue University
 V. F. Tinschenko, Stanford University
 Charles S. Tippetts, Mercersburg Academy
 Alvin E. Tesilebe, College of Wooster
 L. W. Thiele, Lawrence College
 A. F. L. Turner, Jr., Montana State University
 F. W. Tuttle, University of Florida
 C. E. Upham, Treasury Department
 Roy Veatch, United Nations Relief and Rehabilitation Administration
 Rutledge Vining, University of Arkansas
 Alexander Wall, Robert Morris Association
 E. R. Weinmann, New York University
 E. F. Wernette, Harvard University
 E. L. White, Board of Economic Warfare
 Thomas F. Wiesen, Texas Tech. College
 Frederick W. Worley, University of Pennsylvania
 David McGord Wright, University of Virginia
 Wallace Wright, Iowa State College
 John Parke Young, Occidental College

PRECISION

TRADE MARK

MICROSTAT

REG. U. S. PAT. OFF.

MICROFILM

ROLL NO.

12"

From Miss Chauncey 1/6 - Original is 242
being held for the Secretary.

UNITED KINGDOM TREASURY DELEGATION

BOX 655
BENJAMIN FRANKLIN STATION
WASHINGTON, D.C.

TELEPHONE 555-1234

5th March, 1945.

Dear Mr. Secretary,

With reference to the short discussion that I had with you the other day with respect to French foreign assets in the U.K., I now enclose a memorandum on the subject.

The U. S. Treasury will presumably have to arrive also at some arrangements about releasing after liberation the assets of residents in allied countries. In these circumstances if there were any information you were able to give me as to the attitude of the U. S. Treasury on the point of exchanging information as regards such assets in the possession of each Government, the Chancellor of the Exchequer would be glad to have it.

Yours sincerely,



R. H. Brand.

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

MEMORANDUM

During his recent visit to London, the French Minister of Finance, Mr. Plevin, informed Sir John Anderson of the very great importance which the French Government attach to the enforcement of the measures they have recently taken for the purpose of controlling French foreign assets and insuring that they are used in the best interests of France. Mr. Plevin requested that H. M. Government should furnish to the French Government information relating to the assets in the U. K. of French nationals which has been obtained by H. M. Government under the Trading with the Enemy legislation. It was agreed that this information should be provided when arrangements have been completed for the mutual reinstatement of property interests which have been interrupted by the war. At the same time it was agreed that the French authorities should furnish reciprocal information to the British authorities.

This agreement to exchange information between Governments is of value not only in enabling the respective Governments to mobilize their foreign assets effectively but also in helping them to protect the interests of their citizens and to trace instances of enemy loot. It will be appreciated that without reciprocal exchanges of information between the Governments of all countries concerned the task of preventing the successful concealment of enemy loot will be much more difficult. The agreement with the French Government follows in principle arrangements that have been made with other Allied Governments with whom the U. K. have concluded formal property agreements, and provision for the exchange of information has been incorporated in the Belgian, Netherlands and Norwegian property agreements. The U. S. Treasury is aware of the general nature of these agreements. Had the French Government been in a position to negotiate a similar agreement as a recognised Government, they would doubtless have secured a similar understanding at an earlier date.

In connection with this exchange of information, it is desired to stress that there is no question of private persons or corporations being required to disclose or impart information which has been disclosed to H.M.G. during the war under a seal of confidence. Bankers, trustees and business firms were legally required to pay their holdings on French account to the Custodian of Enemy Property, although

/as a

-2-

as a matter of convenience to all concerned banks were allowed to hold these balances to the order of the Custodian. This was held to be the equivalent in law of actual payment. Thus H. M. Government will only be imparting information which has already come into the possession of Government Departments. The act of disclosure is not a continuing process. It arises out of war-time circumstances and wartime legislation and is being done once and for all. It should be borne in mind that it is not possible for H. M. Government to pick out from their records all those French holders who may be collaborationists. The French authorities can be relied upon to perform this task better than anybody else.

In this connection it may be useful to give the text of an answer which the Chancellor of the Exchequer gave to several questions asked in the House of Commons on February 13th:- "Under the provisions of the Trading with the Enemy Act and of the Trading with the Enemy Custodian Order 1939, in particular articles 1 to 5 of that order, the property of persons resident in France has, since 1940, been held subject to the terms of the Custodian of Enemy Property Order; all debts have been payable to him and all bank balances payable to his account. The practical arrangements made in the last named instance are equivalent in law to actual payment of the balances to the Custodian's account. Similar circumstances affect British property in France though British property there has been controlled by authorities set up under German influence and the exact position of the various types of property is not yet known. Negotiations are in progress to secure the release of both French and United Kingdom property from these controls and the arrangements will involve the reciprocal exchange of information. Regarding the holdings of individuals this will be an exchange of information lawfully and properly in the hands of the government. It is an executive act of the government not requiring legislative authority, taken in the course of its relations with the government of an Allied power for which I accept full responsibility. The circumstances are purely wartime circumstances and the action proposed has no bearing upon government policy affecting the maintenance of private relations of confidentiality in peace time."

U. K. Treasury Delegation.
5th March 1945.

TREASURY DEPARTMENT

246

INTER OFFICE COMMUNICATION

DATE

March 13, 1945

TO Secretary Morgenthau (For Action)

FROM Mr. Coe

Brand of the British Treasury raised with you the question of turning over to the French information on French assets in the U.S. The following considerations are important in this connection.

(1) Pleven asked our representative in Paris in February if we would furnish the French information on French private holdings in the U.S. in exchange for similar information concerning American assets in France. In making this request Pleven referred to the agreement between the French and British Treasury to exchange such information. He was anxious to use such an agreement as a means of enforcing the French program of mobilizing their dollar assets.

(2) We replied that we were not in a position to consider generally the question of making this information available at present but that we would supply the French in confidence information on the property of specific persons charged with collaboration or otherwise suspected by the French. We left the door open to a more extensive exchange of information later.

(3) The main reason for not agreeing to such an exchange of information now is that it might increase the opposition of the banks to Bretton Woods and give rise to publicity which would adversely affect Bretton Woods in Congress. However, apart from Bretton Woods it is not clear that we would want to release this information to the French at present.

(4) Some years ago we gave the British government the detailed information on the holdings in the U.S. of British nationals in the U.K.

(5) The Chancellor of the Exchequer is obviously in a difficult position with his own financial community because of his agreement to release to a foreign government data concerning private holdings of foreigners in Great Britain. He would like to be able to say that you had taken a similar step.

Attached is a letter to Brand informing him of what we have told the French.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

WDE-1482

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

Brussels

Dated March 1, 1946

Rec'd. 4:45 p.m. 2d.

Secretary of State

Washington

240, March 1, 7 p.m.

FOR SECRETARY TREASURY FROM SACHS.

In discussion (reference our 179 of February 19 and telegram February 23 from Ball) Ansiaux on February 26 on his return from Paris he advised as follows: (one) The Belgians have agreed to block all the assets located in Belgium belonging to French residents. The necessary Belgian decree is expected to be issued shortly. Ansiaux indicated that this step is to be taken to deal with problems of flight of French capital to Belgium and vice versa and trading with enemy. In this connection agreement was entered into calling for mutual exchange of information between French and Belgian Governments on such assets declared in Belgium and in France.

(two) He confirmed that no change was made in present rate between Belgian francs and French francs, stating that French franc rate of 200 to pound prevents adjustment as rate of Belgian franc to French franc is based on cross rate to pound.

(three) Present

-2- #240, March 1, 7 p.m., from Brussels

(three) Present limit on currency holdings resulting from Belgian-French trade transactions is to be one billion French francs by Belgium and 883 million Belgian francs by France. It at given moment the balance resulting from the compensation of both accounts exceeds this amount, such excess is to be settled in gold or foreign exchange or subject to further negotiations between Bank of France and Belgian National Bank.

Repeated London as 43 for Taylor; to Paris by courier for Ball.

SATYER

JT

DEPARTMENT
OF
STATE

INCOMING TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

NFD-931

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

Paris

Dated February 29, 1945

Rec'd 3:05 a.m., March 1

Secretary of State,

Washington.

938, February 29, 2 p.m.

FOR TREASURY FROM BALL.

REMB 521, February 3.

The question of making information on the property of French Nationals available to France has again been discussed with Pleven in accordance with your 690 of 20 February. He stated that at the present time there was no detailed agreement with Great Britain regarding the exchange of this information but that someone was leaving for London on Thursday to work out the implementation of the general agreement and that as soon as the details were completed he would give us a copy. In connection with point three of your 690 Pleven gave us this afternoon the names of two prominent French families, Schneeder and Gillet, on which he would be interested in obtaining information regarding their holdings in the United States. He stated that agents of these two families had called on him

-2-938, February 29, 2 p.m., from Paris

on him and assured him that they intended to make a declaration but were having difficulty in obtaining information due to deaths in the families, lack of communication, et cetera. If you have no objections and accepting Pleven's assurance that they have agreed to report it seems advisable to me to furnish this information to him as a demonstration of our willingness to cooperate. Pleven added that he was well pleased with the results so far obtained of the census of foreign property and expected to have a complete information as any government on the foreign holdings of its nationals when the census was complete.

CAPFERE

BB

DEPARTMENT
OF
STATE

INCOMING TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

JB-1162

PLAIN

London

Dated March 1, 1945

Rec'd 10:55 p.m.

Secretary of State
Washington

2132, First

FOR THE SECRETARY OF THE TREASURY FROM TAYLOR

One. On February 27 in the House of Commons Sir John Anderson was asked whether under the arrangements to disclose information to the French Government on French assets held by the British custodian, he would make it clear that the United Kingdom would not hand over the assets to the French Government against the wishes of the owners. Sir John Anderson replied as follows:

"The arrangements under discussion with the French authorities assume a mutual intention to restore property rights and interests to their proper ownership. In some cases this restoration must be effected through government departments on each side."

Two. Sir John Anderson was also questioned as to what extent he intends, as a result of the agreement with the French, to dispossess the British subjects who hold

French

-2- 2132, First from London

French assets in France and as to what rate of exchange he would use in giving them sterling in exchange.

Sir John Anderson replied that a decision had not been taken on the question as to whether holders in the United Kingdom of French francs would be required to sell them to the Treasury and that the agreement for the exchange of information does not affect the question one way or the other.

Three. Sir John Anderson was further questioned as to whether he will exclude from the information which he proposes to disclose to the French Government any particulars of British subjects wherever resident. Sir John Anderson replied as follows:

"The agreement in question does not cover information relating to the assets of British subjects and in carrying it out no obligation will be admitted to disclose such information. British subjects in France who have money or property in the United Kingdom falling within the provisions of the trading with the enemy legislation, will be able to obtain its release on application. But my honorable friend will realize that the nationality of a particular individual is not necessarily known unless he himself puts it forward."

When questioned if this assurance covers the case of British subjects of dual nationality, Sir John Anderson asked

-3- 2132, First from London

asked for time to consider this supplementary question.

WINANT

RB

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

FOR-1400
No paraphrase necessary.
(SECRET)

Paris

Dated February 5, 1940

Rec'd 9:14 a.m., 5th

Secretary of State

Washington.

IS URGENT

521, February 5, 1 p.m.

FOR TREASURY FROM HOFFMAN.

Reference our 444 of 31 January.

Fleven has obtained the agreement of the British Government to furnish French on a reciprocal basis with information in possession of enemy property custodian concerning French private assets held in Great Britain. The following statement is being issued to the press tonight: "British authorities have been advised of the importance which the French Government attach to the proper enforcement of the purpose of controlling the foreign assets of their nationals and to using them in the best interest of their country. The Chancellor took note of this statement.

"When arrangements have been completed for the mutual reinstatement of property interests which have been interrupted by the war, his Majesty's Government have agreed to make available to the French Government at

action. Mr. Gault & Mr. Barker their request

-C- #521, February 5, 1 p.m., from Paris

their present information relating to the assets of French Nationals which has been furnished to His Majesty's Government under trading with the enemy legislation and the French Government will furnish reciprocal information to the British authorities."

Pleven has requested that Secretary Morgenthau be advised of this development and of Pleven's desire to be in a position to make a similar statement concerning French assets in the US. Pleven is aware that this question has been raised before with the Treasury by the French. He urgently desires that it be reconsidered. He would like to be able to issue a statement prior to March 1, the date on which the period expired for the declaration of foreign assets in France. In this connection Pleven states that the French Government on his recommendation has decided that in all economic agreements with other European countries the French will insist upon a clause providing for the exchange of fiscal information. In this connection Pleven particularly mentioned Switzerland and said the French were determined to put an end to evasion by Frenchmen of their fiscal responsibilities through hiding money in Switzerland.

CAFFERY

RB

DEPARTMENT OF STATE

OUTGOING TELEGRAM

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (Secret 0)

February 10 p.m.

37

TFK-300
Exchange will
for Hints

ATTORNEY,

FILE.

600

FOR HOFFMAN FROM TREASURY.

1. This Department is not presently in a position to consider generally the question of making information on the property of French nationals available to France. (Reference your 521.) Accordingly, we would object to any public statement at this time.
2. We expect that it will be feasible to examine the problem of supplying information on a broad basis in conjunction with discussions relating to the general license referred to in our 630 of December 4, and paragraph 2 of our 423. It would be very helpful to us in this respect if the French would supply you with the details of their agreement with the United Kingdom.
3. We are now prepared to supply to France, in confidence, information on the property of specific undesirable persons which you may consider should be made available.
4. Sent to Paris, for Hoffman, repeated to London, for Toulminson as 1319.

ONE
(ACTED)
(SJR)

NOTE: Please report to London for Toulminson from Treasury as #1319.

FINANCIAL 2/19/45 WT
cc: 2/26/45 Glasser-Gold, Debois, Froms (3), Schmidt, Gunter, Friedberg, Dickens, Miss Mikulich

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE March 5, 1945

TO Secretary Morgenthau

FROM Mr. [redacted]

Subject: The Business Situation,
week ending March 3, 1945.Summary

War production: Top WPB officials continue to stress the need for increased war production, and assert that the peak in war output will not be reached until June or July. Due to heavy war demand and recent losses in production, steel allocations for some 60 classes of consumers' durable goods in the second quarter have been cut 23.5 percent below first-quarter levels. The ban on the spot authorization program in critical labor areas has been extended for another 90 days.

Stock market: Stock prices rose to new highs for the year last week, but at the close on Saturday the Dow-Jones average of 65 stocks was only 1 percent above week-earlier levels. Effective March 5, the New York Stock Exchange has prohibited margin buying on stocks selling for \$10 a share or less.

Retail trade: Department store sales in the 4 weeks ended February 24 rose 19 percent above last year's levels, with a 20 percent gain in the last week. Reflecting the heavy demand for merchandise, outstanding buying orders of 296 department stores at the end of January were 44 percent above the corresponding date last year.

Commodity prices: With commodity markets firm last week, the ELS index of 28 basic commodities rose slightly to a new wartime peak. In the week ended February 24, however, the ELS general index of wholesale prices receded 0.2 percent from the wartime high of the previous week.

Farm parity: Due largely to sharp declines in the prices of truck crops and eggs, the index of prices received by farmers declined 2 points in February, following four successive monthly increases which had carried the index to a new wartime high. The index of prices paid by farmers was unchanged last month. Consequently, farm prices now average 116 percent of parity as compared with 115 percent in February 1944.

- - - -

- 2 -

Pressure for increased war production continues

Despite the notable progress of the Allied armies in Europe, top WPB officials continue to stress the need for further increases in war production, in contrast to the shift of interest toward reconversion problems which followed the break-through in France last summer. The Chairman of the WPB last week again indicated that aggregate war production will have to be increased, and that the peak in war output will not be reached until next June or July.

Munitions output in January was 2 percent behind schedule, and the WPB has expressed concern over the outlook for ensuing months due to the recent loss in steel output, manpower difficulties, shortages of fuel and inadequate transportation facilities. In the 6 weeks ended February 18, steel ingot production dropped about 90,000 tons per week below the October-November 1944 average. As a result of the loss in production in the face of heavy war demands, past due orders for steel have increased greatly, and the carryover of orders into April is expected to be the heaviest since the controlled materials plan was put into effect. The steel supply situation became so difficult recently that the WPB appointed an emergency committee to review the entire situation.

Steel allocations for civilian goods cut

Steel allocations for the second quarter are reported below requirements for all claimant agencies, with total carbon steel allotments for the period dropping more than 1 million tons below those of the first quarter. Heavy war demands have necessitated a cut of 23.5 percent in the amount of steel available for approximately 60 classes of consumers' durable goods in the second quarter, with manufacturers of items used solely or mainly by civilians being particularly hard hit. Likewise, the amount of copper available for allotment to consumers' durable goods in the second quarter is being cut 10 percent. A further indication of the tightening metals supply situation is seen in the recent decision to return slab zinc to allocations control, effective April 1, as a result of increasing needs for ammunition and other war materials.

- 3 -

Ban on spot authorization program in
tight labor areas extended

Attributing the action to "the present critical labor shortage in war plants," the WPB last week extended its ban on the spot reconversion program in critical labor areas for another 90 days. The ruling, which largely prohibits civilian goods production under the spot authorization program in Group I and Group II labor areas, was originally scheduled to expire on March 1. Aside from the manpower factor, it is pointed out that the existing materials shortage would greatly restrict the operation of the spot authorization program in any event.

Labor restiveness again in evidence

The extension of the ban on the spot authorization program in critical labor areas, and the recent tendency to stress the heavy demands of the war against Japan, are viewed in some quarters as attempts to head off incipient labor restiveness and a general relaxation in the war effort. Important work stoppages at war plants in Detroit were in progress last week, with more than 34,000 workers reported idle near the end of the week. The most serious work stoppage was at the Dodge plant of the Chrysler Corporation, although another serious strike occurred at the Briggs Manufacturing Company which involved a loss in aircraft and tank parts output. However, the striking Chrysler Corporation employees have voted to return to work at the beginning of this week while initial steps are being taken to negotiate the labor dispute at the Briggs Manufacturing Company.

Meanwhile, there is continued concern over the possibility of a coal strike when the existing wage agreement in the bituminous coal industry expires at the end of this month. The WPB has already warned that any interruption in mining will cut steel operations sharply and force many other plants to close. In anticipation of such a development or of disruptions caused by spring floods, the WPB is now preparing priority lists in conjunction with the Solid Fuels Administration for the purpose of distributing coal supplies should conditions so require.

Stock prices ease slightly after
reaching new highs

Following several dull trading sessions, a renewed upswing in stock prices was in progress around the middle

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- 4 -

of last week and on Thursday the Dow-Jones industrial, railroad and utility stock averages all moved up to new highs for the year. (See Chart 1.) Slight weakening tendencies developed later, and at the close on Saturday the Dow-Jones average of 65 stocks was only 1 percent above week-earlier levels. Lower quality railroad bonds showed further strength, and the Dow-Jones average of second-grade railroad bonds at the close on Thursday was within a small fraction of the 1937 high.

Daily average stock trading on the New York Exchange last week was virtually unchanged from the previous week. Stock transactions in February on the New York Exchange totaled 32.6 million shares, reaching the highest level for that month since February 1937, when trading totaled 50.3 million shares. Meanwhile, it is of interest that last month's rise in stock prices at New York was accompanied by a gradual upswing in the London market. Average industrial stock prices in London last week were only slightly below the wartime high reached in January. (See Chart 2.)

Margin requirements increased on
low-priced stocks

Near the end of last week Chairman Eccles of the Federal Reserve Board issued a statement detailing his recent proposals for taxing speculative capital gains which he asserted had been "widely misunderstood and misrepresented in some quarters." As briefly summarized in the Wall Street Journal, the Eccles proposals contemplate the continuation of the present maximum 25 percent tax on capital gains from assets purchased before January 1, 1945 and held 6 months or longer; a 90 percent tax on gains from assets purchased after January 1, 1945 and sold within 2 years; and a drop of 10 percentage points in the 90 percent rate for each year beyond 2 years for which the assets are held.

On Saturday the New York Exchange announced new margin rules effective March 5 on initial stock transactions. The salient feature of the new margin requirements is the prohibition of margin buying for stocks selling at \$10 or less. Since April 1, 1943 the New York Exchange has banned margin trading in stocks selling under \$5 a share.

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- 5 -

Department store sales show substantial gains

In addition to the action of the securities markets in recent months, further evidence of the effect of the spendable funds in the hands of the public is seen in a sustained high level of retail trade. After a less-than-seasonal decline in January, department store sales in the 4 weeks ended February 24, were 19 percent above year-earlier levels, with the latest week showing a 20 percent gain. (See Chart 3.)

A survey of February sales of New York and Brooklyn department stores, just completed by the New York Times, revealed a sales gain of 16 percent over last year's levels, with the dollar volume setting a new record for the month. Heavy consumer buying was said to extend "across the board", with a long list of departments showing wide sales gains. The major reasons cited as responsible for the gains were free spending resulting from "more money around", more rapid replacement buying, partly due to poorer quality merchandise, and "investment buying" of better grade goods in the belief that such merchandise will become scarcer in coming months.

Additional evidence of the recent heavy demand for merchandise is seen in the fact that outstanding buying orders of 236 department stores throughout the country at the end of January totaled \$755 millions as compared with \$526 millions a year earlier--a rise of 44 percent.

Commodity markets continue firm

Commodity markets continued firm last week, with the BLS index of 26 basic commodities rising slightly to reach a new wartime peak. (See Chart 4.) Prices of wheat, corn and cotton showed small advances, but prices of practically all other commodities in the index held unchanged at ceiling levels.

A tight supply situation in the grain markets resulting from shortages of boxcars to move grain to markets has been a bullish factor in grain prices during the past several weeks. At the same time, midwestern granaries are pressed for space and considerable losses from spoilage are feared. In this connection the secretary of the Kansas City Board of Trade appealed last week to the ODT for railroad cars to move surplus grain.

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- 6 -

Despite a strengthening in cotton prices during February, market prices of cotton are still below the CCC purchase prices. The average price of 15/16-inch middling cotton in the 10 spot markets at the end of last week was 21.73 cents per pound, as compared with an average CCC purchase price in those markets of 22.26 cents for March. Substantial amounts of cotton continue to go into the Government loan and purchase programs, and these programs have absorbed 3,593,427 bales of 1944 crop cotton during the season through February 24. This is 361,156 bales greater than were placed under Government loan during the comparable period of last year. (The purchase program was not in existence during 1943-44 season.)

The BLS general index of wholesale prices in the week ended February 24 declined 0.2 percent from the wartime peak reached the previous week. Seasonally-lower prices for fruits and vegetables and for eggs accounted for the decline. At 104.8 percent of the 1926 average, the index is now 1.2 percent higher than a year ago and is 39.7 percent above the pre-war August 1933 average.

Hog slaughter sharply lower than a year ago

The tightening in meat rations for March announced last week serves to focus attention on the sharp decline in hog slaughter during the past two months. Although a seasonal decline normally occurs at this time, the decline in recent weeks has been much larger than usual. During February, federally-inspected hog slaughter at 32 selected centers was less than half that of a year earlier and fell noticeably below the 1943 level. (See Chart 5, lower section.) The lower hog slaughter this year reflects the smaller pig crop of 1944, which was 29 percent below that of a year ago.

Hog prices, meanwhile, have been holding close to ceiling levels during the first two months of this year, in contrast to a year ago, when support-weight hogs sold at the Government support level and other weights were even lower. (Refer to Chart 5, upper section.) Prices now, however, are appreciably lower than in the comparable period of 1943, when hog prices were not yet subject to CPA ceilings.

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- 7 -

Due principally to smaller pork production, total output of all meats in 1945 may be over 9 percent less than the record output of last year, according to a recent Department of Agriculture forecast. The smaller pig crop last year, together with some expected reduction in the spring pig crop this year, may result in hog slaughter falling 20 to 25 percent below that of 1944. Moreover, total sheep and lamb slaughter may be 10 to 15 percent lower than a year ago. Calf slaughter, on the other hand, is expected to be nearly as large as the all-time high of last year, while cattle slaughter may set a new record.

Farm prices decline in February

The farm price index, after reaching a wartime peak in January following four successive monthly increases, declined 2 points last month, due largely to sharply lower prices for truck crops and eggs. (See Chart E.) The index now stands at 199 percent of the 1910-14 average, which is 2.1 percent higher than a year ago and 123.6 percent above the pre-war level of August 1939. Meanwhile, the index of prices paid by farmers (including interest and taxes) was unchanged last month, with the result that the parity ratio declined 1 point. Farm prices now average 116 percent of parity as compared with 115 percent in February 1944.

Featured by a 55 percent drop in cabbage prices, the index of truck crop prices showed a much greater than seasonal decline, falling almost 15 percent. This decline carried them 10 percent lower than last year. A 17 percent decline in egg prices was also greater than seasonal, but they remained 12 percent higher than in February 1944. Cotton prices were moderately lower. On the other hand, prices of hogs, cattle, sheep and lambs rose noticeably, raising the meat animal index 3 percent. The fruit price index showed a similar increase. Prices of oranges and grapefruit in February were 49 and 36 percent, respectively, higher than a year ago, but apple prices were 12 percent lower.

Food surpluses forecast after V-E day

In sharp contrast to the present all-out agricultural production with prices at ceilings, American agriculture following V-E day will be faced with large surpluses

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- 8 -

necessitating active price supports and acreage controls, the Vice President of the CCC, Ralph W. Olmstead, recently told the House Appropriations Committee. To meet these conditions, the CCC is seeking an increase in its borrowing power from \$3 billions to \$5 billions.

Relief food needs in liberated areas have been far short of expectations, Mr. Olmstead indicated, and these areas have been able to resume production much more quickly than had been estimated. He said that he concurred entirely with Representative Cannon's observation that with "the American troops returning home, and the Army's demand for supplies slackening to a corresponding degree, and the lack of European market which has been counted upon to support American production for a couple of years, the decline of the demand on account of the release of domestic labor in war plants, and the vast surplus on hand in the Army warehouses and in the Commodity Credit Corporation, is going to drop on the American farmer the greatest surplus of food and fibers ever known."

Proposals made for strengthening Price Stabilization Act

While predictions of deflationary developments in Agriculture following Germany's defeat were being made, Price Administrator Bowles testified before the Senate Banking and Currency Committee last week that probably the hardest period in the battle against general inflation would be the next 18 months. The Price Administrator indicated that the Stabilization Act should be extended from June 30, 1945 through December 31, 1946 and proposed that several provisions should be included to strengthen the Act, among which are:

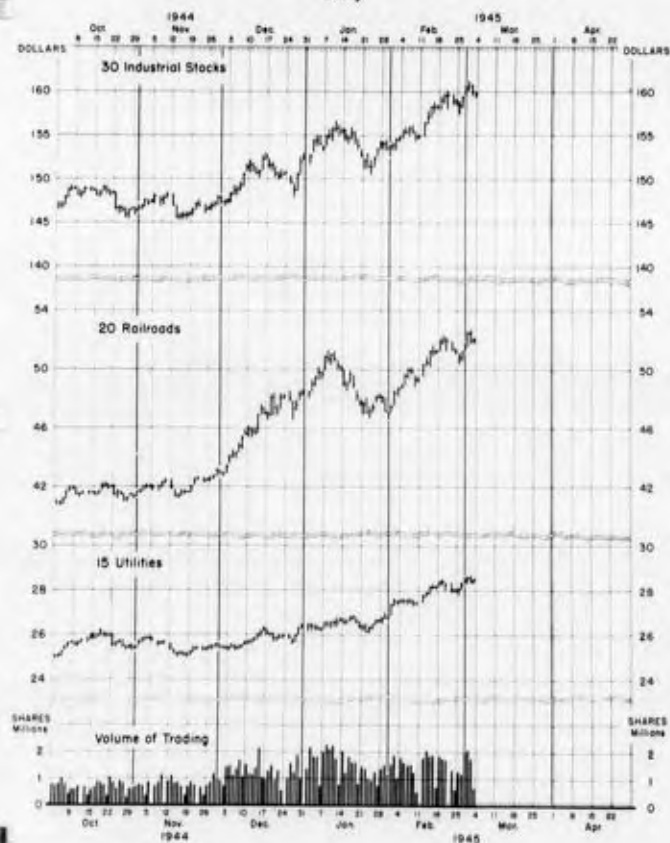
(1) Repeal of the so-called Bankhead amendment, requiring that parity prices for cotton be reflected in cotton textile prices. This requirement has increased textile prices and has given windfall profits to mills, while failing to obtain parity prices for cotton growers and failing to increase either the total production of cotton textiles or the production of low-priced cotton fabrics.

(2) Price control should be extended to barber shops and beauty parlors, services which have been

Chart 1

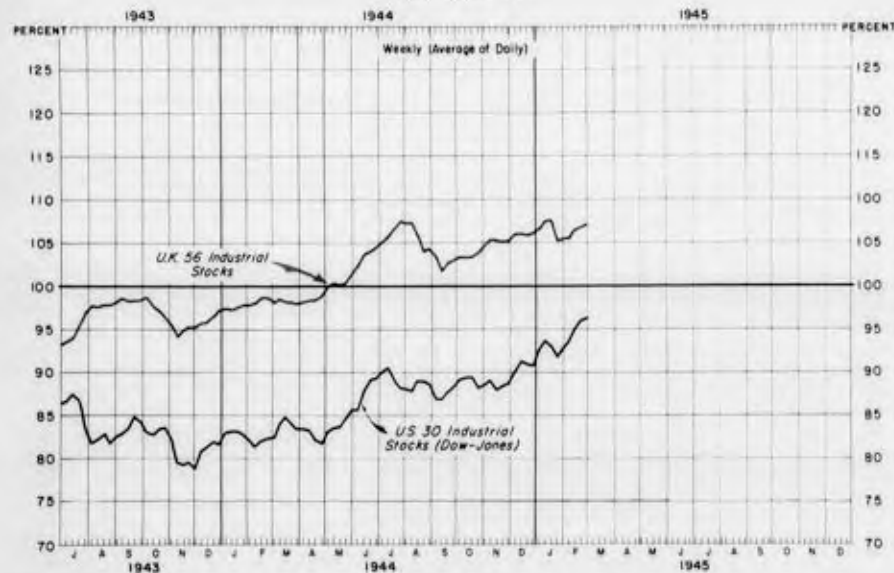
STOCK PRICES, DOW-JONES AVERAGES
Daily

200

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of the Dow Jones & Company

P-100-W

INDUSTRIAL STOCK PRICES IN U.S. AND U.K. August 1936 = 100



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

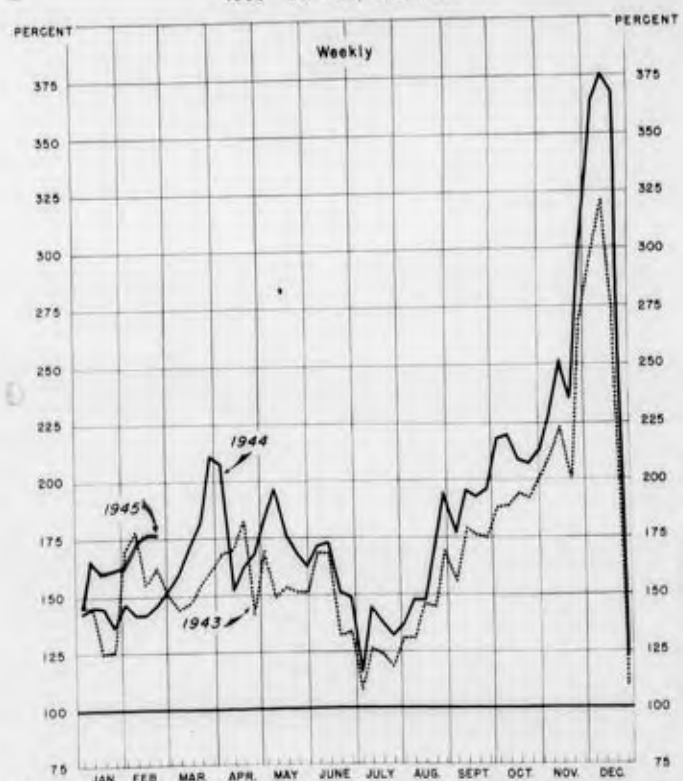
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Chart 2

257

Chart 3
268

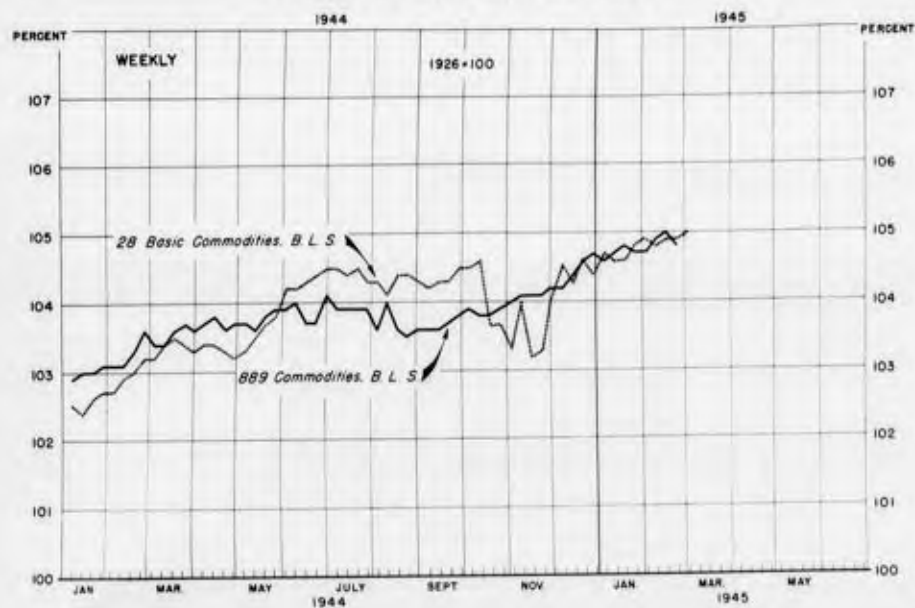
DEPARTMENT STORE SALES 1935-'39 = 100, Unadjusted



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

C-390-D

WHOLESALE COMMODITY PRICES



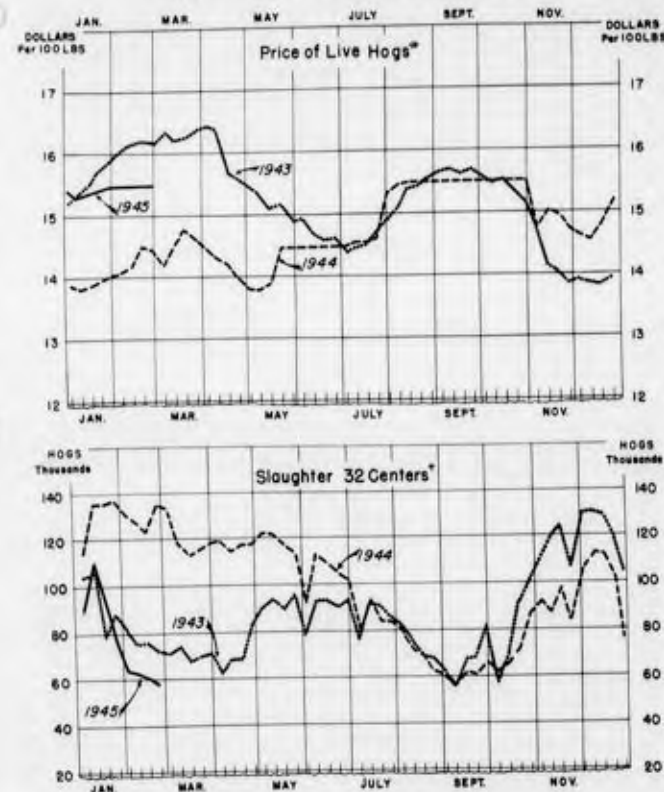
Office of the Secretary of the Treasury
Division of Research and Statistics

P-198-B

Chart 5

270

HOG PRICES and HOG SLAUGHTER



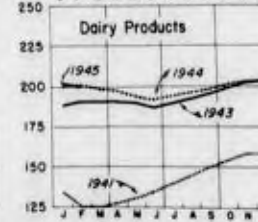
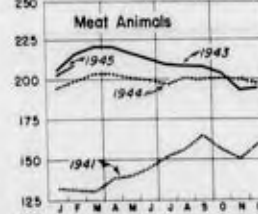
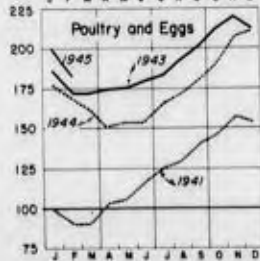
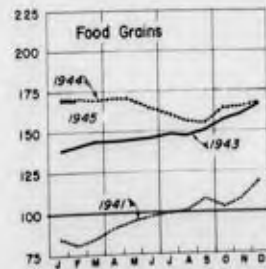
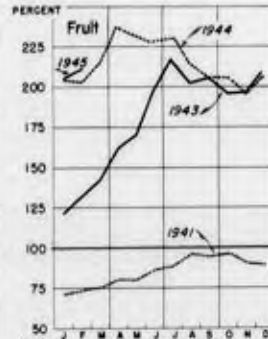
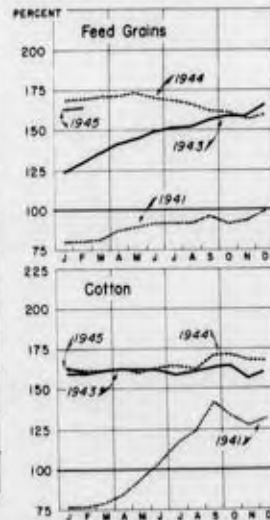
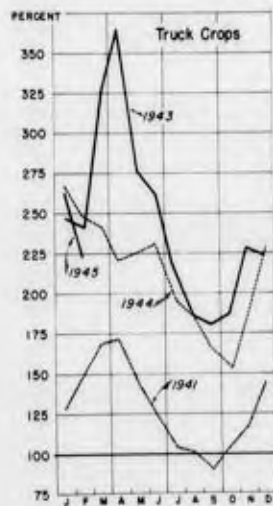
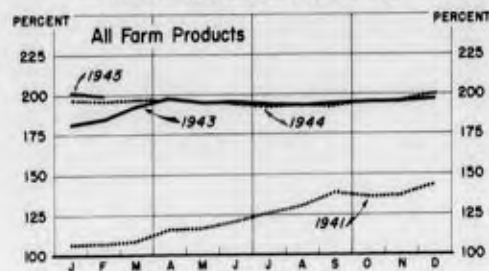
*Chicago, cash to choice, 180-200 pounds.
†32 Centers prior to April 8, 1944.
Source: Department of Agriculture

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

P-290

AVERAGE PRICES RECEIVED BY FARMERS

Indexes, August 1909-July 1914=100



DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

See 1111
DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

DSH-238

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

New Delhi via Army

Dated March 5, 1945

Rec'd 3:22 p.m.

Secretary of State,

Washington.

172, March 5, 3 p.m.

At its annual session in New Delhi on March 3, 1945, the Federation of Indian Chambers of Commerce and Industry adopted a resolution urging the Government of India to require as conditions precedent to India joining the proposed International Monetary Fund (one) the granting to India of a permanent seat on the fund and (two) the prior solution of the question of India's sterling credits in the United Kingdom satisfactorily to Indian interests. The same resolution urged the government to take the public into its confidence regarding operations of the Empire dollar pool which, in the opinion of the Federation, "should be dissolved forthwith and to credit to Indian account all dollars as and when they become available through trade balances or otherwise with the United States." Mr. A. D. Shroff, who was at

273

-2-, #172, March 5, 3 p.m., from New Delhi via Army.

who was at Bretton Woods, spoke ably and at length in favor of the resolution. Several delegates told an officer of the mission privately, however, in their opinion that India should join the fund, if it was approved by the United States and Britain, and the resolution was merely diplomatic sparring for position.

MERRELL

REC

12"

274

JB-234
Distribution of true
reading only by special
arrangement (SIGINT-W)

Caserta

Dated March 5, 1945

Rec'd 3:09 p.m.

Secretary of State

Washington

330, March 5, 11 7

The following has been received from Bern

02, March 3, 2 p.m.

KINDLY DELIVER FOLLOWING MESSAGE TO BRIGADIER
GENERAL CHARLES SPOFFORD, ASSISTANT CHIEF OF STAFF,
CHIEF--5 AFHQ FROM SWITZERLAND OF WAR REFUGEE BOARD:

Swiss Government would like to evacuate 1672
Hungarian Jewish refugees plus approximately 760 other
Jews out of group of 1200 who recently reached Switzer-
land from Theresienstadt, as soon as possible.

Remainder of 1200, that is some 440 Jews of Dutch
nationality, will stay temporarily in Switzerland
pending decision of Dutch Government regarding their
ultimate destination.

Whereas Swiss authorities would prefer evacuate
these 2522 refugees in as large units as possible they
are willing move them in four or five smaller increments
if shipping space for one or two larger units is not
available from French port of embarkation to North
Africa to Allied authorities.

Kindly advise therefore how shipping arrangements
are working out and Swiss will adapt evacuation ac-
cordingly. It would be helpful if you could suggest
or set some future sailing date for all or any part
of this group of refugees. In cooperation with Swiss
who are willing furnish trains for transport through
France we will get corresponding number of refugees
to French port of embarkation.

Evacuation can therefore take place as soon as
maritime transport is available.

Repeat to WHB in Washington.

KIRK

END

275

CABLE TO AMERICAN LEGATION, BERNE, FOR MOORELAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Leon Kubowitzki and Gerhard Riegner, 37 Quai Wilson, Geneva, from Kurt Grossman, World Jewish Congress:

QUOTE AMONGST 218 VITTEL INTERVIEWERS WHO LEFT APRIL MAY 1944 WERE BOZANYUKIAT GEMDA TADWYSZ AND RICHARD PLEASE CONTACT IGNAZ FISCH 14 KRENGARTENSTRASSE ZURICH, ABOUT THEIR WHEREABOUTS AND INFORM. UNQUOTE

THIS IS WJB REEF CABLE NO. 432.

10:45 a.m.
March 5, 1945

276

CABLE TO AMERICAN LEGATION, BERNE, FOR MOORELAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Leon Kubowitzki, 37 Quai Wilson, Geneva, from Kurt Grossman, World Jewish Congress:

QUOTE ANKICUS LEARN WHETHER 18,000 JEWS NEAR VIENNA WERE SUPPLIED FOOD CLOTHING. PLEASE CABLE RESULTS YOUR EMPLOYERS FOR JASNOVAC. SWISS COUNSUL JULIO SCHMIDLIN ZAGREB MIGHT BE HELPFUL THIS MATTER. FUNDS COULD BE PUT YOUR DISPOSAL. PLEASE DISPATCH URGENTLY FOOD PARCELS CLAIRE FENLBERGER AND CHILDREN BEKKEH HALESH. UNQUOTE

THIS IS WJB REEF CABLE NO. 433.

10:45 a.m.
March 5, 1945

NOT TO BE RE-TRANSMITTED

SECRET

COPY NO. 4

ORTEL No. 73

Information received up to 10 a.m., 5th March, 1945.

NAVAL

1. NORTHERN WATERS. 2nd. Large Russian A/S vessel torpedoed and sunk off Murmansk Coast.2. PACIFIC. 3rd. H.M. Destroyers bombarded Port Blair (Andamans).3. PACIFIC. One of H.M. Submarines has returned to base from patrol lasting 55 days (which is record for British Submarines) and has sunk 1 destroyer, 1 tug and 3 lighters.

ARMY

4. WESTERN FRONT.
Southern Sector: 1st U.S. Army consolidated positions area Trier while further north eliminated pocket between Bittburg and Prüm.
South Central Sector: 1st U.S. Army closing on River Rhine between Cologne and Düsseldorf has patrols to river half way between these two points.

North Central Sector: 9th U.S. Army continued advance north and made contact with 1st Canadian Army at points 4 miles east Geldern. Resistance west of this town has now ceased.

Northern Sector: 1st Canadian Army making steady progress eastwards against decreasing resistance and now within 3 miles Xanten.

5. EASTERN FRONT. Central Sector: Russian troops having broken through German defences east of Stargard have reached within 20 miles S.S.R. Stettin and captured Kolberg on Baltic Sea. Koeslin (25 miles east Kolberg) has also been captured.6. ITALY. U.S. troops continue make satisfactory progress in limited offensive west road Pistoia-Bologna.

AIR

7. WESTERN FRONT. 3rd/4th (night). Results attacks reported yesterday show 696 tons dropped through cloud in good concentrations on synthetic oil plant Kamen and 1053 tons on Dortmund-Ems Canal with unobserved results.

4th. 125 Bomber Command escorted heavy bombers (without loss) attacked railway centre Wanne-Eickel (617 tons) through cloud with unobserved results. 666 escorted U.S. heavy bombers (2 bombers, 3 fighters missing) using Pathfinder technique attacked ordnance depot and railway centre Ulm (852 tons) factory Schwabmunchen (151 tons), railway centre Ingoldstadt (157 tons) and town and railway centre Stuttgart (238 tons). Bad weather restricted operations over battle area but 161 aircraft attacked communications dropping 244 tons with varying results while fighters and fighter bombers flew 210 sorties over southern Sector. Coastal Command aircraft attacked shipping Skagerrak and Kattegat where one 5,000 ton ship set on fire.

4th/5th (night). 85 aircraft despatched: Berlin 33, Essen 24, seaining 12 and other missions 16.

8. MEDITERRANEAN.
2nd/3rd (night). 72 heavy bombers (1 missing) dropped 162 tons railway centre Verona causing fires and explosions.
3rd. 852 fighters and fighter bombers operated successfully over North Italy.

HOME SECURITY

9. FLAKING BOMBS. 4th. 3 bombs plotted.10. EXPLOSIVE. 4th. 1 incident reported.11. WINDY BOMBING. 4th/5th (night). 10 aircraft over East Anglia

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 6, 1945

TO Secretary Morgenthau (For information)

FROM Mr. Coe *CC*

Subject: Nazi Plans for Immobilizing Industry in United States

Information from London is that the Nazis have adopted a detailed policy for removing and immobilizing industrial facilities in the areas captured by us. The German circular on this matter says "The plan for immobilization should specify exactly which parts are to be removed from machines and installations. Preparation for shipment should be made and dismantled parts should be marked and tagged to facilitate rapid re-installation. In identical machines, identical parts should be removed Hiding places should be established where parts can be hidden if evacuation is not possible."

Other rules issued by the German authorities follow the same lines. All machinery is to be marked beforehand with different signs according to the urgency for removal. Certain parts enjoy priority over others. Supplies of raw materials and half finished products are reduced to cover only two weeks requirements. Finished products must be shipped as quickly as possible, in no case are they to be retained at the factory for more than three days.

Special attention is to be paid to the disposal of valuable documents. All plans, drawings, and blueprints which are not needed for current production must be evacuated at once. Those which are needed currently are to be taken away in case of evacuation, or, if that is impossible, destroyed. The signal for evacuation and immobilization will be given only by the president of the Ruestungskommando, one of the top German agencies.

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RESTRICTED

COPY NO. 31

LOC(45)9727TH JANUARY 1945LONDON CO-ORDINATING COMMITTEEEVACUATION AND IMMOBILIZATION OF GERMAN FACTORIESNote by Supreme Headquarters Members of Secretariat.

Information now available enables a clearer picture to be given for enemy plans for scorched earth when retreating within Germany.

The threatened areas have already been divided into civil and military zones, with a similar division of authority.

In the civil zones the Gauleiters and Reich Defence Commissioners have the responsibility for controlling all evacuation and destruction. These authorities have delegated responsibility to the Ruestungskommando of the Reichsminister für Ruestung und Kriegserzeugung, who in turn have issued orders to factory managers holding them personally responsible for seeing that all measures are carried out. According to a prisoner of war the civil zones are all areas beyond a radius of 20 kms. of the battle front.

A recent order from the President of the Ruestungskommando VI(S) of the Reichsminister für Ruestung und Kriegserzeugung to a factory manager in AACHEN, outlines the procedure to be followed by industrial plants, in threatened areas.

All machinery is marked with paint so that it can be moved at short notice. The figure "I" indicates all other machines and installations essential for the final stages of production; "II" indicates all other machines and installations which are important for war and armaments; "III" is used for the remaining machines and installations. Presumably these figures indicate the order of priority for evacuation. Particular attention is paid to tools and machine tools and factories are under orders to evacuate at once any that are not being used.

The plants continue to operate at maximum capacity, but all stocks of raw material and half-finished products are reduced to cover 14-days' requirements and incoming stock is reduced to cover an 8-day period. Finished products are shipped as quickly as possible, and the Ruestungskommando has ordered that in no case are more than 3 days' production to be retained at the factory.

Special attention is paid to the disposal of valuable documents. All plans, drawings, and blueprints which are not needed for current production are to be evacuated at once; those needed and remaining are to be taken away in case of evacuation, or destroyed if this is impossible.

The plans for immobilization are of particular interest. "By removal of vital parts", says the Ruestungskommando circular, "the enemy is to be prevented from making use of the plant in the near future. The plan for immobilization should specify exactly which parts are to be removed from machines and installations. Preparations for shipment should be ready, and dismantled parts should be marked and tagged to facilitate a rapid re-installation. In identical machines, remove identical parts. Remove dismantled parts also from spare part stocks. Establish hiding places where parts can be hidden if evacuation is not possible, e.g. exchange such parts with a neighbouring plant which is adopting the same procedure. Previous experience has shown that hiding by burial is useless."

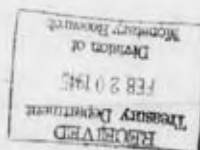
End #4 to 236 from London

The signal for evacuation and immobilization is given only by the president of the Ruestungskommando or on his instructions. This order is sent personally to the factory manager, or to his nominated deputy. According to another captured document, the Ruestungskommando can call upon the Army to provide engineers, transport and explosives.

So far as can be gathered, all such measures are taken while an area is still a civil zone. When it becomes a military zone and the Army is responsible for all further measures, it is intended apparently that the Feldwirtschaftskommando should complete the job by carrying out such immobilizations as have not been completed by the civil authority.

This organization played an important and useful part in the evacuation of machines and materials from the Peugeot plant at Montebelliard. Furthermore, the Germans have a habit of learning from their mistakes, and future immobilization operations may well show signs of better planning. There is reason to believe, for example, that the shortage of manpower for such purposes is being overcome by organizing specially trained units with the Volksturm.

Great George Street, S.W.1.



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Memorandum for the Files

Meeting in Mr. White's Office
March 6, 1945
1:30 P.M.

Present: Mr. White, Mr. Bernstein
Mr. Loxford, Mr. Leroy
Miss Neszett

Subject: Nutton Woods

1. Hearings:

Charts are to be released to the press simply as they are discussed.
(Mr. Bernstein is covering the hearings.) Immediately after the hearings they will be bound and given to the other Congressmen and newsmen.

Dr. Reis should be put on early, probably in the second week after mid-1945.

Someone should be on the Hill full time from now on, to contact and "service" the Congressmen. Mr. White is speaking to Mr. O'Donnell about this.

Mr. Gulland suggested that it would also be well if we would present Nutton Woods to the Committee in terms of the interests of each member's home district. Mr. Loxford is sending the material on this for Mr. White.

Dr. Gull's testimony is to avoid the present Mobilization Fund.

Mr. Bernstein is going to look into the question of getting a statement from Whitford or another person "out there".

2. Rules Committee:

It is most important that this committee be motivated. Mr. White has asked Mr. O'Donnell whether we could start on it now, through Gulland.

3. Good Public Relations (10:00-11:00 P.M. March 17)

Mr. Leroy is to send a memo to Mr. White asking the Secretary if he wants to take part. The list of acceptable people (to be chosen) are: the Secretary, Neelley, Fulbright, Pepper and Wagner.

4. Statement for Wisconsin Mr. Bernstein and Mr. Loxford are to draft one to send to Ellsberg.

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5. Statement for Cleveland (March 17): Mr. Feltus will see that the State Dept. writes this.6. California Congressmen:

Bayneak can't do them and Mr. White is going to speak to Asheton about getting someone from there. Suggestions were: Carter, Jess, Collins, Charles Hart, Fable, Pike and Jessup.

7. Catholic Groups:

Father Connelly's speech will be put in the Record and it is expected that Catholic organizations will have it reprinted and distributed. (Feltus or Loxford)

Mr. White is going to speak to John Sullivan about getting the National Catholic Welfare Conference interested.

8. Florida Senators:

Mr. Leroy will send the material to the Senator who requested it.

9. Walter Lippmann: Mr. Bernstein has a memo ready for him.10. Illinois Manufacturers Association (March 20)

Mr. Leroy will ask Bayneak to do it.

D. A. Neszett

Mr. Tickton says he thinks this serves 282
-- useful purpose, and that it might as
well be discontinued.

TREASURY DEPARTMENT

283

INTER OFFICE COMMUNICATION

DATE

March 6, 1945

TO Secretary Morgenthau
FROM Mr. Shaeffer *CP*

A Mr. Miller of the British Air Commission wants to know if you find the confidential document D-55: Location of United States Built Oceanic Flight Delivery Aircraft of interest. It is sent you each month by registered mail, but the Commission would like to discontinue its publication, and incorporate the data contained therein into a more comprehensive pamphlet. The proposed new publication would likewise be made available to you if you so desire.

What shall I tell them please?

*Shaeffer will tell
them to discontinue*

AIR 18

284



BRITISH AIR COMMISSION

1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

TELEPHONE HOBBART 9000

PLEASE QUOTE

REFERENCE NO. _____

With the compliments of the British Air Commission
who enclose Monthly Report No. 17 covering
Aircraft Flight Deliveries as of January 31st, 1945

M. R. W. Apperson

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury,
WASHINGTON, D.C.

February 8th, 1945

Date: _____

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Please return to: PLANNING AND AIRFRAME SUPPLY
BRITISH AIR COMMISSION
1785 MASSACHUSETTS AVENUE
WASHINGTON, D.C.
(Attention _____)

Receipt is hereby acknowledged of:

REF. NO. D55REPORT NO. 17COPY NO. 2

Signature _____

Branch _____

Date _____

REF. NO. D-55
MONTHLY REPORT NO. 17

LOCATIONS OF U.S.* BUILT OCEANIC FLIGHT DELIVERY AIRCRAFT
(COVERING MOVEMENTS THROUGH JANUARY 31, 1945)

CONFIDENTIAL

286

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	PORTRESS (BAC/L-L)	LIN. (BAC)	HUDSON (BAC-L/L)	VENT. (BAC)	F. BOAT (BAC-L/L)	VENT. (L/L)	BOAT. (L/L)	BALT. (L/L)	B24 (L/L)	B25 (L/L)	B26 (L/L)	TRANSF. (L/L)	TOTAL
UNITED KINGDOM	156	96	(c)807	141	552	58	313	1	452	568	8	(1)622	3774
MIDDLE EAST (a)		5	95			205	121	(g)1115	331		(h)453	228	2553
WEST AFRICA (a)					27				22			4	26
AUSTRALIA				135	9	108						50	293
SOUTH AFRICA (a)													9
SINGAPORE									471			361	832
INDIA (a)													3
AZORES	3												91
FREETOWN			91			64			59	68		35	504
OTU'S IN CANADA			210	68		1	2	(e)15	1				47
RCAP					28				40	80			120
111 OTU									11	8			122
HAFTC (b)		11	43	13	11				49	1	4		67
En route overseas									2	11			31
Gender, Goose, etc.													44
Nassau or Bermuda (en route)									3				63
Special duty in Canada			1	2				1		1	1		8
Montreal									27	6			36
CHASSED AFTER EXPORT	5		52	19	10	9	19	42	7	17	14	12	201
En route export									6	2	2		12
At Modification Center					1				74				75
Special duty in U.S.		2											2
CRASHED IN U.S.		1	28	6		1	4	15	5	4	11	1	76
DIVERTED TO US.		50	21	(d)280									351
TOTAL	164	165	1348	564	(f)638	446	459	(g)1174	1474	767	(h)521	(i)1464	9384

* Including Boeing (Vancouver) Catalinas (PB2B's)

(a) Including deliveries to Rabat, Accra or Takoradi for these destinations.

(b) All to 45 Group except 17 transports to 300 Wing.

(c) Including 3 removed from British charge and transferred to British W. Ind. Airways, Ltd.

(d) Including 15 returned with 45 off DA-152 under Req. 41018 after A.A.F. training use. All 60 are included in Col. 6.

(e) Later re-allocated to Canada by M.A.C. (Air), under Req. CA-00076.

(f) Reduced by 21 PBW's, 37 PBW's, 25 PB2Y-3B's, returned to U.S. Navy, and 11 PB2B's transferred to R.A.A.F. (6 after delivery to U.S.)

(g) Including 64 removed from British charge and transferred: 72 to Turkey, 12 to French Air Force.

(h) Including 1 removed from British charge and transferred to Turkey.

(i) Including 3 removed from British charge and transferred to Netherlands.

PLANNING & AIRFRAME SUPPLY
BRITISH AIR COMMISSION
WASHINGTON, D. C.
February 7, 1945



BRITISH AIR COMMISSION

1785 MASSACHUSETTS AVENUE
WASHINGTON 6, D. C.

TELEPHONE DECATUR 9000

PLEASE QUOTE

REFERENCE NO.

With the compliments of British Air Commission
who enclose Statements Nos. 177 and 178 —
Aircraft Despatched — for the weeks ended
February 16th and February 23rd respectively.

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury
WASHINGTON, D. C.

March 6, 1945.

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STATEMENT NO. 177

Aircraft Despatched from the United States
Week Ended February 16, 1945.

SECRET

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DELIVERED FOR USE IN CANADA
<u>CONSOLIDATED</u>					
Liberator B-VI	M.E.	M.E.		2	
Liberator GR-VI	India	India		9	
Liberator GR-VIII	Bahamas	Nassau		2	
<u>FWD</u>					
Liberator B-VI	M.E.	M.E.		10	
<u>NORTH AMERICAN</u>					
Mitchell III	U.K.	U.K.		1	
Mustang	U.K.	U.K.	24		
Mustang	India	Karachi	4		
<u>Douglas</u>					
Dakota IV	M.E.	M.E.		9	
Dakota IV	India	India		11	
Dakota IV	300 Wing(RAF T.C.)	300 Wing		9	
Skymaster	U.K.	U.K.		1	
<u>GRIMMAN</u>					
* Bellcat	S. Africa	Capetown		10	
* Bellcat	India	Cochin		2	
* Avenger	India	Cochin		5	
<u>MOOREHEAD</u>					
Harvard	U.K.	U.K.		5	
Harvard	India	Cochin		2	
Harvard	M.E.	Alexandria		1	
<u>REPUBLIC</u>					
Thunderbolt	India	Karachi		1	
<u>BECCO</u>					
UC-45 Beechcraft	India	Karachi		3	
<u>FAIRCHILD</u>					
UC 61 Fairchild	N.W. Africa	Algiers		1	
Total:			58	54	0

* with radio equipment.

Note: Destination of Liberator B-VI reported exported to India on Statement No. 174
changed to M.E.

Movements F 1
R.A.F. Delegation
February 26, 1945.
mmh
File V-11-45

STATEMENT NO. 178

Aircraft Despatched from the United States
Week Ended February 23, 1945

SECRET

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DELIVERED FOR USE IN CANADA
<u>CONSOLIDATED</u> Liberator G-6-VI	India	India		1	
<u>FORD</u> Liberator B-VI	M.E.	M.E.		13	
<u>GIENH L. MARTIN</u> Marauder III	M.E.	M.E.		1	
<u>DOUGLAS</u> Dakota IV	India	India		10	
Dakota IV	S. Africa	S. Africa		1	
<u>USOH AMERICAN</u> Mustang	U.K.	U.K.	86		
<u>VOUGHT-SIKORSKY</u> Corsair Replica (less engine)	U.K.	U.K.	1		
<u>GRUBMAN</u> Helicot Replica (less engines)	U.K.	U.K.	3		
* Wildcat (less engine)	U.K.	U.K.	1		
<u>HOOGSTADT</u> Harvard	U.K.	U.K.	10		
<u>STURSON</u> Reliant	Australia	Sydney	2		
Total:			109	26	0

* with radio equipment.

Note: Expediter II, Beech, was exported Feb. 15, 1945 by Royal Navy to Halifax, N.S.
Training Station.

Two Dakota IV's, Douglas, were delivered to 900 Wing, R.A.F.T.C., week ended
February 23.

msh
File V-11-45

Movements P 1
R.A.F. Delegation
March 2, 1945.

March 6, 1945.

Dear Mr. Chairman:

Recently Secretary Morgenthau chose St. Louis for his first public address on the Bretton Woods agreements for an International Monetary Fund and an International Bank for Reconstruction and Development. He spoke at a special meeting of the St. Louis Chamber of Commerce.

The Secretary thought you might be interested in the attached material from the St. Louis papers and some selected clippings from other newspapers which indicate the reception editors throughout the Nation are giving this important subject.

The Secretary's speech was broadcast over the Blue Network and local stations. The three wire services, the Associated Press, the United Press and International News Service carried substantial reports of it.

Yours very truly,

Herbert H. Gaston
Assistant Secretary of the Treasury

The Honorable Robert E. Hannegan
Chairman, Democratic National Committee
Mayflower Hotel
Washington 6, D. C.

HEG/sah

St. Louis Globe-Democrat.

ST. LOUIS, MONDAY, FEBRUARY 1, 1943. SECTIONS—29 PAGES.

THIRD COPY

ROOSEVELT TO CALL ON POPE

Twin Russian Drives Rolling Toward Berlin and Dresden; Allies Smash 6 Big Nazi Counter-Attacks East of Klev

Soviets Take 7 Silesian Strongholds

Schindlermühl in Pomerania Captured by Zhukov's Army



Morgenthau Here, Praises Bretton Pact

U. S. Self-Interest Dictates Help for Others, He Says

2 Convicted as Spies, Sentenced in Re Handed

TEXT OF MORGENTHAU ADDRESS HERE

The text of Henry Morgenthau Jr.'s address before the Senate Finance Committee today was a strong endorsement of the Bretton Woods conference and the new international financial system it has created. Morgenthau, secretary of the Treasury, said that the United States has a self-interest in helping other nations to get on their feet, and that the Bretton Woods system is the best way to do this.



Churchill, Eden Visit Athens, Given Oration

Vatican-Kremlin Concordat May Be Aim of President

Subsequent Possible Visit to France Might Spring Great Relief Scandal—Some Aids Worried Over Executive's Physical Condition

By Henry M. Rosenberg, Associated Press Staff Writer, Washington, Feb. 1. (AP)—President Roosevelt's visit to the Vatican and the Kremlin, and his subsequent visit to France, are being watched with great interest by the public and the press.

SECRETARY OF THE TREASURY

ST. LOUIS, FEB. 1.—(AP)—President Roosevelt's visit to the Vatican and the Kremlin, and his subsequent visit to France, are being watched with great interest by the public and the press.

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U. S. Submarines Get 31 Japanese Ships

The Weather

Supplemental Gasoline Restricted in 'Broken Speedometer' Cases

Attorney's License Ruled No Barrier to Law's Penalties

Boy, Knocked From Tree When Bus Hit It, Awarded \$2500

Firm Ignored W.L.B. Loses War Orders

Rules Woman Has Right in Tavern, Fines Slugger \$50

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Regraded Unclassified

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

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of the maximum number of
groups in the study.

[illegible]

14. The number of top income tax cases filed for 2000 was 10,000. What is the percentage of top income tax cases filed for 2000?

and a spokesman, Mr. Hughes then explained, "We long had hoped to have a permanent committee, but long to provide some continuity which had been interrupted in the past."

"We will begin these special issue lists off, concentrating on getting them under active review as well as the entire problem list and discuss the volume of

STAR

WASHINGTON
D. C.

Date 2-17-72

Morgenthau Speaks
Over Radio Tonight

Mr. J. Edgar Hoover
has announced that an
address tonight is well-liked
and important to the
country. Mr. Morgenthau
will speak on the radio
tonight.

The address will be on the
topic of "The Role of the
Government in the Economy".

...in the United States,
appearing in several local
... in Lower Chamber of

The underlying cause of the stagnation continues after that war was the slow recovery that it was a problem for the government to have the country and added that the country's leadership had not been able to handle the situation as a consequence of the great depression, and

[illegible]

Advertisement

...and the ...
...and the ...
...and the ...

[illegible]

the fact that the average of
the 10-year mean was 100
percent.

Private Labels Yet More

The manufacturers will continue to make their own brands and trademarks, but they will also begin to make private labels for retailers. "We will begin to make private labels for retailers, and begin to compete with the retailers' own brands," says a spokesman for a large food manufacturer. "We will begin to make private labels for retailers, and begin to compete with the retailers' own brands."

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 6, 1945

TO Secretary Morgenthau
FROM Mr. O'Connell

Re: Criminal Convictions Involving
Violations of Freezing Control
Regulations

In May 1940 securities and cash aggregating \$60,000 belonging to Georges Schnitzer and Madeleine Schnitzer, his wife, Belgian nationals, were on deposit in the Bankers Trust Company of New York in the name of Credit Suisse, Zurich. Germaine Schnitzer, sister of Georges, then residing in the United States, devised the scheme of posing as Madeleine in order to unblock the funds. Using a number of sheets of American watermarked paper on which she obtained the signature of Madeleine, she issued instructions to Credit Suisse to transfer the cash in the subaccount from Bankers Trust to an account in the Chase in the name of "Madame G. Schnitzer". When she attempted to have the securities transferred, the Swiss bank asked for some evidence that "Madame G. Schnitzer" was a resident of the United States. In order to supply this proof, Germaine Schnitzer obtained the assistance of Alice Moran, an attorney, and of one Gladys Roth, who produced a forged letter purporting to show that Madeleine Schnitzer had entered the United States in 1939.

Mrs. Schnitzer, Moran, and Roth were indicted in September 1944 in the Southern District of New York for conspiracy involving violations of the freezing control. Germaine Schnitzer entered a plea of guilty and testified as a Government witness in the trial of the other defendants, which resulted in convictions. The court imposed a fine of \$5,000 on Germaine Schnitzer, and fines of \$2500 each on Alice Moran and Gladys Roth together with suspended jail sentences.

Joseph J. O'Connell

March 6, 1945

Secretary Morgenthau

Mr. O'Connell

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(This case arose with the Government, 44)

THG:rolan/ae 3/6/45

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

297

T Mrs. Klotz 3400
(1) (Room) (Rldg.)
(2) (Room) (Rldg.)
(3) (Room) (Rldg.)

I think the Secretary will
be very interested in seeing
these.

F. Hodel

*Mrs. Klotz
Bring this to
my attention
Please
1442*

From: 3/6/45
2410 (Date)
(Room) (Rldg.)

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE MAR 6 1945

TO Secretary Morgenthau
FROM Miss HodelFor your information

I send you herewith copies of letters received by General O'Dwyer from Secretary Ickes and Attorney General Biddle.

The letter from Secretary Ickes recommends the initiation of a program of sponsored leave for the residents of the Emergency Refugee Shelter at Oswego.

The Attorney General, to whom Secretary Ickes had sent a copy of the aforementioned letter, states that the plan proposed by Secretary Ickes is not consistent with the representations made by the executive branch of the government to Congress; that the President has requested that these representations be adhered to strictly; and, finally, that the criticism which would follow any disregard of these representations would adversely affect the efforts of this Government to rescue additional groups of refugees.

Hodel

OFFICE OF THE ATTORNEY GENERAL
WASHINGTON

March 1, 1945

General William O'Dwyer
Executive Director
War Refugee Board
Treasury Building
Washington, D. C.

My dear General O'Dwyer:

The Secretary of the Interior has sent me a copy of his letter to you recommending the adoption of a program that would permit residents of the Emergency Refugee Shelter at Fort Ontario, Oswego, New York, who desire to do so to reside in normal communities throughout the United States.

I am opposed to this recommendation. These refugees did not enter the United States under the immigration laws; they were brought here apart from, but not in violation of, those laws. They came here on the understanding that they were not to be at liberty in the United States and that they were not to remain here permanently. On a number of occasions, when the question has arisen, I have assured members of Congress that the admission of these refugees did not give them any right to be at liberty here or to remain permanently in the United States, and that they would be detained in a refugee settlement until they could be safely returned to their homelands. I think the same representations were implicit in the message that the President sent to Congress dated June 18, 1944. The plan proposed by the Secretary of the Interior, in my opinion, is not consistent with the representations that the executive branch of the government has made to Congress. I think I should tell you that last December, in connection with a related problem, I was instructed by the President to adhere strictly to these representations. Finally, I should like to point out that the criticism that would doubtless follow any disregard of our representations to Congress, or that might otherwise be caused by permitting these refugees even limited liberty in this country, would probably adversely affect the efforts of this government to rescue additional groups of refugees.

I am sending a copy of this letter to the Secretary of the Interior.

Sincerely yours,
/s/ Francis Biddle
Attorney General

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THE SECRETARY OF THE INTERIOR
WASHINGTON

February 27, 1946

Dear General O'Dwyer:

After careful consideration of all factors involved, I should like to urge strongly the initiation of a program of sponsored leave which will permit residents of the War Relocation Authority at Fort Ontario, Oswego, New York, who desire to do so, to reside in normal communities throughout the United States. In my opinion, such a policy might well be put into effect within the next thirty days, unless there are valid reasons which you consider make such a course undesirable.

Of the 652 persons of all ages and various nationalities residing at the Shelter, many have close relatives in the United States--children, parents, brothers, and sisters, and even husbands and wives. Twenty sons of Shelter residents are in the United States Army. In Italy, before coming to this country, many of the refugees were at work and all enjoyed considerable freedom of movement.

We have done our utmost to administer the Shelter humanely, but six months of residence under conditions substantially more restrictive than those under which these people lived abroad have inevitably resulted in disappointment and frustration. The Shelter residents grow increasingly bitter and resentful over what is virtually confinement under an indefinite sentence and cannot understand why they as friends of the United States should not be free in a land of freedom. They compare their treatment, and unfavorably, with that accorded internees and prisoners of war. They would like to contribute to the winning of the war, but instead are denied the opportunity for productive enterprise. I have felt for some time that it is scarcely to be tolerated that these avowed anti-Nazi refugees should be forced to live in the United States under this form of detention.

The extremely rigorous climate at Fort Ontario is another factor contributing to their physical and mental discomfort and rendering more difficult our task of maintaining the refugees at a minimum standard of decency.

Apart from these considerations, I can see no justification for maintaining the refugees at Fort Ontario at public expense,

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- 2 -

when relatives and friends of the refugees and private agencies are willing and eager to assume full responsibility for their care.

We recognize that the refugees at Fort Ontario were brought into the United States outside the immigration laws, but believe that the policy of sponsored leave outlined below would not conflict with the government's declaration concerning the status of the refugees in this country.

I propose that the following policies govern the issuance of sponsored leave.

1. Refugees would apply to the War Relocation Authority for permission to leave up residence outside the Shelter for an indefinite period. They would be informed that such residence is subject to termination at any time, and that they could be required to return to Fort Ontario or to a designated place when the government concludes arrangements for their return to their homelands.
2. The War Relocation Authority now has general assurance and would require specific assurance from cooperating national private agencies that for each person granted sponsored leave these agencies would assume the following responsibilities:
 - a. provide transportation and incidental expenses from Fort Ontario to the new location and return to any designated place within the United States.
 - b. relieve the government of any financial responsibility for refugees on sponsored leave during the period of such leave. In instances where the agencies arrange for a relative or friend to assume responsibility in an individual case, the agencies would agree to carry on the responsibility for maintenance and other services if the relative or friend should at any time be unable to live up to his obligations.
 - c. reunite refugees with their relatives in this country wherever possible.
 - d. arrange for a reputable private citizen or local agency to serve as sponsor for the refugee in the community where he takes up residence.

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- 3 -

- e. Meet any other security provisions required by the government.
- f. Arrange through local cooperating agencies and private individuals for refugees to obtain adequate housing, welfare, medical, and other services and, where possible, constructive employment.
3. Refugees on sponsored leave would be permitted to accept employment.
4. The War Relocation Authority would arrange to have refugees on sponsored leave or their sponsors notify the WRA Relocation Officer of the district in which they are residing of their present address once every thirty days.
5. Before departure from the Shelter, arrangements would be made with the Department of Justice for the registration of those applicants for sponsored leave who are technically aliens of enemy nationality, with the understanding that such persons, in the communities to which they go, would be subject to the same controls as residents of the United States who fall into this category. If required by the Department of Justice, alien registration could also be accomplished for all persons granted sponsored leave.
6. The War Relocation Authority would institute a proper system of pass issuance so that each refugee departing on sponsored leave would be provided with a suitable identification card. Appropriate procedures would be developed so that the War Relocation Authority would know at any time the present address and agency or individual responsible for each of the refugees on sponsored leave.

The refugees were checked before their departure from Europe, and after their arrival at the Shelter were subjected to thorough screening and handling by the United States Army. In view of the fact that no positive indication of significance was developed concerning any of the group in these interviews and that none has developed out of our experience with them, it is believed that further processing of this sort should not constitute a prerequisite to the granting of sponsored leave.

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- 4 -

Although it is anticipated that the national private agencies would be in a position to arrange sponsored leaves for all Shelter residents desiring to leave the Shelter, the War Relocation Authority would, of course, plan to continue operation of the Shelter for such period and on such scale as might be necessary.

It is my belief that such a program should be put into effect at an early date, provided that the policy is believed to be a sound one. I would appreciate having your reaction to this proposal as soon as possible.

Sincerely yours,

/s/ Harold L. Jones

Secretary of the Interior.

Gen. William O'Dwyer,
Executive Director,
War Refugee Board.

PRECISION

TRADE MARK

MICROSTAT

REG. U. S. PAT. OFF.

MICROFILM

ROLL NO.

12"

Treasury Department
Division of Monetary Research

304

Date March 6, 1945 19

To: Secretary Morgenthau

You might be interested in
seeing this.

H.D.W.

MR. WHITE
Branch 2006 - Room 214-1/2

March 1945
705 copies, 714
Publications 218

TRADE MAKES JOBS

AMERICAN PROSPERITY DEPENDS ON SELLING OUR GOODS ALL OVER THE WORLD

To increase world trade, forty-four countries
met at Bretton Woods, New Hampshire.

These nations - rich and poor, great and small -
agreed to present financial proposals to the world.

Congress is now considering these proposals

THE BRETTON WOODS AGREEMENTS BRING US MORE TRADE

An International Bank and a Monetary Fund would be set up

The Bank would

Guarantee loans to increase production in war-torn and undeveloped countries. This creates a greater demand for our goods.

The Fund would

Set a definite value on the money of all nations to keep their trading conditions stable.

Provide a pool of money so that nations which do not have dollars can get them to buy our goods.

This all adds up to

MORE TRADE - MORE JOBS MORE JOBS - MORE MONEY FOR ALL

All nations will share the cost of the Bank and the Fund.
Our part costs less than eleven days of war.

**WRITE YOUR CONGRESSMEN TODAY TO VOTE
FOR THE BRETTON WOODS AGREEMENTS**

ACT NOW FOR FUTURE PEACE



NATIONAL LEAGUE OF WOMEN VOTERS

726 Jackson Place, Washington 6, D. C.

A non-partisan organization established in 1920 to encourage citizen participation in government.



THE UNDER SECRETARY OF THE TREASURY
WASHINGTON

March 6, 1945.

MEMORANDUM FOR THE SECRETARY'S FILE:

Harriner Eccles telephoned me last night to say that the Federal Reserve Bank of New York had requested permission of the Board to send Mr. Knoke and Mr. Rosell of their Foreign Department to England and Europe for consultation with the Central Banks for the purpose, he explained, of getting reacquainted and discussing post-war relations.

Harriner said he had no objection, but before he approved the letter he wanted the approval of the Secretary of the Treasury. He said that while he had no objection, he would just as soon see their trip postponed, because he was quite certain that when they got over there they would be talking about Bretton Woods and other matters concerning the Executive Branch of the Government. He thought it might be just as well if they postponed the trip for a while.

I related this conversation to the Secretary this morning over the telephone and he asked me to advise Mr. Eccles that he was in thorough accord with him that they shouldn't go at this time, but should delay their trip until further developments abroad.

I gave Mr. Eccles this information.

SWB



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 6, 1945

TO Secretary Morgenthau

FROM J. J. O'Connell, Jr.

For your information

Mr. Eccles testified yesterday before the House Banking and Currency Committee in connection with the Federal Reserve bill to decrease the reserve ratio and to make permanent the power of the Federal Reserve banks to use Government obligations as collateral behind Federal Reserve notes. As you can well imagine, the discussion on occasion went fairly far afield, and Mr. Eccles discussed several matters which will be of interest to you.

1. In responding to a line of questions by Mr. Crawford addressed to the fact that we have about \$25 billion of currency in circulation, Mr. Eccles expounded at some length on the possibilities of calling in the big bills. He indicated that he had discussed the matter with the Treasury, stated that we are conscious of the problem and that there would be some advantages in calling in all the big bills, just as we made people turn in their gold back in 1933.

He really outlined a program paralleling pretty closely the one discussed several times in your office, and indicated that its major efficacy would be in providing leads for enforcement officers in uncovering tax evasion and black market operations.

2. Mr. Eccles also suggested the desirability of requiring every taxpayer to file, with his tax return each year, a statement of his assets and liabilities. The obvious purpose of this would be to make it possible to relate increases in assets over the years to income reported.

3. In discussing the interest cost of servicing the public debt, Mr. Eccles indicated that he has felt that too much of the Treasury financing, especially in securities sold to the banks, has been in securities bearing too high a rate of interest (presumably meaning long-term securities rather than short-term).

Joseph J. O'Connell Jr.

FOREIGN ECONOMIC ADMINISTRATION

Washington, D. C.

March 6, 1945

MEMORANDUM

To: The Hon. Henry Morgenthau

From: Herbert Willett
Director of Research and Reports
Office of General Counsel

Subject: Monthly Reports on Lend-Lease Operations

Transmitted herewith are copies of Executive Reports
on lend-lease operations as of January 31, 1945.

309
CONFIDENTIALLend-Lease Operations
Executive Report No. 1

ALLOCATIONS, OBLIGATIONS AND EXPENDITURES LEND-LEASE FUNDS APPROPRIATED TO THE PRESIDENT

Report as of Jan. 31, 1945
(Thousands of Dollars)

Appropriation Category	Adjusted Appropriations	Cumulative to January 31, 1945		
		Allocations	Obligations	Expenditures
Ordnance and Ordnance Stores	1,467,306	1,463,089	1,381,724	1,300,557
Aircraft and Aero. Material	2,484,627	2,479,378	2,365,304	2,201,527
Tanks and Other Vehicles	739,273	746,627	711,294	649,287
Watercraft	4,121,703	4,097,070	3,847,187	2,373,794
Misc. Military Equipment	304,288	300,562	268,357	265,900
Production Facilities	1,087,688	1,086,909	1,056,884	1,012,968
Agric. and Indust. Commodities	16,680,589	16,365,108	13,307,305	11,101,508
Servicing, Repair of Ships, etc.	790,818	757,467	644,475	464,200
Services and Expenses	500,000	422,593	331,910	295,154
Administrative Expenses	33,208	31,296	30,149	29,654
Total	28,209,498	27,750,099	23,944,789	19,694,569

Procuring Agency	Cumulative to January 31, 1945		
	Allocations	Obligations	Expenditures
War Department	5,380,536	5,143,615	4,632,676
Navy Department	4,315,367	3,357,958	3,061,239
Maritime Commission and War Shipping Admin.	4,118,377	3,823,731	2,219,962
Treasury Department	6,018,493	4,750,588	3,995,992
Department of Agriculture	7,833,993	6,441,203	5,493,844
Other	83,333	27,684	20,856
Total	27,750,099	23,944,789	19,694,569

Foreign Economic Administration
Office of General Counsel
Division of Research and Reports
March 1, 1945

2-4222

CONFIDENTIAL

Lend-Lease Operations
Executive Report No. 2

STATEMENT OF LEND-LEASE AID

Report as of Jan. 31, 1945

(Thousands of Dollars)

Type of Aid	Cumulative to		Month of	
	Jan. 31, 1945	Dec. 31, 1944	January	December
Goods Transferred	34,407,334	31,410,228	997,106	1,453,997
Servicing, Repair of Ships, etc.	537,917	532,355	5,582	11,679
Rental of Ships, Ferrying of Aircraft, etc.	2,873,615	2,704,900	168,715	51,266
Production Facilities in U. S.	630,689	628,519	2,170	901
Miscellaneous Expenses	108,443	106,664	1,779	1,212
Total Services	4,150,664	3,972,418	178,246	65,058
Total Goods and Services	36,557,998	35,382,646	1,175,352	1,519,055

Data on Goods Transferred include value of goods procured from lend-lease appropriations to the President and to the War and Navy Departments.

Type of Aid	Cumulative to January 31, 1945				
	Br. Empire	China	U.S.S.R.	Other	Total
Goods Transferred	23,518,796	229,742	7,809,298	849,498	32,407,334
Servicing, Repair of Ships, etc.	378,582	1,898	108,206	49,231	537,917
Rental of Ships Ferrying of Aircraft, etc.	2,240,549	15,483	384,803	232,780	2,873,615
Production Facilities in U. S.	-	-	-	-	630,689
Miscellaneous Expenses	52,945	1,215	6,146	48,137	108,443
Total Goods and Services	-	-	-	-	36,557,998

Foreign Economic Administration
Office of General Counsel
Division of Research and Reports
March 1, 1945

2-2333

CONFIDENTIAL

Lend-Lease Operations
Executive Report No. 3

LEND-LEASE GOODS TRANSFERRED

Report as of Jan. 31, 1945

(Thousands of Dollars)

	Cumulative to January 31, 1945				
	Br. Empire	China	U.S.S.R.	Other	Total
Ordnance (Excl. Ammunition)	868,870	14,402	297,619	33,067	1,213,958
Ammunition and Components	1,902,320	9,094	461,115	63,701	2,436,230
Aircraft	3,189,807	87,387	1,005,785	154,456	4,437,435
Aircraft Engines, Parts, etc.	1,762,109	26,999	317,142	54,123	2,160,373
Tanks and Parts	2,694,768	1,355	582,504	44,913	3,323,540
Motor Vehicles and Parts	779,115	27,911	885,793	26,026	1,718,845
Watercraft and Parts	2,741,028	447	295,842	214,525	3,251,842
Foodstuffs	3,002,755	2,677	1,398,802	46,097	4,450,331
Other Agric. Products	710,305	536	21,302	172	732,315
Machinery	692,988	12,199	974,939	17,834	1,696,960
Metals	1,073,186	12,275	586,328	53,167	1,724,956
Petroleum Products	1,565,050	2,603	71,518	13,315	1,652,486
Miscellaneous Materials and Manufactures	2,537,495	31,857	910,609	128,102	3,608,063
Total	23,518,796	229,742	7,809,298	849,498	32,407,334

Foreign Economic Administration
Office of General Counsel
Division of Research and Reports
March 1, 1945

2-2333

R. W. WOODRUFF
ATLANTA

March 6, 1945

Dear Mr. Secretary:

It was a pleasure to be of assistance in connection with your talk at St. Louis and I greatly appreciate your thoughtful letter of February 22. From what I heard myself and from what I later learned from Mr. D'Arcy, it was evidently a distinguished and outstandingly successful occasion. I am happy that we were able to have a participation in it with you.

Yours sincerely,



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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

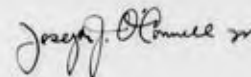
DATE

March 6, 1945

TO Mrs. Klots
FROM Mr. O'Connell

At my suggestion, Mr. Sterling, attorney for The Nation Associates, is coming in to see me about their application for tax exemption early in the week beginning March 19. He could not make it any earlier, and since he suggested that date it was entirely agreeable to me inasmuch as it will give us a little more time to discuss the matter around here.

I indicated to Mr. Sterling that we would probably be forced to hold the organization not exempt, but that we will keep the question open until he has had an opportunity to discuss the case with us once more.



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March 6, 1945

Mrs. Klotz
Mr. O'Connell

At my suggestion, Mr. Sterling, attorney for The Nation Associates, is coming in to see me about their application for tax exemption early in the week beginning March 19. He could not make it any earlier, and since he suggested that date it was entirely agreeable to me inasmuch as it will give us a little more time to discuss the matter around here.

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

JJO'C:mv

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JD-744

PLAIN

Lisbon

Dated March 6, 1945

Rec'd 12:11 p.m.

Secretary of State

Washington

503, Sixth

WHS 352, JDO 195, FOR LEAVITT FROM HAROLD TROBE.

Pilerman cabled Romanian Government granted license importation medicines worth \$60,000 from United States. Delivered authorization to AMPOLAD. Hungary urgently demands medicines same value for exanthematic typhus also insulin sulfamidides neosalvarsan disinfectants. Probably more than 20,000 Jews will return to Hungary and northern Transylvania from Poland and Germany also 10,000 Jews deported from France Belgium Germany other countries and Jews originally from Poland. Therefore implore double quantity medicines destined Romania. Bulgaria asks medicines tools clothing food. Romanian Government granted entrance visas Haseman Trobe but necessary obtain visas from inter-allied Commission.

CROCHER

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NOT TO BE RE-TRANSMITTED

COPY NO. 4SECRETOPTEL No. 75

Information received up to 10 a.m., 6th March, 1945.

MILITARY1. WESTERN FRONT.

Southern Sector: North Trier 3rd U.S. Army has closed to line River Kyll and expanded its bridgeheads while further north and east of Prum advance towards River Kyll continues on wide front.

South Central Sector: 1st U.S. Army captured Schleididen and now fighting Gemund while to north troops reached Cologne suburbs and made further gains eastward towards Rhine.

North Central Sector: On 9th U.S. Army front west bank of Rhine clear north to Orsay while troops have entered Rheinberg.

Northern Sector: 1st Canadian Army making limited advances S.W. and N.W. Xanten have reached outskirts town.

2. EASTERN FRONT.

Central Sector: On northern flank Stargard, Naugard (25 miles north Stargard) and Pozlin (S.E. Kallberg) captured.

3. BURMA.

Central Sector: 26th February. As result mechanised thrust from Nyaungu Bridgehead lightning advance made to within 6 miles N.W. Meiktila where two airstrips captured. A fly-in of our troops was effected at once and advance on Meiktila continued. On 26th town was surrounded and for several days Japanese made suicidal attempts in its defence; but area now cleared and whole group of 8 airfields in our hands while patrols report Thazi 12 miles to east is clear of enemy. During this operation heavy casualties inflicted and considerable number aircraft and weapons as well as quantities stores and ammunition captured.

4. WESTERN FRONT. 5th. 163 escorted Lancasters (2 missing) attacked benzol plant Gelsenkirchen (793 tons) while 396 escorted U.S. heavy bombers (3 missing) attacked railway centre Chemnitz (289 tons), oil refinery Hamburg (289 tons) and other targets (94) with unobserved results. 685 medium bombers dropped 1056 tons communications and other targets Northern and Central Sectors with mainly unobserved results while 983 fighter bombers and fighters (14 missing, but 8 believed safe) operated battle areas.

5. MEDITERRANEAN FRONT. 3rd/4th (night). 125 tons dropped on oil stores Porto Maghera (Venice) and dockyard Pola.

4th. 574 escorted U.S. heavy bombers (5 missing) operating in support Russian armies dropped 1199 tons railway centres Hungary, Austria and Yugoslavia where principal targets Sopron (west Budapest) Szombathely (south Vienna) and Wiener Neustadt, while escorting fighters 162 attacked railway targets in Austria and 1105 medium and fighter bombers (5 missing) attacked communications and other targets North Italy and Austria.

6. BURMA AND SIAM. 2nd/3rd (night). Liberators attacked railway workshops Bangkok (142 tons).

3rd. 259 tactical aircraft attacked military targets Central Burma and Liberators destroyed two bridges Burma/Siam road.

HOME SECURITY7. FLYING BOMBS.

5th. Eight plotted.
5th/6th (night). 2 bombs plotted.

8. ROCKETS.

Seven incidents reported.

OPTEL No. 74 not sent to Washington

Treasury Department 317
Division of Monetary Research

Date March 7 1945

To: Secretary Morgenthau

You might be interested in
reading this.

M.D.W.

MR. WHITE
Branch 2056 - Room 214-1/2

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March 6, 1945

MEMORANDUM FOR THE FILES:

Pursuant to arrangements made through Dave Kerr, I called on Congressman Outland (California) this morning. Outland expressed to me his whole-hearted willingness to cooperate fully in getting Bretton Woods through Congress. The following matters in particular were discussed:

1. Outland said the key as to whether we got Bretton Woods through the House without a big fight rested in the hands of two Republicans, Jesse Wolcott and Jim Wadsworth. He said both of them were fair minded and to a high degree intellectually honest and that if they could be persuaded to support Bretton Woods, they would carry with them a substantial part of the Republican Congressmen.

2. On Jesse Wolcott, Congressman Outland called my attention to the line of questions which he had raised with Chairman Aches when Aches testified on the Reserve Ratio Legislation. He said that the tenor of Wolcott's point was as follows:

If the United States and the United States Treasury are going to be called upon to make all kinds of loans to foreign governments, what was the need for the Bretton Woods arrangement?

Outland says he thought Wolcott had in mind the recent announcement of the French Lend-Lease arrangements. I explained to Mr. Outland that the degree to which the United States would be called upon to extend independent financial assistance abroad depended in a very substantial measure on whether or not the Bretton Woods Agreements were adopted. In other words, to the extent that the countries could get aid from the Bank and Fund, they would not have to call upon the United States for unilateral aid.

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Con. Congressman Outland said that he understood this, but he thought it was very important for us to bring it out and develop it in our testimony before the Committee, where it might be helpful in re-examining Wolcott. I pointed out to Outland that, of course, if they were to pass the question as to whether the United States would need to extend any aid to other countries in the event that we approve Bretton Woods, it would be much more difficult to be categorical. He said that he readily recognized this point and felt that any honest Congressman could realize that this was an unfair question. He felt that this was not nearly as dangerous a question because it was "loaded" and Jesse Wolcott would appreciate the fact. Outland also said that he hoped we could get a real public discussion of the question of United States loans to foreign governments during the period when we were considering Bretton Woods legislation.

Outland said that he felt that the announcement of Vinson's appointment to the Federal Reserve Board would be helpful vis-a-vis Wolcott, because Wolcott resented Vinson and he thought that it might be certain to offset the balance point. He said it was clear that he was most anxious to avoid a balance issue in connection with the Bretton Woods agreements.

I asked Outland what would be the best way to approach Vandenberg and get an opportunity to discuss the problem of Bretton Woods with him without appearing to be lobbying. He suggested that we try to arrange it through the State Department, since Vandenberg is on the Foreign Affairs Committee and there must be men in the State Department who are on a friendly enough basis with Vandenberg to arrange the appointment.

I explained to Outland our need for a kind of nucleus of men on the Committee who would follow the Bretton Woods agreements hearings very closely so that they would be able to support us on the floor of the House. In particular, I emphasized that our opposition could raise technical points which would be difficult to answer unless we had two or three men on the floor of the House who were thoroughly prepared and able to meet these questions.

Outland agreed thoroughly with this point of view and said that internally he, Brooke Davis and Conaway were already thinking in these terms. He said that there was a Mrs. Woodhouse who was a Democratic freshman member of Congress and on the Banking and Currency Committee who might be of invaluable assistance to us in this score. He said she was a professor of economics and could be easily used as a good technician in the House debate. I asked him to make arrangements for me or one of the Treasury economists to talk to Mrs. Woodhouse while he did while I was there.

5. Mrs. Woodhouse told me over the telephone that she is most anxious to cooperate with us. She said that she had spent the last few days studying all of the objections to the Bretton Woods agreements and was resolving as many of them as she could in her own mind. In a day or so she would have the balance of the unresolved questions listed and be prepared to discuss and discuss them with us so that she might have the Administration's answers. In this connection, she said that she was going to raise a number of objections in the hearings so that we could answer them and prevent the opposition from having the opportunity to raise them. We left the matter that I will make specific arrangements with her some time Thursday for an appointment on Friday. I told her that since she was an economist that probably one of our economists should also be in on the discussion with her and she agreed at once.

6. Outland asked me who we anticipated to be our chief opposition. I mentioned to him the New York banking group. He said that they did not impress him very much and he did not think we would have too much difficulty with Congress on their account, particularly, if we could show a good deal of their background and illustrate bad faith. In this connection he asked me for a memorandum which he could use as a basis for cross examining some of the banking witnesses from the point of developing possible bad faith on their part.

7. He asked me how the Bank of America and Scitnick stood on this issue. He said that since they controlled most of the banking in California they could

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be extremely influential if they would support the Bretton Woods proposals. I told him I did not know how Giannini stood in the matter, although I understood that Mr. Jeldels of the Bank of America was supporting us. He thought it would be a good idea to get Jeldels to testify and if possible see if we could get Giannini to issue us a statement supporting Bretton Woods. He said he understood the nature of the difficulties between Giannini and the Treasury but felt that perhaps something could be done on this score.

8. I told Outland that it would be extremely helpful to us if he would advise us after the hearings got under way as to what points were not being made clear and where we needed to offer further explanation. He said that we could check with him informally at any time and that he would help us in this way. He said that one of the things he had noticed about witnesses before a Congressional Committee was that most of them handicapped their case a great deal by a cringing attitude before the Committees. He said that he understood that this would not be one of Harry White's faults and that that was ideal so long as we avoided "explosions."

9. Outland said that when the legislation was considered on the floor of the House that we would have our men in the gallery so that they could come out and check with us on points during the course of debate and get ammunition. I told him that we had done this before and, of course, would do it in this case.

10. I think we should make full use of Outland's support during the hearings. We can plant any kind of questions we want to with him, and he will do any kind of a job we ask.

OK