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March 7, 1945 1
10:12 a.m.Dr. E.A.
Golden-
weiser:

This is Goldenweiser, Mr. Secretary.

HMJr:

Well, I just wanted to be sure you were going to be on the Hill this morning.

G:

Can I be of service there?

HMJr:

Yes.

G:

I see.

HMJr:

They told me that -- some of the men -- Bernstein said you were going to be there.

G:

Well, I didn't know whether I'd be there. The point -- the only point that I had, Mr. Secretary, was that Mr. Eccles has to testify at the Senate Committee this afternoon on this ratio thing.

HMJr:

Yes.

G:

And I -- he -- I've prepared a lot of material for him that I thought he would probably want to go over with me this morning.

HMJr:

Well, the thing that I really want is to protect myself so that I don't in some way say something to contradict Eccles.

G:

I see.

HMJr:

So I want -- because he's been talking about so many things, and I -- I knew that you would know. And it's a protection for Eccles and me that I want you there.

G:

Well, I'll -- I'll find someone else to pass the material on to him and I'll be there.

HMJr:

For Eccles' and my sake, I think it's important that somebody be there representing Eccles.

G:

Well, I'll -- I'll be there and I'll ask Mr. Thomas to pass the material on to him.

HMJr:

If you would, I think it's a service to both Mr. Eccles and myself.

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G:

All right, sir, I'll be there.

HMJr:

Thank you.

HM JR's Reading copy before House

Banking and Currency Committee - March 7, 1946

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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, New Hampshire.

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I have studied 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.

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They govern the amount of food on the 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 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.

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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.

2-E

- 5 -

We were seeking a solution to one of the world's knottiest 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 1930's took the form of currency depreciation, blocked funds, import quotas, multiple currencies and trade preferences. Desperate nations tried to save themselves at the expense of their neighbors.

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The result was injury to both. The trade of the United States suffered heavily from discriminatory practices of this kind. Our foreign commerce, which had fallen off sharply during the depression, made substantial gains where trade was free, but failed to recover and even lost ground in trade with those countries which had set up monetary barriers against us.

One of the chief contributions to peace that the Bretton Woods program offers is that it will free the small and even the middle-sized nations from the danger of economic aggression by more powerful neighbors. The lesser nation will no longer be obliged to look to a single powerful country for monetary support or capital for development, and have to make dangerous political and economic concessions in the process.

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Political independence in the past has often proved to be a sham when economic independence did not go with it.

Under the Bretton Woods agreements, both will be strengthened. The smaller countries can come to the International Fund for monetary aid and to the world bank for reconstruction and development funds. Loans will be made without political strings and without forcing the borrower into unnatural or undesirable trade relationships.

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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 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, in the sense of the bullying of small nations by big ones and of weak nations by powerful ones, has become a term of reproach in the world.

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The United Nations hope to abolish it from the earth. But power economics may be just as dangerous, for if it is not the root of all evil in international affairs it is at the very least a frequent cause of conflict. The legislation before this committee offers what I am convinced is our best hope of banishing that too.

Of course, no program that the 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 first of all must want to achieve monetary stability.

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The fact that 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.

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The practical benefits of the program are so great and so obvious that I should like to summarize them briefly. But it must be understood that the success of the Bretton Woods agreements, 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:

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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. Any one 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 will facilitate the payment of the legitimate profits of American branches abroad by any member nation.

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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 removes the excuse for 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.

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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.

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In the post-war 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 which are America's customers and the development of new resources and new sources of wealth in countries which will be better customers than before.

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In short, the whole program becomes the foundation for protection of investors, a program which will encourage productive investments abroad. It becomes the basis for stabilizing 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 in the legislation for putting them into effect.

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I should like to enter a plea here to avoid delay in building our foundation. Time is the most valuable commodity we have. I do not urge haste in the deliberations of this Committee or the Congress. 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 stable exchange arrangements for the world's commerce. In my own experience as an advocate of Bretton Woods in these last few months, I have found that an open mind and understanding of the principles of the agreements is followed by approval.

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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 convene another conference if these agreements should be rejected. At Bretton Woods we had our chance to begin building post-war monetary stability. We made the most of it. But it is unlikely that this opportunity will come again to our generation.

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.

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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.

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.

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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 media 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 7, 1945

3

MEMORANDUM FOR THE SECRETARY'S FILES

Meeting in Secretary's Office
March 7, 1945
4:00 p.m.

Present: Secretary Morgenthau
Mr. Brand of U.S. Treasury
Mrs. Miles
Mr. Cox

1. Bretton Woods

The Secretary thanked Mr. Brand for the Chancellor's letter embodying his views regarding the bankers' proposals. Mr. Brand said that he also wanted to tell the Secretary that the Chancellor and Lord Keynes had been meeting members of Parliament in groups and were very optimistic about the prospects for Bretton Woods in England.

2. Italy

Mr. Brand gave the Secretary a letter about U.S.-U.K. affairs in Italy, expressing his regret that Mr. Ciano would not go. The Secretary replied that this was because Mr. Ciano did not feel he could be spared at this time. Mr. Brand said the British Treasury thought the place to work out any differences--real or alleged--on Italian financial matters between the two Governments was in the Allied Commission. The Secretary explained that State and Treasury were agreed on the general policies and he was sure his staff would work actively with the British to remove any differences. Just now he could not deal with Italy.

3. France

Mr. Brand said that the French and British financial people were negotiating on the financial aspects of expanded trade between the two countries. The British were thinking particularly of an expanded volume of Empire goods to the French, and in the next year would try to get more British goods into France in order to help the situation. In this connection, the British Treasury was endeavoring to clear up previous financial agreements. They were attempting to get a settlement from the French of the contracts in the United States which the British had taken over from the French. In response to a question, Mr. Brand estimated that they hoped to get about 160 million from this.

Frank Cox *FC*March 7, 1945
5:00 a.m.

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HMJr: Sam.

Sam Rayburn: Yeah.

HMJr: We got off to a good start today on Bretton Woods. Hello?

R: Did you?

HMJr: Yeah.

R: Well, fine.

HMJr: And -- at least I had ample time to get my story over.

R: Good.

HMJr: And the Opposition didn't.

R: Well, that -- that's grand, Henry.

HMJr: Now, Jesse Volcott said that they were going to adjourn Congress, or they were talking about it, from the 24th of March until the 10th or 12th of April.

R: That's the way it looks now.

HMJr: Now, we were talking with Spence and he said if we insisted, he would continue the hearings, but I wanted your advice. After all, we don't want to rub the Banking and Currency the wrong way.

R: Well, now, what I'd like to have done about it, Henry

HMJr: Yeah.

R: I'd like awfully well to pass this bill before the 25th.

HMJr: Yes.

R: You see?

HMJr: Yes.

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R: Before that conference out yonder in

HMJr: Yeah.

R: San Francisco.

HMJr: Yeah.

R: The 25th of April.

HMJr: Yes.

R: Now, I am very -- I would be afraid of having hearings during this vacation. I don't think you'd have many people here.

HMJr: I see.

R: I think it would be a mistake, to tell you the truth. And it may be that we could close these hearings out by the -- reckon you could by the 23rd?

HMJr: Well, we -- suits me. Suits me.

R: Well, I'll talk to Spence and Patman in the morning.

HMJr: Will you?

R: And he -- Patman was a little discouraged today. He thought that they were wanting to string these hearings out and he said Wolcott says he's for the bill, and -- but he thinks he's a little disposed to string the hearings out some, and I don't know. Let me look into it. I -- I don't think it would be a fortunate time to have -- try to have hearings when we're in recess because I don't think you'd have a half a dozen fellows there.

HMJr: Well, I'm going to, as I say, I'm in your hands and I wish you'd advise me.

R: I surely will, Henry, and I'll with Brent and Wright and among them and let you know in a day or two.

HMJr: Thank you so much.

R: Not at all.

March 7, 1945
5:02 p.m.

6

HMJr: Hello.

Operator: Mr. Gamble.

Ted Gamble: Hello, Mr. Secretary.

HMJr: Hello, Theodore.

G: How are you, sir?

HMJr: Oh, we got off to a good start this morning.

G: Well, I was anxious to ask you how the things on the Hill went.

HMJr: We got off to a good start.

G: Well, that's fine. I think that's very important.

HMJr: Yeah. Now, what's new with you?

G: Well, I only wanted a couple of minutes to review this Minneapolis program with you because I'm going to be out of town tomorrow.

HMJr: Yeah. Well, let's do it on -- now.

G: All right, sir.

HMJr: Go right ahead.

G: It's -- well, I can send it over in writing to you.

HMJr: Oh.

G: There's a point or two that's not definite yet. For example, it wasn't decided whether or not John Cowles would be the toastmaster at the

HMJr: Oh.

G: breakfast meeting or not -- things like that.

HMJr: Well, do you want to come over at 5:30.

G: I think that's a good idea.

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HMJr: Well, supposing you come over at 5:30.
G: Now, one question I might ask you now -- is Mrs. Worgenthau going with you?
HMJr: Yes.
G: And she would like to go to the dinner, I'm sure, wouldn't she?
HMJr: Which one?
G: The dinner meeting.
HMJr: Oh, yes, and I think she should go to the War Bond luncheon, too.
G: Yes, she would enjoy that.
HMJr: Yes.
G: Olrich, incidentally, is going to make the speech there.
HMJr: Olrich?
G: To these plant operators.
HMJr: Oh, yes.
G: About their pay-roll and so forth.
HMJr: Oh, I think
G: Yes.
HMJr: I think she'd want to go to both the luncheon and the dinner.
G: Fine. And now is there anyone else in Minneapolis that you would want to go and sit at the head table at that dinner?
HMJr: Well, I think it would be nice if Mr. Pattridge, my daughter-in-law's father.
G: Fine.
HMJr: They know him out there.

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G: Fine.
HMJr: Yeah.
G: Well, I'll take care of that. And I wanted to know that now because I'm going to talk to them before I leave tonight.
HMJr: Yeah, Mr. Pattridge.
G: Right. Well, I'll come over at 5:30.
HMJr: Right.
G: All right, sir.

March 7, 1945
5:00 p.m.

WAR REFUGEE BOARD

Present: Mr. Gaston
General O'Dayer
Miss Model
Mrs. Klotz

R.M.JR: Mr. Gaston, would you mind telling me about the conversation between you and Mr. Grew? I wasn't here.

MR. GASTON: He called me up yesterday at noon to tell me he had before him the text of a cablegram to Harrison and McClelland in Bern which incorporated the text of the license to the Habbis Organization for the transfer of those funds. He noticed that the text of the license did not include any statement that none of the money was to be used for ransom payments, and I told him I thought that was probably because of the fact that the license contained the words that none of the fund was to be used except on the specific authorization of the War Refugee Board, and that it was our safeguard. He wanted to know if we had considered very carefully the question of whether we ought to include in the license a statement that none of the money was to be used for ransom payments, and I told him I would inquire.

I talked to Miss Model and she said that point was very carefully considered and they thought nothing would be added to the license by adding that provision since no transfer whatever could be made whether for ransom or otherwise, except by permission of the War Refugee Board, and that a cablegram had been sent to McClelland telling him he was not to submit any request for payments for anything that could be interpreted as being ransom.

R.M.JR: A covering telegram went?

MR. GASTON: A cablegram went to McClelland telling him he is not to submit any request, and it read, "No funds are to be transferred under any condition except by the specific agreement of the War Refugee Board."

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I told him Miss Model talked it over with the General and Mr. Fehle, Mr. DuBois, and Mr. Arons.

R.M.JR: How about the guard at my door? (Laughter)

MISS MODEL: I wasn't taking any chances this time. (Laughter)

MR. GASTON: She now had talked it over with me and I had talked it over with Mr. O'Connell and we all thought the stuff--

R.M.JR: Nobody asked Mrs. Klotz.

MRS. KLOTZ: Yes she did.

MR. GASTON: That's all.

GEN. O'DAYER: Rabbi Kalmanowitz received a letter in which he was told very flatly that no part of it was to be used for ransom.

MR. GASTON: So I think we are pretty safe. I thought putting that phrase in was about like ordering a man that he is not to enter a house, but if he does, not to enter the stove. (Laughter)

R.M.JR: Now this thing--Miss Model, you couldn't drop your "H", could you, just to make it less cockney? Make it Odell?

Has Mury read this thing?

MISS MODEL: No.

R.M.JR: Before I start talking now--

MISS MODEL: That's the last cable we had from Mr. McClelland telling us about the sixty thousand war refugee packages now in Switzerland that can't be delivered because there is no means of transportation, and also letters giving us a preliminary report and which we have requested him to send on after the Board meeting.

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H.M.Jr: I will read it, but I just don't know. Where do we stand now on this question of your trip to Switzerland?

GEN. O'DWYER: Nowhere at all on my going to Switzerland until I have some plans here so that going to Switzerland is in justification. I have to know what I am doing over there. However, here is where the work has to be done. We have sixty thousand packages of food here and we have untold numbers of people dying over there. There isn't any way in the world that I can get a pound of that food into these people. The Army won't release gasoline and the Swiss Government won't release gasoline. We have all the money in the world to buy trucks but we can't get trucks, and if we get trucks, we can't get gasoline because the Army won't release it. I am trying to keep away from the Combined Chiefs of Staff because that is an interminable delay, but now I am satisfied after seeing Basil O'Connor this afternoon that I have no other source except the Army.

Now, Mr. Secretary, it is just silly to go over there to Berne and stand around on one leg and do nothing. This is the place where the arrangements have to be made. I have, however, so that we will get the thing straight, made up my mind this afternoon that Katski and Miss Model ought to leave right away and go over there and see that everything that should be done is done. Incidentally, we got Saly Mayer over there who is a good worker. We have him contacted or to be contacted tonight to tell him to go to work on the JDC and see what he can do for gasoline. That means any gasoline.

H.M.Jr: Is there gasoline in Switzerland belonging to the Army?

GEN. O'DWYER: Surely, they are sending in gas now with one hundred trucks to take their own prisoner of war packages. They will do that when they have to.

H.M.Jr: Who does that?

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GEN. O'DWYER: The American Red Cross and the Canadian Red Cross are getting one hundred trucks assigned to them by the Army with gasoline.

H.M.Jr: I mean who did that in the Army?

GEN. O'DWYER: There is only one place it could come from and that's the Combined Chiefs of Staff.

H.M.Jr: Wouldn't that be Patterson?

GEN. O'DWYER: He has a good deal to do with it, but it is a job that will have to be done by McCloy representing our War Department and whoever represents the British. That's the Combined Chiefs of Staff final decision.

H.M.Jr: But they are giving gasoline for--

GEN. O'DWYER: Incidentally, I heard from O'Connell this afternoon and from Mr. Allan over at Red Cross that what happened is that the Combined Chiefs of Staff left it up to Eisenhower to allow as much gasoline and trucks as he could, and this is what happened. They got one hundred trucks with the understanding that they will get more and more and more if they can get their seven million packages in to the prisoners of war. All we are asking for is a teeny-weeny little space. You don't dare go to the War Department and ask to be given the space on a prisoner of war truck. It is almost committing suicide to suggest such a thing. They wouldn't even let us go out in the open market when I came down here first and get seven trucks. Patterson wrote and said this is letting the civilian agencies in here and we don't want that to come in ahead of our prisoners of war.

H.M.Jr: What's the next move?

GEN. O'DWYER: The next move, and this is my plan-- Miss Model has her shots taken. She is ready to go and Katski has his, too.

H.M.Jr: Wasn't Katski the man who was to take your place?

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GEN. O'DWYER: That's right, and I would take her place. There is something that has to be taken up over there across the river and she can't do that and I can. I was thinking of taking George Silverman with me who knows--

H.M.JR: Did you get him?

GEN. O'DWYER: Yes, he is somebody--

H.M.JR: Did you get him? That was my call that did that.

GEN. O'DWYER: Yes, sir. I got it broken right away and he is well worth it. Now, I am hoping to have them out of here by Monday at the latest and straight to Berne to see what the situation is and to see if we are getting the information complete from cables which I don't think we are. I also got hold of Mr. Bruggmann and he is sending a cable today to the Swiss Government asking them to look into it and see if they couldn't release ten trucks for us with gasoline. It would be very commendable from the Swiss standpoint if they would do it. It would be very good for them. However, that is just voice.

H.M.JR: Who is this man you are talking about sending?

GEN. O'DWYER: Sending where?

H.M.JR: To Switzerland.

GEN. O'DWYER: Katzi.

MISS HODEL: He was our representative in Turkey who succeeded Ira Hirschmann. He first went over as Hirschmann's assistant.

GEN. O'DWYER: He seems like a real fine man.

H.M.JR: Did you give Miss Hodel a chance to say whether she wants to go or not?

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GEN. O'DWYER: No, I didn't ask her.

H.M.JR: You didn't ask her? Well, she needs--

GEN. O'DWYER: I don't want to ask her. She might say no.

H.M.JR: How about letting this Katzi go?

GEN. O'DWYER: Katzi is to go and stay there.

H.M.JR: Supposing he goes and--you see, let me just be frank.

GEN. O'DWYER: That's right.

H.M.JR: You are here three days a week.

GEN. O'DWYER: I will be here seven if she goes.

H.M.JR: You haven't been.

GEN. O'DWYER: I didn't have to be. She was here.

H.M.JR: Could you be here seven days a week?

GEN. O'DWYER: I certainly will be here seven days a week.

H.M.JR: I agree with you that it is important to clean this end up and I think you are the man that can do it, if anybody can do it.

GEN. O'DWYER: That will be done here, Mr. Secretary.

H.M.JR: But--

GEN. O'DWYER: I had trouble giving you another point.

H.M.JR: But if I have any say in the matter, I would kind of like Miss Hodel to stay around until the thing is cleared up.

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GEN. O'DWYER: We'll let Katzi go and you stay for a little while.

H.M.JR: Let him go, but I would kind of like to have her stay.

GEN. O'DWYER: All right.

H.M.JR: Because I would just like to have her stay. That's doesn't reflect on anybody.

GEN. O'DWYER: Not a bit. As a matter of fact, I would like to see her stay, too. I wish she could do two things at the same time.

H.M.JR: What can I do to get this thing off?

GEN. O'DWYER: Don't do a thing today. I called up Artie Bulova of the Bulova Watch Company. He had a couple of factories over there and I think there is a chance that I might be able to borrow ten trucks from him and his friend, and I am going to try to arrange for a telephone call to his Secretary tomorrow.

MR. GASTON: How many watches do we have to let in by the black market route if we do that?

GEN. O'DWYER: None this time. This is on the level. We are dealing with Brooklyn this time; we are not dealing with Washington. He is going to do this job if he can.

H.M.JR: You are so unkind, Herbert. Have we had trouble with Bulova?

MR. GASTON: Not with Bulova but with Bulova watches.

H.M.JR: Bulova watches?

MR. GASTON: They smuggle all kinds of Swiss watches in here.

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H.M.JR: Well, can't you get McGloy to go to bat for us on this thing?

GEN. O'DWYER: My experience with these people is once you deal with the Combined Chiefs of Staff, it is always back-and-forth to London. These people will be dead and gone before they ever get anything done.

H.M.JR: Of course I have just one thing on a strictly business basis, see? I have very good relations with Admiral Leahy, see, very good business relations. He is a good operator.

GEN. O'DWYER: I'll tell you the reason why I am not anxious to go at this time. When the AFHQ over Caserta found I was going over there, they cleared it through State. Right away they sent back one of those suspicious insulting documents that want to know where I am going, who I am going to see, and how long I am going to be gone, all because of telling them the truth about the Italian situation. So I know it is a regular Scotland Yard from the time I go over there to the time I leave. I don't want to be the cause of any incident at this time. Besides, I don't think I belong over there. Here is the place to do the work.

H.M.JR: Have you given up the idea of going?

GEN. O'DWYER: If there was any need for going, I would go now.

H.M.JR: Just to go back in history I think it is correct that the suggestion never came from me that you go in the first place.

GEN. O'DWYER: It looked like I should have gone in the beginning.

H.M.JR: Just to keep the record straight.

GEN. O'DWYER: I rathered a number of suggestions--not from you--I rathered them from around the bulging--a lot of them.

R.M.JR: While you are on the Italian business, Robert Brand was in today representing the British Treasury, and what our boys told him, see, on this man Tasca has all gone to the Chancellor of the Exchequer. He is making his own investigation of what is going on in Italy. I had my boys give it to him straight. You know Tasca. We are sending Tasca back.

GEN. O'DWYER: Fine.

R.M.JR: But the Chancellor of the Exchequer is making his own investigation.

GEN. O'DWYER: Chances are Tasca will be back here, but I am glad you are sending him back--someone that has a little sense and isn't afraid to say things.

R.M.JR: But the people down in Italy want to know what you are going to do in Switzerland.

GEN. O'DWYER: You see, we have a good deal of trouble with the Italian picture in this way. The AFHQ will have to wire all the people that are in Europe. The only way we can get them out of there is through Marseilles over the Mediterranean, either to a camp at Bari or a camp in North Africa. That's in the AFHQ proposition, so I would be dealing with them, the Allied Command in the Mediterranean.

R.M.JR: Algiers?

GEN. O'DWYER: Caserta.

R.M.JR: Is that what was formerly in Naples?

GEN. O'DWYER: Yes, sir, that one, and the other, UNRRA camps, are all in the Mediterranean theatre, and I certainly would have to do business from Kiev over there with UNRRA. I have a good deal of business with them.

R.M.JR: May I just say this? we will stop and talk again tomorrow. I think what you told me is encouraging in this way. If the Army will give the gasoline to the

Red Cross for one hundred trucks, that would establish a precedent, and with the War Refugee Board set up the way it is we can say, "If you give them one hundred trucks and gasoline, certainly you can do as much for us on a smaller scale."

GEN. O'DWYER: Well, of course, what they said was, "Mr. Eisenhower, you give as many trucks as you think you ought to give," and he gave one hundred trucks, and if they say to him, "Now, you give these people as many trucks as you think you ought to give," you won't have any. Unless they give a direction to the theater they won't do it.

R.M.JR: Well, McCloy can pick up a telephone and speak to them. It can be done like that.

GEN. O'DWYER: There is no question about that; that's true.

R.M.JR: Listen, let's see if we can't get somewhere still this week on this thing.

GEN. O'DWYER: Tomorrow?

R.M.JR: Yes.

GEN. O'DWYER: Tomorrow if you want me. Now, I would like to go tackle McCloy on it unless you have a better idea than that.

R.M.JR: I will go right to McCloy, because McCloy can just pick up a phone and say, "I want twenty-four trucks for this."

GEN. O'DWYER: We only need ten. With ten, we can do the job.

R.M.JR: He can pick up the phone--you know they have a special telephone right to Eisenhower--and say, "I want this." McCloy can just do that. Maybe he can do it.

GEN. O'DWYER: I would like to tell you what the answer will be.

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H.M.JR: What?

GEN. O'DWYER: Tomorrow after I have talked to--I know what the answer will be now, but I will tell you tomorrow after I talk to him.

H.M.JR: I think you're wrong. I bet you two packs of Camel cigarettes--I'll give you two packages to one that McCloy will do it.

GEN. O'DWYER: When I ask him to?

H.M.JR: Yes.

GEN. O'DWYER: It's a bet.

H.M.JR: Two to one--Camels in cellophane.

GENERAL O'DWYER: Mine will be the real McCloy.

March 7, 1945²⁰
5:49 p.m.

Fred
Vinson:

How are you, Henry.

H.M.Jr:

Can you lend me a billion dollars, Fred, today?

V:

Well, it's a question of a high rate of interest and we must ample security.

H.M.Jr:

Well, I don't know -- I guess I'll have to go around and see Jesse. I'm sure he'll lend it to me.

V:

Well, you're just a little late.

H.M.Jr:

(Laughs) Oh, I meant from his own bank....

V:

Well

H.M.Jr:

.... down in Texas.

V:

Why, he'd probably be able to do it.

H.M.Jr:

Yeah. Listen, things went very well this morning on the Hill.

V:

Well, that's fine.

H.M.Jr:

And we hope that we can count on you to testify on behalf of Bretton Woods, as one of the delegates.

V:

Well, I'll -- I've already told -- I believe I told Frick to tell some of them over there that I was ready.

H.M.Jr:

Fine. Well, they'll consult you as to what's a convenient time.

V:

All right. I thought it might -- it ought to go along awhile and kind of see how they're -- just in what direction they're shooting.

H.M.Jr:

Fine. Well, I just wanted to tell you -- extend the invitation to you myself.

V:

Yeah.

H.M.Jr:

Thank you, Fred.

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V: All right. I'll be glad to back-stand you, old fellow.

HMJr: Pardon me?

V: I say, I'll be glad to back-stand you.

HMJr: Well, one good Kentucky short-stop is what we want.

V: Well, by golly, I can't get down quite as fast as I once could, but I believe I can hold on to them.

HMJr: I'll bet you can.

V: (Laughs)

HMJr: Okay, Fred.

V: All right, Henry.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

22

DATE March 7,
1945

TO Secretary Morgenthau

FROM J. W. Pehle

Transmitted herewith for your information is a copy of the Progress Report which we submitted to the Surplus Property Board on December 31, 1944.

It summarizes as briefly as possible the practices which the Procurement Division is following in disposing of surplus property.

Attachment

23.
FOR ADMINISTRATIVE USE ONLY

TREASURY DEPARTMENT
PROCUREMENT DIVISION
OFFICE OF SURPLUS PROPERTY

PROGRESS REPORT
TO THE
SURPLUS PROPERTY BOARD
DECEMBER 31, 1944



ISSUED JANUARY 1945

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LETTER OF TRANSMITTAL

Surplus Property Board
Washington, D. C.

Gentlemen:

The accompanying report of the Office of Surplus Property is being submitted in order to acquaint the Surplus Property Board with the organization of this Office; to summarize its activities; to present the policies which it has adopted; to discuss the techniques of disposal which it has developed; and to show what steps are being taken toward achieving the objectives of the Surplus Property Act.

The efforts of the Office of Surplus Property during the past months were concentrated on the rapid disposal of consumer goods, particularly of items in short supply, to meet essential civilian requirements. Although the goods so far declared to us by the armed services represent only a small fraction of the prospective surpluses, among these surpluses were items of great importance to the civilian economies both here at home and in the liberated and Allied countries.

Of the \$70 million worth of property disposed of during the past seven months, over 40 percent consisted of automotive equipment, most of which went to meet the essential needs of farmers in rural areas. A total of 734 carloads of textile and wearing apparel, or more than 18 million pounds, were sold to the United Nations Relief and Rehabilitation Administration, from March to December, 1944.

(11)

As the war effort increases in intensity, rapid disposal of consumer goods becomes even more important. The wide distribution of essential civilian goods by sales to commercial channels will reduce the necessity of diverting facilities from war production to civilian production. It will also assist business, particularly small business, in maintaining their inventories during the war.

The sale of property to Government agencies -- Federal, state and local -- and to tax-supported institutions, under the Act, will provide these bodies with property which is necessary to carry on important and essential Governmental and community services.

Finally, surplus property sold to the United Nations Relief and Rehabilitation Administration will contribute to the morale and war potential of Allied and liberated countries.

Although we recognize the need to concentrate on these tasks during the coming months, we also recognize that surplus property disposal, as envisaged by Congress, represents but one segment in a vast program that will be needed to meet the post-war problems of economic readjustment. We realize that proper programs for the disposal of surplus property, developed now, can help alleviate some of the hardships which will arise during the brief period between the curtailment of war production and the resumption of peacetime manufacturing.

We recognize too that a large part of the surplus property which has been assigned to us for disposal is essential for the establishment of

(111)

new business, agricultural, and professional enterprises. War veterans and factory workers will seek to establish or re-establish themselves in business. Surplus property made available to them could play a part in restoring small business to its pre-war role in our economy.

The disposal of surplus consumer goods could, we believe, help offset some inflationary tendencies during the period when industry is re-converting to peace-time production.

Because of these considerations, we feel that plans must now be made to handle the flood of surplus property that will be declared after the end of the war in Europe and in the Pacific. The experience and facilities of this Office are available to the Board in the development of such plans.

Respectfully submitted,

J. E. Fehle
J. E. Fehle
Assistant to the Secretary

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I. BACKGROUND OF ORGANIZATION

In February, 1944, the Treasury-Procurement Division was named as the disposal agency for consumer goods by the Surplus War Property Administration. The handling of property was only a secondary function of the Procurement Division and in carrying out this function it had been largely concerned with the proper utilization of property within Federal agencies. The very nature of its work limited its experience in the sale of property to commercial buyers. Nor had it faced such problems as the impact of the disposal of property on the market, on production, and on employment.

It was obvious at the time of its designation that the organization of the Procurement Division was entirely inadequate to assume the task of disposing of billions of dollars of property which would be declared surplus by the armed services. Therefore, plans were immediately initiated for building an organization to perform this huge task.

The Office of Surplus Property was officially established in June 1944, in place of the Federal Property Utilization Branch, and coordinates with the Office of Procurement, both within the Procurement Division. The number of regional offices was increased to 12 in order to carry on the operations necessary for the disposal of surplus property. The organization of the Procurement Division and the location of and the areas covered by each regional office (including the locations of district offices and principal warehouses) are shown on the accompanying chart and map. The regional offices are listed in Appendix E.

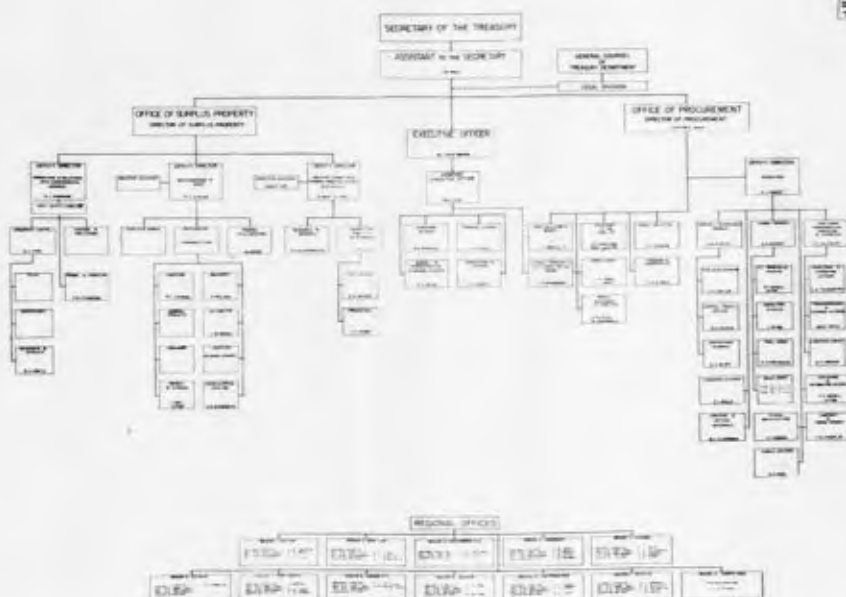
- 2 -

The Office of Surplus Property was faced with two immediate problems in developing an organization for the job ahead. One was to enlarge the existing staff and the other was to adapt the existing organizational structure to meet the needs of both the Office of Procurement and the Office of Surplus Property.

The expansion of our staff required the securing of various types of personnel: some with experience in commercial selling; others with experience in administration and marketing. Toward this end an organization pattern was developed with the assistance of the Civil Service Commission. The actual recruitment, assignment and training of personnel began immediately and considerable progress has been made in expanding the staff. From March to December 1944, the Central Office staff was expanded from 124 persons to 268 persons. In the same period the field organization, which has the operating responsibility in disposing surplus property, was expanded from 1,982 persons to 3,329 persons. Further expansion both in the Central Office and in the field is necessary.

To meet the administrative needs of both the Office of Procurement and the Office of Surplus Property an Executive Office was recently established within the Procurement Division.

During this transitional period, the Office of Surplus Property was disposing of increasingly large amounts of surplus property -- about 2½ times more than what was disposed of in the preceding year. It formulated objectives which, in the absence of Congressional mandate, became the basis



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for its planning. It established sales policies and developed techniques for the disposal of surplus property.

These objectives, policies, and techniques, as well as the work of this Office, are summarized in the sections that follow.

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II. WORK OF THE OFFICE OF SURPLUS PROPERTY

A. Summary of Activity

Increased Activity in 1944. During the year 1944 when the Procurement Division was being reorganized and expanded, surplus property was being acquired and disposed of in increasing quantities. Chart A and the tables in Appendix A indicate the rapid increase in activity which took place from 1943 to 1944. Average monthly acquisitions increased from \$5.8 million in 1943 to \$15.4 million in 1944. In the last quarter of 1944 they averaged \$17.7 million. Average monthly disposals rose from \$4.3 million in 1943 to \$10.9 million in 1944, increasing to \$13.2 million in the last quarter of 1944.

Meeting Essential Needs. During 1944 surplus property was sold as rapidly as possible to fill some of the requirements of Lend-Lease, other Federal agencies, and UNRRA, as well as to meet the need of the domestic civilian economy for "critical" items.

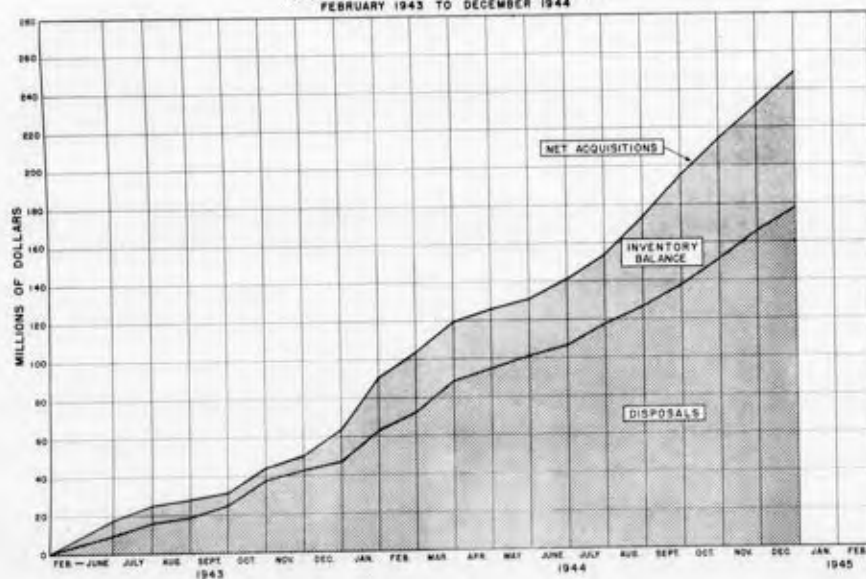
As is shown in the tabulation below and in Chart B about \$23.8 million of surplus property, or more than one-fifth of total disposals, was transferred to Lend-Lease and UNRRA from February to December 1944, the only period for which such data are available. At the present time sales to both Lend-Lease and UNRRA average about \$1.5 million a month. The UNRRA program is fully described in the next section.

As much as \$14.6 million of property, or 13 percent of all disposals, was transferred to Federal Agencies, other than Lend-Lease. Transfers to

NET ACQUISITIONS, TOTAL DISPOSALS AND INVENTORY OF SURPLUS PROPERTY

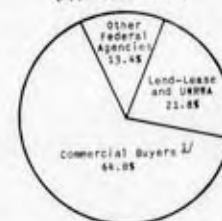
CUMULATIVE BY MONTHS (APPRAISED VALUE)
FEBRUARY 1943 TO DECEMBER 1944

CHART A



TYPE OF PURCHASERS OF SURPLUS PROPERTY FEBRUARY 1 TO DECEMBER 31, 1944 (Appraised Value)

CHART B



1/ Includes State and Local Government Units and Tax Supported Institutions

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Federal agencies have declined during the last quarter of 1944 but it is expected that surplus property will be transferred at an increasing rate as procedures are perfected to carry out the provisions of the Act which give Federal agencies a priority to purchase over all other claimants.

During this same period over \$70 million worth of surplus property, or nearly two-thirds of total disposals, was sold to commercial outlets. This property consisted chiefly of "critical" items, necessary to carry on essential civilian activities. Two of such items are trucks and tires for which effective disposal programs are in operation; these two programs are described in detail in the next section of the report.

Sold to	Disposals	Percent
	February to December 1944	of Total
Lend-Lease and UNRRA	\$ 23.8	21.8
Other Federal Agencies	14.6	13.4
Commercial buyers	70.8	64.8
Total	\$ 109.2	100.0

Increase in Inventory. The inventory of surplus property has been steadily increasing during the past year as shown in Chart C. The confirmed inventory, i.e., property inspected and appraised, rose from \$16.9 million at the end of December 1943, to \$34.3 million on June 30, 1944. By the end of 1944, the confirmed inventory stood at \$71.7 million while inventory which had not as yet been inspected and appraised (work in process) amounted to \$34.7 million.

The sharp increase in inventory during the past year reflects various factors which have impeded the rapid disposal of surplus property. A large part of the inventory includes medical and dental equipment and supplies which

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cannot be sold to commercial buyers until the procedure for the disposal of such goods is finally developed in accordance with the provisions of the Surplus Property Act. Another factor is the inclusion in the inventory of items which have no apparent civilian use or are strictly military equipment. Finally, some of this increase in inventory reflects the increased amounts of property which were declared surplus by the armed forces during the period when the organization of the Office of Surplus Property was being strengthened.

Fourth Quarter 1944. Acquisition of surplus property during the fourth quarter of 1944 decreased slightly from the preceding quarter due, in part, to the increasing scale of the war. Disposals, on the other hand, increased, with sales to commercial buyers reaching a peak.

A summary of fourth quarter activities is given below:

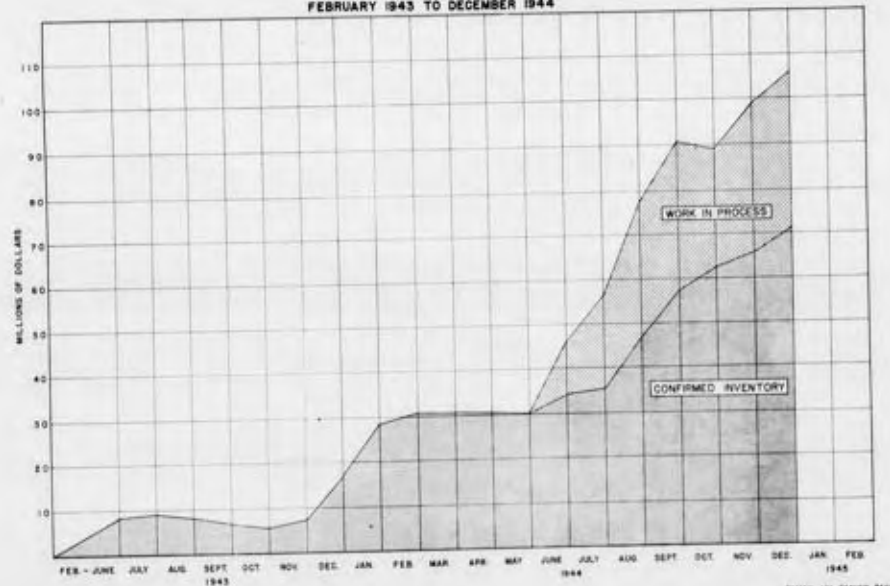
Summary of Surplus Property Operations
(Appraised Value)
(in millions)

Inventory on hand as of September 30, 1944	\$ 57.6
Total Acquisitions during October 1 - December 31, 1944	53.1
Total property available for disposal	110.7
Sales	
To Lend-Lease	3.7
To Other Federal Agencies	1.3
Other (chiefly commercial)	34.5
Loans and Rentals	0.1
Total disposals	39.6
Inventory on hand as of December 31, 1944	71.1

TREND OF INVENTORY OF SURPLUS PROPERTY AVAILABLE FOR DISPOSAL
AND WORK IN PROCESS

CHART C

FEBRUARY 1943 TO DECEMBER 1944



CONTROL AND REPORTS BRANCH

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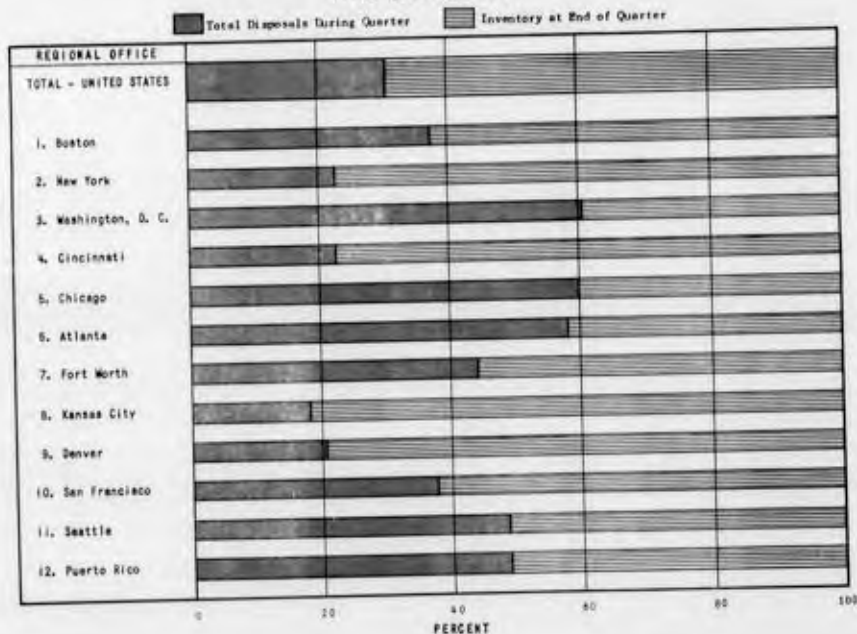
Of the \$53 million acquired during the quarter, 80 percent was declared by the War Department, 12 percent by the Navy Department and 8 percent by other owning agencies. Although the War Department declared property to eleven of the twelve regional offices, the Cincinnati, Kansas City and Fort Worth regions received about one-half, because of their proximity to the larger posts and depots. The Navy Department declared 60 percent of its property in the New York region. Surplus property appraised at \$4.5 million was declared by other owning agencies, about \$1.2 million of which was declared in the Puerto Rico region by the Federal Works Administration.

Of the \$40 million of property (appraised value) disposed of during the quarter, the largest amounts were disposed of in the Chicago, Atlanta, and Cincinnati regions as can be seen from Chart E. The relative amounts of surplus property disposed of in each of the regions, compared to total property available for disposal, is shown graphically in Chart D. Comparisons of regional activities may fail to reflect certain unusual conditions which prevent the rapid disposal of surplus property. The supplies of some commodities, which are non-standard or "frozen", may be concentrated in one region.

The disposal during the quarter of surplus property valued at \$40 million netted about \$30 million to the Government. The difference is explained in part to difficulties of appraisal. In addition, returns on certain military or non-standard items may be, and usually are, extremely small. For example, the Chicago regional office reports that ammunition belts, which were appraised at \$3 million, were sold for less than \$100,000.

SURPLUS PROPERTY DISPOSED OF AND IN INVENTORY
AS PERCENTAGE OF TOTAL AVAILABLE FOR DISPOSAL
BY REGIONS
FINAL QUARTER, 1944

CHART D



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B. Selected Disposal Programs

In the disposal of surplus property during the past months, some programs have been outstanding and indicate how such property can meet essential civilian requirement both in the country and abroad.

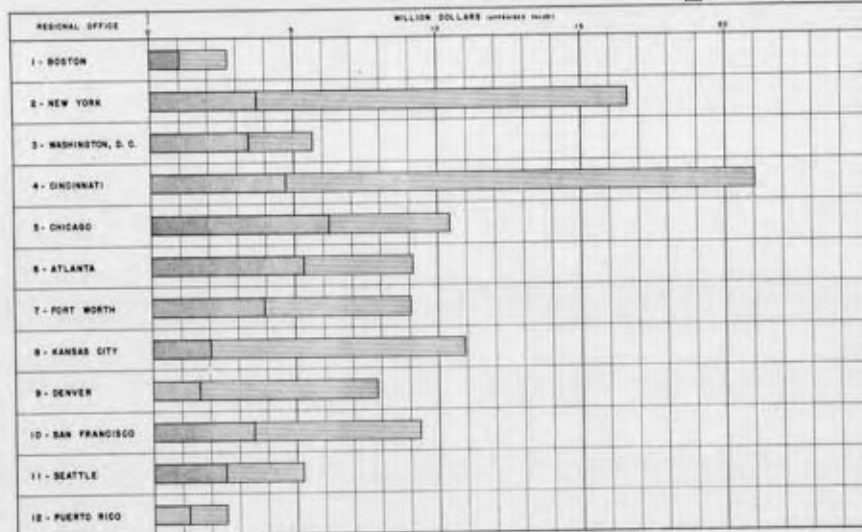
Truck Disposal Program. Automotive equipment appraised at about \$30 million, consisting chiefly of trucks and representing more than 40 percent of all disposals, was sold by the Office of Surplus Property during the past seven months to meet essential civilian requirements. The inventory of approximately 11,000 trucks, as of June 1, 1944, was reduced to 7,341 trucks, as of December 30, 1944, despite average weekly declarations of about 1,300 trucks, as is seen from Chart F.

This sales program began in June, 1944, and was under way in time to meet some critical harvest situations which arose all over the country because of truck shortages. Transportation crises developed during the harvesting of the peach crop in Georgia, the wheat crop in Texas, the tobacco crop in the South, and the fruit crop in the East. To meet this emergency the tempo of inspection was increased and special sales were held to make trucks available to farmers.

A special program was initiated to provide trucks to the Forest Service of the Department of Agriculture and to individuals designated by that agency. Furthermore, hundreds of trucks were loaned in the Southwest at the time the big storms swept that area. During this period 3,296 trucks were transferred to Federal agencies.

CHART E

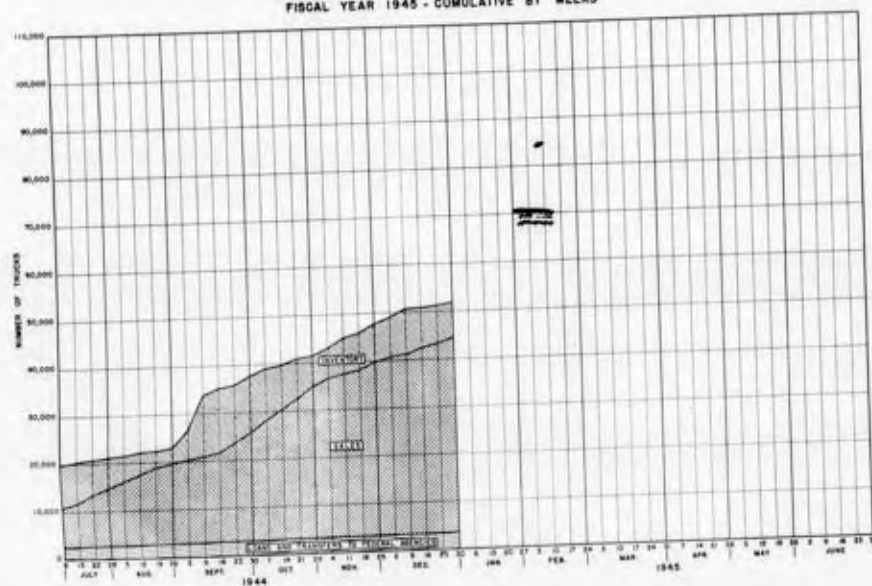
SURPLUS PROPERTY DISPOSED OF AND IN INVENTORY

BY REGIONS
FINAL QUARTER, 1944TOTAL DISPOSALS DURING QUARTER
INVENTORY CARRIED AT END OF QUARTER

CONTROL AND REPORTS BRANCH

SURPLUS USED TRUCKS
NET ACQUISITIONS, DISPOSALS AND INVENTORY
FISCAL YEAR 1945 - CUMULATIVE BY WEEKS

CHART 7



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Sales of trucks are conducted on the spot after wide publicity and after adequate notice has been given to provide prospective buyers an opportunity to inspect them. Individuals holding certificates from AAA or the CDT are given preference in buying the better trucks, which are purchased through dealers. To secure wide distribution it is a policy to sell no more than five trucks of this type to any one dealer. After these priority purchasers fill their needs, sales are made to all dealers.

Trucks are sold through normal trade channels and only to dealers. Sales are not made directly to consumers chiefly because of the condition of the trucks, which are usually in need of repair, and their location, which is usually at a great distance from towns where automotive service is available.

Rubber Tire Program. A program has been developed for the disposal of repairable rubber tires to meet essential civilian needs. These tires are technically called C-1 grade used tires and are distinguished from tires that are useable without repair and tires that are known to be definitely beyond repair.

The Office of Surplus Property, working with the Office of Price Administration, Army and Navy officials, and representatives of the tire industry, have evolved a program radically different from that which was previously carried on by the War Department. Under this latter program most of the rubber tires were sold at salvage sales.

It was the consensus that these tires contained much unused mileage. The Office of Price Administration amended the rationing order so that the

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Since March 1944, a total of 734 carloads of textile and leather goods, weighing more than 18 million pounds, were transferred to UNRRA and FEA. The volume of operations, by months was as follows:

	<u>Number of Carloads</u>	<u>Weight (thousand pounds)</u>
March, 1944	4	100
April	73	1,825
May	147	3,675
June	118	2,950
July	69	1,725
August	72	1,800
September	76	1,900
October	78	1,950
November	50	1,250
December	47	1,175
Total - 10 months	734	18,350

Under the program, selected items are automatically "frozen" upon receipt of the declarations. Lists showing available quantities of comforters, blankets, shoes, clothing, bed linen, etc., are submitted each week to these agencies, selections are made from the lists, and price agreements are reached.

The regional offices prepare the selected merchandise for shipment to one of four rehabilitation plants under contract with the Office of Surplus Property. There the articles are dyed (if they are olive drab), and thoroughly reconditioned; torn garments are repaired; socks are darned; and buttons are replaced. If necessary, whole sections are replaced by the insertion of similar parts from other garments which are beyond repair. The rehabilitated articles are baled and reshipped to Army warehouses for shipment overseas.

Irreparable items are handled differently. They are sold on a per pound basis to private firms in the salvage business for the reclamation of materials. Recently, however, FEA has been taking some of the salvage material.

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Office of Surplus Property could handle the tires on a tonnage basis, without certificates. Amendment 90, dated November 30, 1944, established a ceiling price of \$30 per net ton f.o.b. shipping point.

Under this price ceiling an offer was made to, and accepted by, 22 tire manufacturers, who now purchase the tires in carload lots. They further agree to resell the tires to repair shops at \$40 per ton delivered. The manufacturer thus pays the freight, estimated to average \$6 to \$8 per ton, out of the \$10 differential. The small amount remaining is sufficient to cover the cost of soliciting the orders, billing the repair shops, and absorbing credit losses. In shipping to outlying states from the supply points manufacturers assume the added costs of transportation which are balanced off, in part, by lower costs for shipments to areas close to the supply points.

By mid-January, 1945, the Office of Surplus Property had allocated about 180,000 truck and bus tires in 42 different states. This represents an appreciable addition to the quantities of new tires available for civilian use. While the allocations among the states are not, at present, definite, there is a reserve of tires available for distribution, and continuing declarations will permit a prompt adjustment of inequalities whenever they become known.

UNRRA Program. One of the oldest and most highly organized sales programs carried on by the Office of Surplus Property centers around the transfer of textiles, clothing, and footwear to UNRRA and FEA, alleviating the needs of civilians in Allied and liberated countries.

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Second hand shoes are collected from Army centers all over the country and shipped to a rehabilitation plant at Buford, Georgia. The shoes are repaired, crated, and then shipped to designated export points. Shipments are now being made at a rate of about 175,000 pairs of shoes a month.

Irreparable shoes are also shipped to the Buford plant and a plan is now being developed to sell them "as is" to foreign relief societies.

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III. OBJECTIVES AND POLICIES OF DISPOSAL

The objectives to be achieved in the disposal of surplus property were not adequately formulated before the passage of the Surplus Property Act of 1944. It was recognized, in a general way, that "the national welfare" or "the national interest" should be the guiding principle in the disposal of this property. There was, however, a considerable difference of opinion as to what constituted national welfare and national interest, so far as surplus property disposal was concerned, and as to how this welfare and interest could be furthered. Some persons held that the program for surplus property disposal should be geared to the achievement of specific social and economic objectives, that is, to the maintenance of high levels of employment, to the prevention of inflation, to the speeding up of reconversion, and to the alleviation of civilian shortages. Others, on the other hand, held that such consideration would unduly hamper the program of surplus property disposal.

A. Objectives

The resulting conflict of philosophy could not be readily resolved. It became incumbent upon Congress to formulate a national policy and to state the objectives to be attained in the disposal of surplus property. Pending Congressional action, a series of provisional objectives were used as a basis for planning the disposal programs of the Office of Surplus Property. These objectives, procedures, and regulations of the Office of Surplus Property were consistent with those of the Surplus War Property Administration and are listed below:

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its designated disposal agencies, are not to be considered inconsistent with any provisions of the Act, if such provisions require the issuance of regulations by the Surplus Property Board before they can be put into effect. The Treasury Department concurred in this joint statement.

B. Policies

To the extent possible and within the framework of the policies and procedures formulated by the Surplus War Property Administration, the Office of Surplus Property took steps to establish the basis for its role under the Act. Some of the original policies and principles of disposal, which had been devised to help achieve the informal objectives noted above, continued to govern this Office after the enactment of the Surplus Property Act. Others were developed, amended, or expanded. The more important policies and principles of disposal which now govern the operations of this Office are discussed below.

1. Supply-Demand Relationship. Before disposing of a stock of surplus property, consideration is given to the current and to the prospective relationship between the demand for and the aggregate supply of the property in the economy. When there is a shortage of such property or when the supply situation is expected to become less stringent, the surplus property is disposed of boldly and promptly.

The timing and the rate of the disposal of surplus property is designed to prevent a dislocation of commercial markets, to avert a sharp decline in prices, and otherwise to discourage a decline in production and employment.

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1. To dispose of all surplus property and particularly surplus property in short supply to Federal agencies and to commercial buyers as quickly as was feasible;
2. To maximize the disposal of surplus property without dislocating any segment of the national economy and without disrupting normal trade;
3. To dispose of surplus property so as to induce a wide and equitable distribution of the property among consumers within all regions of the country, and to employ normal channels of trade to the fullest extent practicable;
4. To effectuate policies which would afford small business a full opportunity to participate in sales;
5. To obtain for the Government a reasonable return from the sale of surplus property.

Although these objectives were never formally incorporated into regulations by this Office, they guided the work of the central office in Washington and of the field offices.

The Surplus Property Act, enacted on October 3, 1944, formulated a national policy and established a number of social and economic objectives. About three weeks later, on October 27, 1944, the principle Federal agencies concerned with surplus property disposal agreed on a joint statement to guide disposal operations until the Surplus Property Board took office and issued regulations under the Act. This statement declared that the policies and procedures of the Surplus War Property Administration, as well as those of

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2. Sales to Regular Channels. It has been the policy of this Office to sell surplus property to regular trade channels to the extent feasible. Sales are made either to manufacturers, to wholesalers, to retailers, or to some other level in the normal distributive channel. Sales are not made directly to consumers except in rare instances.

3. Uniform and Wide Public Notice. The Surplus Reporter was evolved to give all classes of commercial buyers and all sections of the country, to the extent feasible, an equal opportunity to purchase surplus property. When large quantities of property are available for sale and are likely to be of broad interest, press releases announcing the disposal are sent to all newspapers. If, for various reasons, the product is difficult to sell, an illustrated news letter is sent to prospective buyers at the level of distribution being solicited. Prospective sales of surplus property are widely publicized as far in advance of the actual sale as possible but usually about 15 days before the sale.

This Office has established policies and procedures, some of which have already been put into effect, which provide for public reports on all disposal transactions.

4. Distribution to rural areas. It has been the policy of this Office to provide for an equitable distribution of surplus property in rural areas, particularly for such items which are essential to farm production. In the development of some programs, such as the truck disposal program, the cooperation and advice of the War Food Administration was solicited.

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5. Preference to Veterans. No formal policy has as yet been instituted which affords veterans preference in acquiring surplus property. This Office is now developing policies and procedures, which will meet the requirements of the Act, and will submit them to the Board for its consideration and final decision.

6. Small Business. Early in December, 1944, in order to conform to the provisions of the Act, the Office of Surplus Property established and put into effect a number of specific policies designed to prevent discrimination against small business in the disposal program. It was emphasized that advance publicity shall be given to all offerings of significant quantities of surplus property so that small business will be offered an equal opportunity to participate. Surplus property is to be offered for sale in lot sizes no larger than those commonly bought by the small traders in the property at the distributive level being solicited. Adequate and accurate descriptions of the property shall be provided so that small businessmen who do not have their own appraisers can bid intelligently for the property. Finally, no price advantage is to be given buyers of large quantities of surplus property, unless the central office in Washington approves.

7. Tax-supported Institutions. To conform to the provisions of the Act, this Office is instituting policies and procedures which will provide educational and charitable institutions, hospitals, and other tax-supported institutions an opportunity to acquire surplus property. The policy, at present, is to afford such institutions an opportunity to purchase if, and when, their requirements are made known to the regional offices.

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IV. DEVELOPMENT OF DISPOSAL TECHNIQUES

As its objectives were being formulated and its policies were being developed, the Office of Surplus Property evolved certain operating techniques or practices for the purpose of translating these objectives and policies into an effective disposal program. These techniques, which are described below, are being further developed and refined.

It is essential, in planning a disposal program, to have an accurate description of the property -- including its customary trade specifications, condition, number of units, and reported cost. Such information is essential not only to this Office for planning a disposal program but also to prospective buyers of property.

A. Description of Property

Declarations. The description of the property on the declaration form, i.e., the document employed by the owning agency for officially reporting to the proper disposal agency property which has been determined to be surplus, has sometimes been inaccurate and incomplete. This situation is being gradually improved as a result of suggestions by this Office and the cooperation of the owning agencies. Some owning agencies made declarations of surplus on the basis of inventory records. Plans are under way by all of the owning agencies to make a physical inventory of the property to be declared surplus. The War Department, the major source of our surpluses, is also cooperating by making plans to transport small quantities of similar excess property to one disposal

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8. Priorities to Federal agencies, State and Local Governments. In the absence of formal regulations of the Board this Office has adopted the policy of giving priorities to Federal, state and local governments in the acquisition of surplus property. It is also the policy of this Office to notify the armed services of available surplus property and to screen FEA requirements prior to offering the property for sale.

To conform to the specific provisions of the Act with respect to giving preferences to Federal, state, and local governments, our present policies and procedures are being re-examined. Plans are now under way to develop a Surplus Reporter for the purpose of notifying such governmental bodies of the availability of surplus property.

Pending the Board's formulation of regulations with respect to sales to state and local governments and pending the formation of state organizations for centralized purchasing of surplus property, it is suggested that the Board request the various disposal agencies to establish an office, representing all such agencies, in each state capital for the purpose of furnishing information to the governmental bodies on the availability of and the procedures to be followed in acquiring surplus property.

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center prior to its declaration. All these plans and programs have enabled this Office to improve considerably its program planning.

Inspection. The Office of Surplus Property has the responsibility to inspect property declared to it as to quantity, description, condition, and location. The inspection program has not been entirely satisfactory, due in part to the salary levels, established by Civil Service regulations, for inspectors. These salary levels have been found to be inadequate to attract experienced and capable men for this work. At present, a relatively small number of inspectors are called upon to inspect large quantities of highly specialized items with which they are not familiar. Various proposals are now under consideration to improve the inspection procedures. It has been proposed, for example, that this Office maintain a special fund which will be used to hire experienced inspectors for a particular job on a per diem basis.

An example of the magnitude of this problem is the inspection of millions of automotive spare parts. The surplus which has already been declared amounts to 20 million parts valued at about \$9 million. In addition, the War Department has 40 warehouses stocked with automotive parts which have not as yet been declared as surplus. In one of the larger warehouses alone it is estimated that the inventory exceeds 3,000 carloads. Most of the parts are processed and packed for export shipment, and must be unpacked, unwrapped and cleaned before they are inspected. We are advised that the cost of such handling, prior to inspection, may run as high as 100 percent of the original cost.

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B. Disposal Programs

With full and complete knowledge of the property to be disposed of standard operating techniques or procedures are used to develop well integrated disposal programs. These programs provide, first, for affording Federal agencies, state and local governments, and tax-supported institutions an opportunity to purchase property. After these needs have been met the remaining surpluses are disposed of in commercial channels. The procedures for disposing of property to governmental bodies, institutions, and commercial buyers are described below. Surplus property available to commercial buyers may fall into either of two categories, first, non-standard items, i.e., items which have no apparent civilian use, and second, standard commercial items, i.e., items which generally have a ready civilian use.

Federal agencies, state and local governments. Steps have been taken by this Office which were designed to assist Federal agencies, and state and local governments in securing property to meet their needs.

Following discussions among representatives of the Office of Surplus Property, the Office of Procurement, and Foreign Economic Administration, a Federal and Foreign Requirements Division was organized in this Office to encourage the use of surplus property by Lend-Lease. This Division has not as yet established detailed procedures for the filling of other Federal requirements from inventories of surplus property. The staff of the Division is quite small and handles a large volume of Lend-Lease requisitions. Plans are being considered to develop this Division and to expand its activities. Before long, a set of integrated procedures will be developed to centralize purchases

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At the same time a study of the provisions of the Act relating to preferences to Federal agencies, state and local governments is being prepared so that sound and feasible policies and regulations may be recommended to the Board.

Tax-supported institutions. Surplus property is made available to tax-supported institutions when their requirements are called to the attention of the regional offices. These institutions purchased more than \$1.5 million worth of property during the month of December, 1944, the only month for which such information is available. Many of the considerations involved in establishing policies and procedures with respect to preference to Federal agencies, and state and local governments are similar to those involved in determining policies and procedures with respect to tax-supported institutions. Final recommendations to the Board will cover both situations.

Standard Commercial Items. Techniques for the disposal of standard commercial items have been more fully developed. It is clear that no set of objectives and policies can automatically govern the disposal of each one of the thousands of items to be disposed of. The selection of a particular method of disposal involves the careful consideration of the general market situation and the reaction of the commercial market. Such considerations become the basis for determining the method of disposal which would best meet the objectives and policies referred to in the preceding section.

(1) General market survey. A survey of the general market situation of a particular commodity takes into account (a) the current and probable

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and to assure the maximum utilization of surplus property by all Federal agencies, consistent with the policies and regulations of the Surplus Property Board.

The Office of Surplus Property and the Office of Procurement have been represented at the meetings of the Advisory Committee on Procurement Policy, which is comprised of the leading procurement officials in 38 executive agencies and independent establishments of the Federal government. This Committee is preparing to suggest ways and means of encouraging and facilitating the transfer of surplus property to Federal agencies.

Informal meetings have been held with representatives of the Bureau of the Budget for the purpose of obtaining information and clarifying particular disposal problems.

An effort is being made to overcome some of the cumbersome and inflexible purchasing procedures of state and local governments, since these procedures now prevent many of these governments from participating fully in the purchase of surplus property. Many state and local governments are required, for example, to post notices, to use public advertising for bids, or to invite or receive competitive bids. The Surplus War Property Administration and the Office of Surplus Property sought the assistance of the Justice Department and the Council of State Governments in order to change these regulations which place the state and local governments at a disadvantage in the purchase of surplus property. The Justice Department has prepared a draft of a law which, if enacted by each of the states, will remove the restrictive regulations mentioned above. The Council of State Governments has suggested this proposed legislation to the states for their consideration.

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future supply and demand relationships, (b) the prospective surplus which may be declared by the owning agencies, (c) the regular channels of distribution in the industry, (d) the customary size of lots, (e) the usual trade practices with respect to price and discounts, and (f) the possible impact on production and employment in the industry.

In making a market survey of this type one of the difficulties which has faced this Office is the limited amount of information available on the size of prospective surpluses. This problem must be met if we are to avoid the repetition of the experiences after World War I when a lack of such information often ruined otherwise well planned disposal programs. The armed services are not fully organized to furnish this Office with such data.

The importance of conducting a market survey is illustrated in the case of surgical instruments, large quantities of which have been declared surplus by the Army. A survey of this \$10 billion industry revealed, first, that the prospective surplus of surgical instruments may reach as much as \$20 million, the equivalent of two years production. Furthermore, it was found that about two-thirds of the sales of the industry were made to wholly or partially tax-supported hospitals. These two facts alone were sufficient to indicate that a program for disposal must be carefully planned, in cooperation with the industry, in such a manner as to avoid either a severe dislocation of the market or the destruction of an industry, with the resulting effects on employment. Since the provisions of the Surplus Property Act require the issuance of regulations by the Board before surplus medical supplies, equipment, and property, can be sold or leased to states and local governments

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and tax-supported medical institutions, the industry has not shown any interest in purchasing such property until policies and procedures are determined. A program for the disposal of such property, taking into consideration all the factors previously mentioned, is being developed by this Office.

(2) Test of the market. The determination of the reaction of the commercial market to the disposal of the surplus item is generally called "testing the market". This involves an ascertainment of the levels of distribution which are interested in purchasing the item, the quantities that each prospective purchaser is interested in purchasing, and the price at which the property may be sold. A careful sampling of representative manufacturers, wholesalers, retailers, chain stores and mail order houses, by personal contact, by telephone calls and by mail, will bring forth this information. The sample must be adequate and representative so that collusion among the prospective buyers for the purpose of depressing the disposal price may be avoided.

The program for the disposal of 10-ton hydraulic jacks illustrates the importance of testing the market in order to determine the price at which an item should be sold. It was found that there was a limited demand for 10-ton jacks whereas the demand for 4-ton jacks, the supply of which was short, was relatively high. The decision was made to sell the 10-ton jacks at a price about half-way between the market prices for both types of jacks in order to effect a rapid disposal and a wide distribution of an item which is essential to our civilian economy.

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and the possible hardships on the dealers, were not important considerations in this program.

During the past year, this Office has been selling large quantities of surplus property to manufacturers. It is possible that there may be a decrease in the proportion of goods sold to manufacturers as the techniques for sales programming are used more widely. It has been found desirable to sell surplus property to only one level, if possible, thereby avoiding such issues as selling to a retailer which would place this Office in competition with a wholesaler to whom we have also sold property and determining price differentials between wholesalers and retailers.

(b) Type of sale. Most of the types of sale being currently used are similar to those employed after World War I — the negotiated sale, the fixed price, the sealed bid, and the auction sale. In general, when the total number of outlets for the commodity is limited, the negotiated sale may be desirable. The fixed price is preferred in the sale of goods which are in short supply and uniform in quality. The selection of the actual price to be fixed depends upon the test of the market. The sealed bid is the most formal and objective type of sale, but may not result in the highest possible return to the Government. The auction sale is used for consumer goods where the lots are heterogeneous, the sorting of the property would not yield any advantage, and the rapid disposal of the property is essential.

The Office of Surplus Property has developed the "spot sale" method in disposing of construction and agricultural machinery. This type of sale combines the advantages of both the sealed bid and the auction method.

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(3) Selecting methods of disposal. The selection of the method of disposal is made after the market survey and the test of the market have been made. Other factors to be considered are (a) the level of distribution (i.e., manufacturer, wholesaler or retailer), (b) the type of sale (i.e., fixed price, negotiation, competitive bid, or auction), and (c) the allocations among the regions. Some of the considerations involved in each of these decisions are:

(a) Level of distribution. The following factors are relevant in determining the level at which sales are made:

- (i) The level at which the repairing, sorting, breaking down of lots, packaging and other functions can be performed most economically.
- (ii) The hardships, if any, that may be imposed on the levels not to be solicited.
- (iii) The extent to which the selected levels of distribution will effect the wide and equitable distribution of the property and otherwise meet the immediate objectives.
- (iv) The administrative problems and selling costs involved in soliciting and selling to a particular level.

In disposing the 10-ton hydraulic jacks, which was previously referred to, it was decided to sell them to the two original manufacturers rather than several hundred dealers, first, because a rapid disposal of the item was desired, and, second, because the administrative, advertising and selling costs involved in soliciting the dealers outweighed the possible higher disposal price. The questions of the functions which each level performs

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It involves the use of advance and wide publicity of the sale and sufficient time for inspection by prospective purchasers. Those present at the sale are given a number for identification and a supply of bid cards. As each piece of equipment is put up for sale, the bidder submits his bid card showing the price offered. The high bid is announced at once and the card immediately forwarded to the regional office for the preparation of a formal contract with each successful bidder. If the top price bid is too low, it is rejected and the equipment put up for a second bid. This type of sale has brought very favorable results and reactions and is now being developed so that it may be applied in the sale of other commodities.

(c) Allocations. To the extent possible and for significant quantities of commodities which are in short supply allocations are made among all regions to obtain the most equitable distribution. The factors considered in making the allocations depend upon the objectives sought. In the program for disposal of 14 million flashlight batteries, for example, a plan was worked out with the cooperation of the Office of Civilian Requirements, designed to insure maximum distribution to rural areas. The pre-war sales and war time WFB allocations were studied. Allotments were made to about 3,700 wholesalers and dealers who normally purchase directly from manufacturers, on the basis of number of farms and rural population.

When information is available on prospective surpluses, it is not always necessary to allocate each quantity of property as it is declared. Allocations may be made on the basis of the total potential surpluses, as was done in the repairable rubber tire program, previously discussed, and apportionments made as the property is declared surplus.

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Non-Standard Items. A substantial proportion of surpluses declared by the armed services have been found to be non-standard items. One illustration of this type of property is the Army Medical Corps' "dog-tag" imprinting machines, a large quantity of which has already been declared surplus. This machine is a small pistol shaped, belt carried, hand operated device, containing an inked ribbon and is used to print the "dog-tag" impressions of a wounded soldier on his medical papers in the field. No marketable civilian use for this item has yet been found. To develop uses for non-standard items of this type the Office of Surplus Property plans to set up an Industrial Research Section which will have continuous contact with industrial laboratories, universities, inventors, the Patent Office, machine shops, and similar organizations all over the country. In addition, it is expected that through wide publicity on the availability of such items new uses for expensive, but apparently useless items, may be found by enterprising business men located in the grass roots of the country.

C. Uniform and Wide Public Notice

An essential element in any disposal program is the provision for "uniform and wide public notice concerning surplus property available for sale...so that all interested purchasers may have a fair opportunity to buy", as the Surplus Property Act requires. Another important element, which is also required by the Act, is that information on each disposal transaction be made available for public inspection. (Generally referred to as the "gold-fish bowl" policy.)

The Office of Surplus Property has developed procedures to meet these requirements and to effectuate the objectives of the Act.

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property for sale; and (2) to establish a mechanism whereby there will be "uniform and adequate time intervals between notice and sale so that all interested purchasers may have a fair opportunity to buy".

To achieve the second objective, all items advertised in any specific issue are "frozen" for a specified number of days.

Among other advantages, the Surplus Reporter eliminates duplication of sales effort. No regional office may place on its mailing list the name of a purchaser located outside its regional limits. A particular item may be included in the Surplus Reporter of more than one regional office when it is decided to solicit prospective buyers in other regions.

The Surplus Reporter system has effected a savings in clerical and duplicating expenses, since it has stopped the indiscriminate mailing of "invitations-to-bid". These invitations are bulky documents containing complete descriptions and all pertinent information concerning the location of the property, inspection procedures, conditions of sale, and general instructions. Under the present set-up, the invitations are sent only to those who expect to enter a bid. The great wastage of paper, previously caused by mailings to casual inquirers and doubtful prospective bidders, is avoided.

Not all of the property ready for sale is listed in current issues of the Surplus Reporter. Items are excluded if the number of purchasers are limited; if a national disposal program is in operation; or if solicitation is made by direct advertising.

The Surplus Reporter is issued in sections limited to property of the class handled by one of the eight Commodity Divisions of the Office of Surplus Property. According to the present schedule, a new issue for each section

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Advertising and Publicity. The Central Office prepares and issues news releases announcing the availability of each significant lot of merchandise, particularly when the quantities are large enough to be of national interest. The news releases are sent to newspapers throughout the country, and to business publications which are selected on the basis of the nature of the commodity. Each regional office follows a similar procedure, working in liaison with the Central Office through an established correspondent. An average of 20 local releases are issued each week.

If the product has a limited market an illustrated mailing piece is sent to the trade. The number of such mailing pieces distributed varies from a few hundred to several thousand, depending on the type of product and the size of the industry.

At present there are 90 mailing lists available for national circulation. These mailing lists, which contain several hundred thousand names and are constantly growing, are classified by regional areas and are sent to the regional offices to be incorporated in the local lists.

A display built around interesting surplus items was created for use at the convention of the National Association of Manufacturers held in New York in December. It received wide and favorable publicity and is now traveling around the regional circuit. A permanent display is being created for New York.

The Central Office and the regional offices maintain sample rooms which are open to interested purchasers of surplus property.

The Surplus Reporter. The Surplus Reporter was created to meet two specific mandates of the Act: (1) to give uniform and wide public notice concerning

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goods out about once a month. Each region, therefore, issues eight different sections a month, the copy being collected in the Central Office for editing in advance.

Copies are mailed to all Federal agencies, states, counties, and municipalities with a population of over 10,000. Instructions have been issued to the regional offices which permit the inclusion in the mailing list of any other governmental body which makes the request. Business firms may request being placed on the mailing list for particular issues in their industry or line of trade. In making the request, they are required to specify their line of business, their level in the distribution chain (wholesaler, chain store, cooperative, or retailer, etc.) and whether they are interested in new or used property. (See check list in Appendix C) By January 15, 1945, a circulation of over 170,000 copies had been obtained. Lists are constantly growing, however, as new names are added. A tabulation showing the distribution of the Surplus Reporter by regions and commodity classes is presented in Appendix D.

"Goldfish Bowl" policy. This Office will shortly implement the "goldfish bowl" policy by making available to the public a report on all disposal transactions. It is planned to post on the bulletin board of each regional office a daily record of each sale in excess of \$500, including the name of the purchaser, the type of property sold, the sales price, and the bids made by the unsuccessful bidders. Information on the number of sales under \$500 made each day shall also be posted. The records of these sales are to be made available on request. At present, the Central Office issues a monthly press release which includes

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the total sales of each regions and information on each sale of \$10,000 and over.

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Senate Special Committee to Investigate the National Defense Program. The Senate Special Committee to investigate the National Defense Program held hearings to discuss with officials of the Office of Surplus Property the flashlight battery program. These hearings took place after the tentative proposal for distribution had been discarded. The action of this Office was endorsed by the Committee.

On December 21, 1944, the Committee issued a report on the "Accumulation of Surpluses" which concerned itself with "the manner in which surpluses have been accumulated and the means by which they may be minimized".

Among the Committee recommendations affecting Treasury-Procurement's disposal program are: (a) more material should be declared surplus by the military. Any possible reduction in depot inventories "will pay real dividends in minimizing the disposal problem"; (b) the problem of disposal of surplus war goods can be minimized by "shortening" the supply pipe line; (c) the Government should not procure for military use and sell surpluses entirely to maintain "the level of capacity of production facilities"; and (d) speed is a factor which should be emphasized in the disposal process because each hour that surplus goods are unnecessarily "stored adds to the total cost which it represents to the taxpayers". "Each day that passes reduces by one day the most favorable disposal market for such surpluses because facilities will become free to resume civilian production and the need of the consuming public can then be filled from that source".

The Committee plans to issue additional reports on "the disposal of surplus property other than industrial plants", and on "the disposition to be made of industrial plants and equipment".

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V. CONGRESSIONAL HEARINGS AND REPORTS

Both prior and subsequent to the enactment of the Surplus Property Act in early October, 1944, Congress has shown a keen interest in the problem of disposal of surplus property.

Before the passage of the law extensive hearings were held before various committees of the Senate and House of Representatives. Representatives of Government, business, labor, agriculture, and educational and charitable institutions appeared at these hearings.

After the passage of the Act, hearings were held and reports issued by the Senate Small Business Committee and the Senate Special Committee to Investigate the National Defense Program on various aspects of the surplus property program.

Senate Small Business Committee. The Senate Small Business Committee held hearings on December 12, 14, and 15, 1944, "to review certain of the Treasury Department's surplus disposal policies and their application and to secure what benefits such an examination may accomplish". The Senate Small Business Committee "aimed at analyzing the experience of the several months of operation under the executive order."

Appearing at the hearings were representatives of the Office of Surplus Property, the Smaller War Plants Corporation, the armed services, and the Office of Price Administration.

The committee has not as yet issued its report.

Table 1.

APPENDIX A
Net Acquisitions, Total Disposals and Inventory of Surplus Property, by Month
February, 1943 to December, 1944

MONTH	NET ACQUISITIONS	DISPOSALS			INVENTORY AVAILABLE FOR DISPOSAL AT END OF MONTH
		TOTAL	SALES	LEASES AND RENTALS	
1943 February 1 to June 30	\$17,764,803	\$9,618,451	\$9,618,451	-0-	\$8,146,352
July	6,661,762	5,742,431	5,742,431	-0-	9,085,883
August	2,676,452	3,457,971	3,457,971	-0-	5,241,104
September	4,049,907	5,657,210	4,506,929	-0-	6,676,861
October	12,191,902	13,319,224	13,089,894	\$1,150,281	5,549,619
November	6,733,548	4,906,906	4,264,528	550,330	7,375,961
December	13,822,795	4,318,223	3,798,439	519,814	16,980,503
1944 January	27,131,500	15,233,404	14,046,791	1,486,613	28,476,399
February	12,301,358	9,814,814	8,487,974	1,326,840	30,864,943
March	15,043,422	15,084,793	14,738,718	1,346,075	30,624,072
April	6,317,525	5,397,732	6,009,612	298,180	30,744,275
May	5,300,679	5,903,056	4,392,533	1,510,433	30,221,898
June	9,725,378	5,640,728	5,635,037	5,631	34,306,538
July	12,563,025	11,417,832	10,730,800	687,032	35,451,761
August	20,678,135	9,058,610	8,602,653	455,957	47,061,286
September	21,650,750	11,117,741	11,022,385	95,359	57,594,294
October	18,495,267	13,591,580	13,494,008	97,572	62,497,961
November	17,287,660	13,945,467	13,928,513	16,974	65,940,127
December	17,580,593	12,105,856	12,125,602	19,746 Cr.	71,114,893
Total, 23 months	248,756,981	177,642,009	167,782,436	9,809,623	

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Table 2. Total Disposals of Surplus Property, by Month
February, 1943 to December, 1944

(Appraised Value)

MONTH	TOTAL DISPOSALS	SALES				LOANS	RENTALS
		TOTAL	TO LEND-LEASE	TO OTHER FEDERAL AGENCIES	OTHER		
1943 February 1 to June 30	\$9,618,451	\$9,618,451		\$9,169,036	\$449,415	-0-	-0-
July	5,742,431	5,742,431	Data	1,799,145	3,943,286	-0-	-0-
August	3,457,971	3,457,971	Included	833,857	2,624,114	-0-	-0-
September	5,857,210	4,506,929	in	1,438,998	3,067,931	\$1,150,281	-0-
October	13,319,224	13,088,894	"Other	2,794,814	10,294,080	230,330	-0-
November	4,906,906	4,264,528	Sales"	1,699,506	2,565,022	642,378	-0-
December	4,318,253	3,798,439		3,121,304	1,677,055	519,814	-0-
1944 January	15,533,404	14,046,791		4,218,086	9,828,705	1,486,613	-0-
February	9,814,814	8,487,974	\$4,450,046	2,278,048	1,765,880	1,326,840	-0-
March	16,084,793	14,738,718	10,910,076	1,957,730	1,870,912	1,346,075	-0-
April	6,397,732	6,099,612	122,158	1,927,253	4,050,201	298,120	-0-
May	5,903,066	4,392,633	56,970	580,101	3,755,562	1,510,433	-0-
June	5,640,728	5,635,097	868,078	2,233,669	2,533,350	5,631	-0-
July	11,417,832	10,730,830	1,514,865	2,449,664	6,766,301	653,004	\$33,998
August	9,068,610	8,602,633	1,206,592	978,316	6,415,725	445,523	20,454
September	11,117,741	11,022,382	990,589	943,521	9,088,276	61,384	33,975
October	13,591,580	13,494,068	633,865	280,292	12,579,851	95,600	1,972
November	13,945,487	13,928,513	1,503,630	487,604	11,937,289	26,459	9,485 Cr.
December	12,105,856	12,125,602	1,618,788	586,519	9,980,195	12,273	32,019 Cr.
Total	177,642,089	167,782,436	23,877,617	38,711,643	105,193,146	9,610,758	46,895

Table 3. Total Disposal of Surplus Property, by Months and Major Commodity Groups
July 1 to December 31, 1944

(Appraised Value)

MONTH	TOTAL DISPOSALS	SALES				LOANS	RENTALS
		TOTAL	EXPER MATERIALS	BASIC MATERIALS AND PRODUCTS	END PRODUCTS		
July, 1944	\$11,417,832	\$10,730,830	\$170,792	\$1,160,744	\$3,299,294	\$653,004	\$33,996
August	9,068,610	8,602,633	90,266	707,369	7,749,998	442,523	20,454
September	11,117,741	11,022,362	22,924	642,966	10,349,472	61,384	33,975
Total, Third Quarter	31,604,183	30,355,825	284,982	2,503,079	27,399,764	1,156,911	88,425
October	13,591,580	13,494,006	74,190	863,103	12,556,713	95,600	1,972
November	13,945,486	13,906,513	126,869	510,996	13,268,648	26,490	9,485 Cr.
December	12,105,856	12,125,602	63,732	1,517,499	10,544,371	12,273	32,019 Cr.
Total, Fourth Quarter	39,642,922	39,546,131	273,791	2,892,004	36,380,336	134,363	43,476 Cr.

Table 4. Inventory, Net Acquisitions, and Total Disposals of Surplus Property
Final Quarter, 1944.

ITEM	APPRAISED VALUE	PERCENT OF	
		SURPLUS PROPERTY AVAILABLE FOR DISPOSAL	TOTAL DISPOSALS
Surplus Property Available for Disposal October 1 to December 31, 1944	\$110,757,817	100.0	-
Inventory, September 30, 1944	57,594,297	52.0	-
Acquisitions, Net, October 1 to December 31, 1944	53,163,520	48.0	-
Disposals, Total, October 1 to December 31, 1944	39,642,924	35.8	100.0
Sales, Total	39,548,123	35.7	99.6
Lend-Lease	3,756,273	3.4	9.5
Other Federal Agencies	1,294,514	1.2	3.3
Other (chiefly commercial)	34,497,336	31.1	87.0
Loans, Total	134,332	0.1	0.2
Rentals, Total	39,531 Cr.	-	-
Inventory Available for Disposal December 31, 1944	71,114,893	64.2	-

Table C. Inventory, Net Acquisitions, and Total Disposals of Surplus Property, by Regions
Final Quarter, 1944

(Appraised Value)

REGION AND LOCATION OF REGIONAL OFFICE	INVENTORY AVAILABLE FOR DISPOSAL SEPTEMBER 30, 1944	ACQUISITIONS, NET, OCTOBER 1 TO DECEMBER 31, 1944	TOTAL DISPOSALS OCTOBER 1 TO DECEMBER 31, 1944	INVENTORY AVAILABLE FOR DISPOSAL DECEMBER 31, 1944
TOTAL	\$57,594,297	\$53,163,520	\$39,642,924	\$71,114,893
1 Boston	1,313,953	1,402,278	1,018,938	1,697,293
2 New York	9,664,940	6,802,607	3,775,661	12,891,866
3 Washington, D. C.	1,597,648	4,092,548	3,445,597	2,244,599
4 Cincinnati	13,203,060	7,850,760	4,782,387	16,271,433
5 Chicago	5,045,286	5,366,806	6,260,564	4,171,530
6 Atlanta	6,741,093	2,399,736	5,310,101	3,830,728
7 Fort Worth	2,665,008	6,331,795	3,986,356	5,030,443
8 Kansas City	4,726,596	6,247,847	2,021,046	8,953,397
9 Denver	4,548,734	3,303,943	1,641,825	6,210,752
10 San Francisco	5,036,889	4,336,533	3,555,206	5,822,216
11 Seattle	2,829,090	2,396,009	2,546,557	2,678,547
12 Puerto Rico	-0-	2,564,188	1,252,099	1,312,089
13 Panama Canal	-0-	46,468	46,468	-0-

Table 6. Inventory, Net Acquisitions and Total Disposals of Surplus Property, by Major Commodity Groups
Final Quarter, 1944

(Appraised Value)

MAJOR COMMODITY GROUP	INVENTORY AVAILABLE FOR DISPOSAL SEPTEMBER 30, 1944	ACQUISITIONS, NET, OCTOBER 1 TO DECEMBER 31, 1944	TOTAL DISPOSALS OCTOBER 1 TO DECEMBER 31, 1944	INVENTORY AVAILABLE FOR DISPOSAL DECEMBER 31, 1944
Total	\$57,594,297	\$53,163,520	\$39,642,924	\$71,114,893
Leather	2,120,982	41,729 Cr.	1,182,866	896,387
Textile Basic Manufactures	384,284	689,147	525,762	547,669
Fabricated Metal Basic Products	1,358,714	1,663,302	386,021	2,633,995
Electrical Machinery and Apparatus	711,741	1,434,935	257,204	1,889,472
Construction, Mining and Excavating Machinery	1,379,759	4,153,685	1,930,671	3,602,773
Motor Vehicles	7,413,431	17,145,252	15,618,406	8,940,277
Furniture and Fixtures	3,519,535	645,188	1,795,018	2,369,705
Professional and Scientific Instruments	1,317,096	2,335,525	117,694	3,534,927
Miscellaneous Equipment	1,878,416	1,087,116	867,652	2,097,880
Drugs and Medicines	2,945,595	590,312	164,731	3,534,927
Toiletries, Cosmetics, Soap and Household Chemical Preparations	2,189,180	5,506,062	1,905,444	5,791,798
Footwear	542,236	282,971	499,962	325,245
Fabricated Textile Products (except Apparel)	1,891,661	851,484	1,153,990	1,589,155
Rubber and Products (except Apparel)	1,749,716	1,590,284	1,309,053	2,030,947
End Products of Metal Industries (except Machinery and Equipment)	3,862,156	1,376,930	2,753,564	2,485,527
End Products of Glass, Clay and Stone	1,543,173	525,020	143,859	1,924,334
Miscellaneous End Products of Manufactured Industries	7,615,821	1,574,749	882,124	8,308,446
Small Arms and Components	864,917	4,029,187	3,365,613	1,528,491
Miscellaneous Ordnance and Ordnance Material	411,111	1,920,572	105,119	2,226,564
Parts	1,509,394	1,956,835	204,819	3,263,410
All Other	12,385,378	3,042,658	4,471,688	11,756,714

Table 7. Net Acquisitions of Surplus Property, by Regions and Declaring Agencies
Final Quarter, 1944

(Appraised Value)

REGION AND LOCATION OF REGIONAL OFFICE	NET ACQUISITIONS	DECLARING AGENCIES		
		WAR	NAVY	OTHER
Total	\$53,163,580	\$42,699,155	\$6,141,403	\$4,322,962
1 Boston	1,402,278	606,304	709,271	113,297 Cr.
2 New York	6,802,607	2,668,200	3,751,394	383,113
3 Washington, D. C.	4,092,548	3,192,554	450,990	449,004
4 Cincinnati	7,850,760	7,356,486	49,343	444,931
5 Chicago	5,386,808	4,805,314	64,815	516,679
6 Atlanta	2,399,736	2,513,477	59,750	173,491 Cr.
7 Fort Worth	6,331,795	5,551,518	499,943	280,334
8 Kansas City	6,247,847	6,132,244	1,316	114,287
9 Denver	3,303,943	2,872,980	191,088	239,875
10 San Francisco	4,338,533	3,726,044	248,860	363,629
11 Seattle	2,396,009	1,879,970	12,275	503,764
12 Puerto Rico	2,564,188	1,194,064	102,458	1,267,666
13 Panama Canal	46,468	-0-	-0-	46,468

Table B.

Total Disposals of Surplus Property, by Regions
Final Quarter, 1944
(Appraised Value)

REGION AND LOCATION OF RESIDUAL OFFICE	TOTAL DISPOSALS	METHOD OF DISPOSAL					
		TOTAL	SALES			LOANS	RENTALS
			TO LEND-LEASE	TO OTHER FEDERAL AGENCIES	OTHER		
Total	339,642,924	339,548,123	43,756,873	21,294,515	234,497,335	2154,333	439,532 Cr.
1 Boston	1,018,938	1,018,938	330,224	222,092 Cr.	960,806	-0-	-0-
2 New York	3,775,661	3,783,097	262,274	245,435	3,275,188	7,412 Cr.	-0-
3 Washington, D.C.	3,445,597	3,444,953	326,056	294,277	2,862,820	644	-0-
4 Cincinnati	4,782,387	4,771,495	441,325	237,017	4,093,144	10,891	-0-
5 Chicago	6,260,554	6,236,134	548,925	218,076	5,469,061	24,430	-0-
6 Atlanta	5,310,102	5,334,363	269,569	129,640	4,935,124	4,746	29,007 Cr.
7 Fort Worth	3,965,355	4,001,953	407,594	207,524	3,386,835	5,073 Cr.	10,525 Cr.
8 Kansas City	2,021,045	2,021,045	772,788	39,188	1,209,070	-0-	-0-
9 Denver	1,641,924	1,641,930	123,858	43,108 Cr.	1,561,150	6 Cr.	-0-
10 San Francisco	3,555,205	3,449,089	126,973	113,746	3,208,368	106,117	-0-
11 Seattle	2,545,557	2,545,557	126,567	62,797	2,327,193	-0-	-0-
12 Puerto Rico	1,252,099	1,252,099	-0-	9,801	1,242,298	-0-	-0-
13 Hawaiian Canal	45,428	45,428	-0-	-0-	45,428	-0-	-0-

Table 9. Appraised Value of and Proceeds Received from Surplus Property Disposed of by Sales, by Regions
Final Quarter, 1944

REGION AND LOCATION OF REGIONAL OFFICE	APPRAISED VALUE OF SURPLUS PROPERTY SOLD	PROCEEDS RECEIVED FROM SALES
Total	\$39,548,123	\$29,823,122
1 Boston	1,018,938	943,974
2 New York	3,783,097	2,465,443
3 Washington, D. C.	3,444,953	3,166,293
4 Cincinnati	4,771,497	3,719,760
5 Chicago	6,236,134	2,111,402
6 Atlanta	5,334,362	5,037,957
7 Fort Worth	4,001,953	3,210,567
8 Kansas City	2,021,046	1,926,224
9 Denver	1,641,931	1,268,032
10 San Francisco	2,449,088	2,744,563
11 Seattle	2,546,557	1,930,319
12 Puerto Rico	1,252,099	1,252,099
13 Panama	46,468	46,468

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APPENDIX B

History of Organization

Executive Order 6166, June 10, 1933. Under the terms of Executive Order 6166, dated June 10, 1933, the Procurement Division was authorized to "have control over all property, facilities, structures, machinery, equipment, stores, and supplies not necessary to the work of any agency; may have custody thereof or entrust custody to any other agency; and shall furnish the same to agencies as need therefor may arise".

Regulations of April 12, 1935. This Executive Order was implemented by instructions contained in Section C of "Regulations Governing the Operation of the Branch of Supply, Procurement Division, Treasury Department" issued by the Division of Procurement and approved by the President on April 12, 1935, as follows:

1. The Director of Procurement will coordinate and supervise the disposition of surplus Government property and of property seized by the Government when turned over to him by competent authority.
2. Surplus property located within the District of Columbia will be disposed of in accordance with the act approved December 20, 1928, (45 Stat. 1030).
3. Surplus property located outside the District of Columbia will be disposed of as follows: Executive departments shall report, in duplicate, all such serviceable property, giving a description and statement of the condition of the property and the value at which each item is carried on the books of the holding activity. Surplus property lists for a period reasonably sufficient, ordinarily not to exceed 2 weeks, to permit representatives of executive departments to select items desired and make inspection thereof. All surplus property that is not desired for transfer will be cleared by the Assistant Director for disposition by the holding activity".

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As the volume increased, two additional regions were established in June 1943. Shortly after the first of July, the National Youth Administration was abolished by Congress, and the disposal of its many projects was turned over to the Procurement Division. Much of it was loaned to non-federal vocational education authorities, or transferred to Federal agencies, and the remainder sold.

The organization was expanded to meet these new demands, and increased attention was given to improved methods of inspection, appraisal, pricing, and inventory accounting based on the Standard Commodity Classification System.

Office of Surplus Property. In February 1944, the Surplus War Property Administration was established to have general supervision and direction over the handling and disposition of surplus war property. The Procurement Division was assigned the disposal of consumer goods, and whereas its operations were largely intra-government in nature, this new assignment emphasized the need for a merchandising organization. Accordingly, in June 1944, the Office of Surplus Property was created within the Procurement Division to give full attention to the surplus disposal problem. The Washington office was organized so as to provide through various staff services the policy and general control required for decentralized operation through the Regional Offices.

In December 1944, the twelfth Regional Office was established in Puerto Rico.

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This function was carried on in routine fashion by a small central office force in Washington which issued circularization lists of available property from time to time and cleared requests for transfer of material to Federal agencies. Property located in the District of Columbia was transferred with exchange of funds; all other transactions were without exchange of funds. Material not required by any Federal agency after a rather indefinite circularization period was cleared back to the declaring agency for disposal.

Federal Property Utilization Branch. With a view to providing general direction and control over the use of supplies and equipment in Federal agencies, Executive Order 9235 was issued effective October 16, 1943. This placed overall responsibility for the effective utilization of supplies and equipment with the Director of the Bureau of the Budget, who in turn assigned the job of warehousing, rehabilitation, and distribution to the Procurement Division. All transfers were required to be with exchange of funds.

To handle this job, the existing surplus property unit was somewhat revitalized and established as the Federal Property Utilization Branch. When liquidation of the War Relocation Authority was announced early in 1943, the task of disposing of its supplies and equipment was assigned to the Procurement Division. Faced with a nation wide problem of disposal, still largely within the Federal government, Procurement established eight regional offices to handle the job of taking over the property, including necessary documentation, and carrying on necessary negotiations for transfer to Federal agencies. Limited procedures were developed for the sale of material not required by the Government, most of which was used.

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Number of Employees

From July to December 1944, the total number of employees employed by the Office of Surplus Property increased from 2,814 to 3,718. The actual figures for each month, for both the Central Office and the Regional Offices are as follows:

	<u>Total</u>	<u>Central Office</u>	<u>Regional Offices</u>
July, 1944	2,814	133	2,631
December, 1944	3,718	283	3,435

Status of Appropriations and Obligations

During the fiscal year 1945, from July to December 1944, a total of \$5.5 million had been obligated out of a total appropriation of \$17,680,000 for the entire year. The appropriations and obligations for each objective class are as follows:

<u>Objective Class</u>	<u>Appropriated</u>		<u>Obligations to Dec. 31, 1944</u>		<u>Available Balance</u>
	<u>Original</u>	<u>Supplemental</u>	<u>Total</u>		
1 Personal	\$4,302,558	\$7,211,868	\$11,514,426	\$4,025,536	\$7,488,890
2 Travel	319,880	539,880	859,760	289,388	570,372
3 Transportation	172,000	1,357,620	1,529,620	82,422	1,447,198
4 Communications	120,000	133,095	253,095	108,171	144,924
5 Rents and Utilities	570,312	329,900	900,212	439,291	460,921
6 Printing and Binding	40,000	60,000	100,000	33,277	66,723
7 Other Contractual Services	380,000	1,417,122	1,797,122	207,125	1,589,997
8 Supplies and Materials	198,000	121,825	319,825	137,657	182,168
9 Equipment	147,250	258,690	405,940	170,000	235,940
TOTALS	\$6,250,000	\$11,430,000	\$17,680,000	\$5,492,867	\$12,187,133

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APPENDIX C

Check list for getting On Treasury's Office of Surplus Property Mailing list. To be mailed to nearest regional office.

FOR PROPER CLASSIFICATION, GIVE INFORMATION PERTAINING TO YOUR BUSINESS

Firm Name _____
 Attention of _____
 Phone No. _____
 No. & Street _____
 City & State _____

MANUFACTURER ☐ NEW ☐
 WHOLESALE ☐ USED ☐
 We are: RETAILER ☐ Condition of Merchandise Must Be: SALVAGE ☐
 CHAIN ☐
 COOPERATIVE ☐

CHECK BELOW ONLY FOR THE COMMUNITIES YOU MAY WISH TO PURCHASE FOR RESALE

FURNITURE

— Household Furniture
 — Office Furniture
 — Institutional Furniture
 — Industrial Furniture
 — Floor Coverings

GENERAL PRODUCTS

— Containers - all kinds
 — Electrical Appliances
 — Lighting Fixtures
 — Radio Receiving Sets, Household
 — Optical Instruments and Apparatus
 — Photographic Equipment and Supplies
 — Live Animals

AUTOMOTIVE

— Motor Vehicles Including Motorcycles
 — Automotive and Motorcycle Parts
 — Automotive Equipment
 — Automotive Accessories
 — Tires and Tubes
 — Tire Machinery and Equipment

HANDWARE

— General Hardware
 — Barbed Wire, Nails, and Fencing
 — Plumbing and Heating Supplies
 — Stoves (Cooking and Heating)
 — Plate and Window Glass
 — Mechanical Rubber Goods
 — Refrigeration Equipment (Domestic)
 — Harness and Saddlery
 — Household Kitchen and Tableware
 — Musical Instruments
 — Small Arms and Ammunition
 — Sporting Goods and Recreation Equip.

MACHINERY

— Construction Equipment
 — Mining Machinery
 — Paper Machinery and Equipment
 — Industrial Trucks, Gas or Electric
 (Factory and Warehouse)

TEXTILES AND WEARING APPAREL

— Textiles
 — Wearing Apparel
 — Footwear

MEDICAL AND SURGICAL

— Professional and Scientific
 — Instruments and Apparatus
 — Surgical, Medical, and Laboratory
 Supplies
 — Dental Supplies and Equipment
 — Drugs and Medicines
 — Toiletries, Cosmetics, Soap and
 Household Chemical Preparations

PAPER AND OFFICE SUPPLIES

— Paper (Fine and Coarse)
 — Converted Paper Products
 — Office Supplies
 — Office Machines

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APPENDIX E

HOW TO BUY SURPLUS CONSUMERS' GOODS FROM

UNITED STATES TREASURY DEPARTMENT
OFFICE OF SURPLUS PROPERTY
WASHINGTON, D. C.



WHERE TO BUY: At any one of Treasury's twelve regional offices, which are located in the following cities and serve the following States:

REGION I - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Mr. J. D. Tompkins, Regional Director, Procurement Division, U. S. Treasury Department, Park Square Building, Boston, Mass.

REGION II - Pennsylvania, New Jersey, New York, Mr. F. S. Albrecht, Regional Director, Procurement Division, U. S. Treasury Department, 350-5th Ave., Empire State Building, New York, N. Y.

REGION III - Washington, D. C., Delaware, Maryland, North Carolina, Virginia, Mr. M. P. Schlesinger, Regional Director, Procurement Division, U. S. Treasury Department, 499 Pennsylvania Ave., N. W., Washington, D. C.

REGION IV - Indiana, Kentucky, Ohio, West Virginia, Mr. R. D. Schell, Regional Director, Procurement Division, U. S. Treasury Department, Commercial Arts Building, 704 Race Street, Cincinnati, Ohio.

REGION V - Illinois, Michigan, Minnesota, North Dakota, South Dakota, Wisconsin, Mr. F. A. Mapes, Regional Director, Procurement Division, U. S. Treasury Department, 209 LaSalle Street, Chicago, Illinois.

REGION VI - Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee, Mr. H. E. Harmon, Regional Director, Procurement Division, U. S. Treasury Department, Belle Isle Building, Atlanta, Georgia.

REGION VII - Arkansas, Louisiana, Oklahoma, Texas, Mr. Hamilton Morton, Regional Director, Procurement Division, U. S. Treasury Department, 609 Neil P. Anderson Building, Fort Worth, Texas.

REGION VIII - Iowa, Kansas, Missouri, Nebraska, Thos. C. Stephens, Regional Director, Procurement Division, U. S. Treasury Department, 2605 Walnut Street, Kansas City, Missouri.

REGION IX - Colorado, New Mexico, Utah, Wyoming, Mr. Alden W. Pool, Regional Director, Procurement Division, U. S. Treasury Department, 7th Floor, Exchange Building, 1030 15th Street, Denver, Colorado.

REGION X - Arizona, California, Nevada, Mr. John F. Hough, Regional Director, Procurement Division, U. S. Treasury Department, 30 Van Ness Avenue, San Francisco, California.

REGION XI - Idaho, Oregon, Montana, Washington, Mr. Orrin C. Braden, Regional Director, Procurement Division, U. S. Treasury Department, 2005 Fifth Avenue, Seattle, Washington.

REGION XII - Puerto Rico, Mr. J. T. Gilmer, Regional Director, Building F, Muñoz Rivera Park, San Juan, Puerto Rico.

APPENDIX D

CIRCULATION OF THE SURPLUS REPORTER
AS OF JANUARY 15, 1945

REGION	Div. I Furniture	Div. II Machinery	Div. III General Products	Div. IV Automotive	Div. V Hardware	Div. VI Textiles	Div. VII Medical & Surgical	Div. VIII Paper & Office Supplies	TOTAL
I	804	880	1,275	978	1,359	760	494	815	7,365
II	1,530	1,250	2,500	1,500	2,800	1,800	1,215	1,500	14,095
III	2,500	1,800	2,700	3,200	2,500	2,500	1,500	2,000	18,700 1/
IV	2,100	2,900	1,800	2,300	2,400	2,200	1,300	1,750	16,750
V	2,800	3,500	3,150	5,650	4,900	3,100	2,300	2,650	28,050
VI	1,490	1,480	1,785	1,580	1,950	1,060	685	1,235	10,965
VII	1,285	3,452	2,549	3,211	3,162	842	485	882	15,868
VIII	385	1,950	1,559	3,400	2,177	579	157	160	9,967
IX	1,547	1,853	1,762	4,082	1,989	1,425	1,343	1,428	15,429
X	923	1,250	1,590	1,812	1,775	853	482	807	9,492
XI	<u>2,350</u>	<u>2,737</u>	<u>3,500</u>	<u>4,400</u>	<u>3,500</u>	<u>1,603</u>	<u>2,850</u>	<u>1,850</u>	<u>22,790</u>
TOTAL	17,414	23,052	24,170	31,713	28,512	16,722	12,811	15,077	169,471

1/ Does not include 1,150 subscribers, representing chiefly tax-supported institutions.

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HOW TO BUY: How to get information concerning merchandise for sale.

A "Surplus Reporter" is issued from each regional office at regular intervals. This will advise firms on Treasury's mailing list what the Treasury has to sell, the area in which material is located and the general method which will be used to sell it.

Interested purchasers will then contact the regional office and indicate their interest. If disposition is to be made by invitation to bid, forms will be sent. If sale will be made by fixed price, negotiation or otherwise the prospective purchaser will be so advised.

The plan covers all eight divisions of Treasury's Office of Surplus Property consisting of the following: Furniture, Hardware, Machinery, Automotive, Textiles and Wearing Apparel, Medical and Surgical, Paper and Office Supplies, and General Products. (See form for requesting surplus reporter enclosed).

DEPARTMENTS AND KIND OF GOODS WHICH WILL BE FOR SALE

FURNITURE: Mattresses and Bedsprings, Household Furniture, Office Furniture, Public Seating and Related Furniture, Laboratory, Hospital, Professional, Beauty and Barber Shop Furniture, Bank, Store and Office Fixtures and Vaults, Partitions, Shelving and Lockers, Prefabricated, Industrial and Factory Furniture (Includes Bins, Tables, Stools, Tote Boxes), Miscellaneous Furniture and Fixtures, Textile Flooring Coverings, Pillows.

GENERAL PRODUCTS: Live Animals, Cooperage Stock, Fabricated, Rattan, Willow, and Bamboo Stock, Box and Crate Stock, Building Board, Pottery Basic Products, Chiefly Nonstructural, Pottery Supplies, Rubber Tape, Industrial, Fuses, Lamps, Sockets and Holders (With and without Caps), Electric Lamps, (Bulbs, Tubes and Related Light Sources), Electric Appliances, Household and Commercial, Dry Cell Batteries, Storage Batteries, Domestic (Home Type) Laundry Equipment, Sewing Machines, Household, Coin-Operated Machines, Radio Broadcast Receiving Equipment, Ice Cream Freezing and Dispensing Units, Electric, Beer Dispensing Equipment, Electric, Display Cases, Electric, Drinking-water Coolers, Floodlights, Searchlights, and Spotlights, Street and Highway Electric Lighting, Traffic, Railroad, and Transit Signal Fixtures, Except Signal Control Mechanisms, Residence Electric Lighting Fixtures, Auditorium, Church, and Theatre Lighting Fixtures, Banks, Store, Office, School, and Other Public Building Lighting Fixtures, Photographic, Photoengraving, and Blueprinting Lighting Equipment, Outdoor, Advertising Display Fixtures (Include Signs), Miscellaneous Commercial Electric Lighting Fixtures, Industrial Electric Lighting Fixtures, Banks, Store, Office, School, and Other Public Building Lighting Fixtures, Outdoor, Advertising Display Fixtures, Industrial Electric Lighting Fixtures, Vehicular Lighting Fixtures, Trolley Car Lighting Fixtures, Electric Lighting Fixtures, Battery Lighting Units, Gas Lighting Fixtures, Reflectors and Fittings, Lamp Shades, Photographic Goods, and Processed Motion Pictures, Optical Instruments and Apparatus, Water Purification Equipment, Alarm and Other Signal Systems, Boxes and Containers, Paper and Paperboard, Metal Cans, Collapsible Tubes, Metal Shipping Containers, Cooperage, Wood Product, Boxes and Crates, Baskets, Wooden and Fiber, Glass Containers, Natural-Stone End Products.

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MACHINERY: Powered Trucks, Industrial, Tractors, Trailers for Industrial Tractors, Stackers (Portable Platform - Type Elevators), Agricultural Machinery and Implements, Except Tractors, Construction, Mining, Excavating and Related Machinery, Tractors, Horse-Drawn Vehicles, Farm Trailers, Farm Service Tires, Tractors Tires, Farm Service Tubes, Wagons, and Farm Machinery, Wooden Parts, Dairy-men's Poultrymen's and Apiarists' Supplies.

AUTOMOTIVE: Truck Tanks, Motor Vehicle, Automotive Vehicle Bodies and Sections, Except Combat Vehicle, Combat Motor Vehicle Bodies and Sections, Asbestos Woven and Moulded Friction Material, Scrap Rubber, Reclaimed Rubber, Storage Battery Rubber Parts, Rubber Cement, Automotive Plastic Parts and Accessories, Except Instrument Panels, Lubrication Equipment, Except Aircraft (Generators), Starter Motors, Except Aircraft, Ignition Equipment, Tire Repairing Machinery and Equipment, Automobile Service Station Equipment, Motor Vehicles, Automobile Lighting Fixtures, Truck and Coach Lighting Fixtures, Motorcycle Lighting Fixtures, Passenger Tires, Truck and Bus Tires, Airplane Tires, Motorcycle Tires, Truck Tires, Passenger Tubes, Truck and Bus Tubes, Airplane Tubes, Motorcycle Tubes, Retread and rebuilt Tires, Rubber Automotive Equipment, Automobile Tire Valves.

PAPER AND OFFICE SUPPLIES: Paper, Except Building Paper, Office Machines, Cash Registers, Desk Sets, Envelopes, Paper Stationery, Paper Bags, Die-Out Paper Products, Molded Pulp Products, Gunned Products, Miscellaneous Converted Paper Products, Products of Printing and Publishing Industries, Glass Deskware (Include Paper Weights, Inkwells, and Similar Articles), Stationers' and Office Supplies; and Artists' Materials.

MEDICAL AND SURGICAL: Optical Glass Blanks, Catgut and Wormgut, Professional and Scientific Refrigeration Units, Electric, Laboratory Research and Testing Instruments and Apparatus, Optical, Thermometers, Glass Stem, Laboratory, Thermometers, Glass Stem, Clinical, Professional and Scientific Instruments and Apparatus, except indicating, recording, and controlling, Drugs and Medicines, Toilettries, cosmetics, soap and Household Chemical Preparation, Rubber tubing (Include tubes and pipes), Rubber irrigators, Rubber Dental Supplies, Rubber Nursery Equipment, Rubber Flat Goods, Surgical Adhesive Tape, Rubber Medical Sundries, Miscellaneous, Rubber Orthopedic Sundries, Miscellaneous, Rubber Laboratory Sundries, Miscellaneous, Rubber Druggists Sundries, Miscellaneous, Technical and Scientific Laboratory Glassware, Ophthalmic Goods, Surgical, Medical and Dental Supplies, and Orthopedic Appliances, Morticians' Goods.

TEXTILES AND WEARING APPAREL: Flax, Hemp, and Ramie Basic Textiles, Miscellaneous Vegetable Fiber Basic Textiles, Wool Basic Textiles, Hair Basic Textiles, Silk Basic Textiles, Rayon, Nylon, and Other Synthetic Fiber Basic Textiles, Miscellaneous Basic Textile Manufactures, Shoe Rubber Goods, Button, Blanks, Moulds, and Other Parts, Beads, Bubles, and Spangles, Apparel, Except Footwear, Footwear, Lace Articles, House Furnishings, Except Embroidered, Textile Bags, Canvas Products, Sleeping Bags, Miscellaneous Fabricated Textile Products, Small Leather Goods, Industrial Aprons, Gloves and Cots, Rubber Aprons, Gloves and Sleeves, and Cots, Except Industrial, Needles, except machine and surgical, Pins, Metal, Metal slide fasteners, snap fasteners, hooks and eyes and eyelets.

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HARDWARE: Handles, Barbed and Twisted Wire, Builders Casket, Furniture, Trunk and Luggage, Miscellaneous Basic Hardware, Insect Screening, Wire Springs, Wire Chain (Include Motor Vehicle Skid Chain), Chain Link Fencing, Wire Hoops, Chain and Attachments, Except Wire Chain, Bolts, Nuts, Screws, Washers, Rivets, and Related Products, Cut Nails, Tacks, and Spikes, Except Railroad, Glass Basic Products - Chiefly Structural, Asbestos and Asbestos Ceramic Products - Chiefly Nonstructural, Rubber Packing and Gaskets Except Hard Rubber, Rubber Tile, Matting, Waterproofing, and Sheet Flooring, Miscellaneous Rubber Fabricated Materials, Hand Trucks, Calculating and Computing Scales, Coin-Operated Scales, Spring Scales, Household, Bicycles and Bicycle Parts, Pushcarts, Handcarts and Wheelbarrows, Plumbing and Heating Equipment, Self-Contained Air Conditioning Units, Household Mechanical Refrigeration Units, Ice Refrigeration Units (Self-Contained), Bicycle Lighting Fixtures, Carbide Lamp Units, Kerosene and Gasoline Lamps and Lanterns, and Floodlights, Thermometers, Household and Commercial, Household Refrigeration Controls, Taximeters and Parking Meters, Personal Safety Equipment, Fire Extinguishers and Miscellaneous Fire Fighting Equipment, Recreation Equipment, Industrial Leather Belting and Packing, Saddlery Harness and Whips, Dog Furnishings, Leather Straps, Industrial Tires, (Pneumatic), Bicycle Tires, Industrial Solid and Cushion Tires, Carriage Solid and Cushion Tires, Industrial Inner Tubes, Rubber Hose, Rubber Belting (Include Balata), Rubber Bags, Rubber and Rubber-Covered Rolls and Flatens, Rubber Oil-Well Specialties, Miscellaneous Mechanical Rubber Goods, Rubber Sprays, Rubber Bathing and Swimming Accessories, Rubber Bathroom Equipment, Kitchen and Hospital Utensils and Kitchen Tools, Miscellaneous Viterous Enamelled Products, Hand Tools, Non-Powered, Except Mechanics' Measuring Tools, Cutlery, Except Table Flatware, Silverware, Plated Ware and Similar Metal Ware, Watches, Clocks and Parts, Metal Closures, Miscellaneous Metal Containers, Mechanics' Measuring Tools, General Line Hardware, Blevs, Except Kitchen and Household, Bells, Chimes and Gongs, Except Electric, Miscellaneous Wire End Products, Cargo Tray Chain Slings, Chain Cant Hook Slings, Lightning Rods, Rattan and Willow Ware, Except Baskets, Finished Wooden Articles, Commercial and Household, Ladders, Scaffolding Equipment, Cabinets and Chests, Tool and Instrument, Excelsior, Flagpoles, Spars, Tent Poles and Pins, Rafts, Floats, Belts, and Buoys, Miscellaneous Finished Wood Products, Glass Tableware and Kitchen Articles, Glass Mirrors, Art and Decorative Glassware, Pottery Products, Games, Toys, Sporting and Athletic Goods, Jewelry, Musical Instruments and Phonographs, Brooms and Brushes, Small Arms and Components, Small Arms Ammunition and Specifically Adapted Components.

1492501



REPÚBLICA O. DEL URUGUAY
MINISTERIO DE HACIENDA

Montevideo, march 7, 1945.

My dear Mr. Secretary:

I take the pleasure in acknowledging receipt of your kind letter dated February 22 ulto., which has just been received by me.

I have read with careful attention your interesting article about the Bretton Woods Agreements, and I wish to assure you that it is indeed, one more valuable contribution in the difficult task of international cooperation, in which you are one of the leaders.

With the best personal regards, I remain

Sincerely yours,

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

25 ✓

MARCH 7, 1945

FROM: SECRETARY MORGENTHAU

TO: MR. DU BOIS

In reply to your memo of March 7, I am delighted to learn that the book is getting along so well. I just don't know how or when I am going to get any time to personally spend on the book, but I will talk to you about it in the next day or two.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 7, 1945

TO Secretary Morgenthau
FROM Mr. DuBois

Fischer of Harper's was in today to talk about the German book. They are greatly impressed by what they have seen to date.

Fischer said that if we could get all of the material to them by April 1, they felt that they could get the book out in about six weeks after that. (This would mean giving priority to this particular book.)

Loth has now finished twelve chapters and tells me that he will have the rest of the chapters by the end of this week. This would give three weeks for re-writing which Loth and I feel is ample time.

If we follow this schedule it would mean that the book would be ready for publication around May 15. In this connection, it should be borne in mind that the San Francisco conference starts April 25.

gds

Your Excellency:

I am taking the occasion of the return to Italy of Dr. Henry J. Tasca as my personal representative in Rome to convey to you my sincerest wishes for the rapid resuscitation of Italy and the Italian people.

I have instructed Dr. Tasca that he is to consider himself available for consultation by the members of the Italian Government on all matters of mutual concern. I am sure that he will do all possible to promote friendly relations between our two countries.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Ivanoe Bonomi
Prime Minister
Rome, Italy.

ISF/sfs 3/5/45

28

MAR 7 1945

My dear Mr. Minister:

I have asked Dr. Henry J. Tasca to return to Italy as my personal representative in Rome.

Dr. Tasca, I am sure, will continue as in the past to do all possible to foster friendly relations between Italy and the United States.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Marcello Soleri,
Minister of Treasury,
Rome, Italy.

ISF:rl 3/6/45

29

MAR 7 1945

My dear Mr. Minister:

I have asked Dr. Henry J. Tasca to return to Rome as my personal representative.

Dr. Tasca has spoken highly to me of the work which you are trying to do to establish a democratic and peaceful Italy. I am sure that you will continue to find Dr. Tasca most sympathetic to the needs and problems of Italy and most eager to see the establishment of the friendliest and closest ties between our two countries.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Antonio Pesenti,
Minister of Finance,
Rome, Italy.

ISF:efu 3/5/45

30

MAR 7 1945

My dear Mr. Minister:

I have asked Dr. Henry J. Tasea to return to Italy as my personal representative in Rome.

I am sure that you will find him most eager to cooperate with you on matters of mutual interest and concern.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Alcide de Gasperi,
Minister of Foreign Affairs,
Rome, Italy.

ISF/efs 3/5/45

31

, 25

MAR 7 1945

My dear Mr. Ambassador:

This is to introduce to you Dr. Henry J. Tasea whom I have asked to go to Rome as my representative. Dr. Tasea is particularly suited for this position not only because of his rich experience with Treasury matters but also because of his exceptional training and background in European financial matters and his deep sympathy for the Italian people.

I have instructed Dr. Tasea that, in his capacity as representative of the U. S. Treasury, he is to be of every possible assistance to you. I know that you will find him most cooperative and eager to be of service to you and the Embassy. You may count on him for unfailing and intelligent support in the carrying out of American policy in Italy during these troubled days.

I would like to take this opportunity to express my compliments for the fine job that you are doing in Italy under such difficult circumstances. I do hope that it is not too trying on your health.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Alexander C. Kirk,
American Ambassador,
Rome, Italy.

EW:ers 3/3/45

37

MAR - 7 1945

TO: SECRETARY MORGENTHAU

FROM: MR. O'CONNELL

You asked for something further with respect to the Economists' National Committee on Monetary Policy.

A Post Office Department investigation in 1938 developed that the idea of a committee "to enlighten the public as to monetary issues before the country" grew out of the 1938 meeting of the American Economic Association at Chicago. It was organized as a nonprofit group, to be financed entirely by contributions, with its membership limited to 100, each supposed to be a monetary expert or economist. Activities are supervised by an executive committee composed of university professors. All funds received are supposedly used for salary paid Professor Spehr, clerk hire, rent, travel expense, literature, and radio work.

Postal inspectors met with considerable difficulty in their investigation. Information requested concerning receipts and disbursements was not furnished on the grounds that the high public standing and repute of the Committee precluded any question as to its activities. They did find, however, that it was financed entirely by voluntary donations ranging from a few to a thousand dollars from contributors numbering, at that time, some 1,400. Its budget was \$25,000.

Last fall the Committee filed, pursuant to the requirements of the Revenue Act of 1948, its information return for the fiscal year ended November 30, 1948. It alleged itself to be a nonprofit organization for the promotion of social welfare. Total receipts of 52-odd-thousand dollars were shown as coming entirely from gifts and contributions. You will recall that these information returns require that the names of contributors of \$3,000 or more must be itemized. Curiously enough, in satisfying this requirement, the return shows only one contributor--Lamont Du Pont. His contribution is shown as exactly \$3,000.

J. J. O'Connell

39:

Miss Channing

32

The Secretary said that we need do nothing more on this matter at this time.

3-7-45

Job

FROM MR. O'CONNELL

34

MAR - 7 1945

March 7, 1945

TO: SECRETARY MORGENTHAU

FROM: MR. O'CONNELL

You asked for something further with respect to the Economists' National Committee on Monetary Policy.

A Post Office Department investigation in 1936 developed that the idea of a committee "to enlighten the public as to monetary issues before the country" grew out of the 1933 meeting of the American Economic Association at Chicago. It was organized as a nonprofit group, to be financed entirely by contributions, with its membership limited to 100, each supposed to be a monetary expert or economist. Activities are supervised by an executive committee composed of university professors. All funds received are supposedly used for salary paid Professor Spahr, clerk hire, rent, travel expense, literature, and radio work.

Postal inspectors met with considerable difficulty in their investigation. Information requested concerning receipts and disbursements was not furnished on the grounds that the high public standing and repute of the Committee precluded any question as to its activities. They did find, however, that it was financed entirely by voluntary donations ranging from a few to a thousand dollars from contributors numbering, at that time, some 1,400. Its budget was \$25,000.

Last fall the Committee filed, pursuant to the requirements of the Revenue Act of 1943, its information return for the fiscal year ended November 30, 1943. It alleged itself to be a nonprofit organization for the promotion of social welfare. Total receipts of 52-odd-thousand dollars were shown as coming entirely from gifts and contributions. You will recall that these information returns require that the names of contributors of \$3,000 or more must be itemized. Curiously enough, in satisfying this requirement, the return shows only one contributor--Lamont Du Pont. His contribution is shown as exactly \$3,000.

(Initialed) J. J. O'Connell, Jr.

CO/sac
3/6/45

TO: SECRETARY MORGENTHAU

TO: Mr. White
Mr. Luskford
Mr. Lusk
Mr. Lee
Mr. Neale

Gentlemen:

I have your memorandum in regard to Murray Latimer, suggesting that I throw my weight around. It seems to me, inasmuch as I have taken on five pounds recently, that your suggestion about my weight is untimely.

Furthermore, don't you think that Latimer is a little bit too left of center and might not be acceptable to some of the big business men who are in favor of SHATTUCK WOODS. After all, we must have big business as usual.

In your memo you constantly refer to the C.I.O. Just at this time I think it is unfortunate that you bring up the C.I.O. because after all big business does not like them and besides it's big business or bust as far as SHATTUCK WOODS goes.

In strictest confidence, and by that I exclude your various pipelines, you will be interested in knowing that I have recommended Senator Allgood to the President for the position of Secretary of Labor. I don't know where he stands on SHATTUCK WOODS, but I do know that he will fill the position very well.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

36

DATE

TO Secretary Morgenthau
FROM

We endorse the suggestion of this memorandum.

H. D. White
Wm. D. Ford
Frank C. Smith, Jr.
Frank Cox
Justus

37

PERSONAL MEMORANDUM FOR THE SECRETARY

We strongly urge and hope that you will throw your weight actively in support of Murray Latimer, the Chairman of the Railroad Retirement Board, for the position of Secretary of Labor. Our reasons are as follows:

1. It will probably be necessary for the President to appoint a new Secretary of Labor, in order for that Department to handle the labor situation, which is boiling over. The recent move of John L. Lewis is bound to jeopardize the cooperative policies which the other labor leaders are trying to follow. Some of the major CIO groups, such as the UAW, are definitely out of hand. The War Labor Board no longer has any effective powers to deal with wage problems. The Director of Stabilization will not back down from his recent procedural policy, which prevents the War Labor Board from passing problems to him. In short, at the time that the labor scene is turbulent and difficult, there is no one within the Administration able and willing to deal with the problems. The best administrative solution would be to appoint a Secretary of Labor with whom the unions would work. Undoubtedly the President will do this as soon as he gets a candidate who is supported by both AFL and CIO.

2. Latimer has the support of both AFL and CIO leaders, as well as of the Railroad Brotherhoods. George Harrison, who is likely to be the successor to William Green in the AFL, is planning to talk to the President in support of Latimer, as soon as he can get to him. In addition, Mathew Woll and one or two other strong AFL persons will back Latimer. Phil Murray of the CIO and several other CIO leaders will support him. The Railroad Brotherhoods, with whom he has worked closely in recent years, will also support him.

No other person has been mentioned for the position, who can command the support of all these groups. If these various union leaders will really carry through at the White House, Latimer has an excellent chance of obtaining the position. In addition to this labor support, there are a number of Congressmen, both liberal and conservative, who are friendly toward him. For instance, Wroughton and George are said to be friendly.

- 2 -

3. Latimer is a strong and staunch New Dealer. In addition to being in the forefront of the fight for social security, he is personally convinced of the whole Administration program for jobs and employment.

4. He is practical and a good administrator. In his present position, he has shown that he knows how to compromise and obtain support from business, labor and Congress in order to get something accomplished. His agency has always had the reputation of being excellently administered.

5. He is a man of high integrity. He is held in the highest esteem not only in the railroad field but by members of Congress and many in the Administration who have dealt with him.

6. He would work well in the cabinet team. We are told that Ickes and Biddle are willing to support him and it is hoped that Wallace will do likewise. Some of us, who know him well, are certain that he has the same objectives as yourself, and would cooperate closely with you and other people in the cabinet in pushing hard for constructive measures.

.....

This is an urgent matter, and we hope you will give it your immediate consideration.

12"

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 7, 1945

TO Secretary Morgenthau

FROM J. W. Pehle

Orig. Returned to Pehle

OK

In accordance with your request, I have checked the proposed plan for selecting an advertising agency for Treasury Procurement's Office of Surplus Property with Mr. Gamble and Mr. Lane of the War Finance Division. At their suggestion, we have also discussed the plan with Stuart Peabody, Chairman of the War Advertising Council, and with Charles Lindsay of the American Association of Advertising Agencies. These four men have made helpful suggestions and endorsed the plan as described briefly below.

A letter (a copy of which is attached) will be sent to the following advertising agencies:

1. Those agencies having 100 employees or more
2. The five leading agencies specializing in trade-paper advertising
3. Those agencies having less than 100 employees which express a desire to make a "presentation" of their qualifications.

All of these agencies will be asked to submit written presentations which give evidence of their ability to give us advertising counsel.

Emphasis has been placed on asking agencies having 100 employees or more to make presentations, if they are interested, because we believe a smaller agency will be unable to give an account such as ours proper service. Obviously we cannot reasonably be expected to ask all of the 1200 odd agencies in the country to make presentations.

- 2 -

From those agencies making written presentations, a few will be selected to make oral presentations. The agency which is to handle our account will be selected from this latter group.

Mr. Gamble has suggested that I describe the proposed plan at a press conference attended by representatives of advertising trade papers, about ten in number. A conference of this sort is unusual and is certain to result in favorable support of the plan by these publications.

If you approve, I shall proceed to hold the press conference of advertising trade papers and to send out the letters asking for presentations.

Attachment

APPROVED:

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(Proposed Letter to Advertising Agencies)

Gentlemen:

The Office of Surplus Property of the Treasury Procurement Division is one of the Government agencies which has been assigned the responsibility of disposing of surplus war property. The enclosed folder gives a fairly complete list of the types of goods which are placed in our hands for disposition and when they become surplus to the needs of the military services. The great majority of them are in the consumer-goods category.

Our central office is in Washington. Actual disposal of goods is largely effected from our eleven regional offices, located in Boston, New York, Washington, Atlanta, Cincinnati, Chicago, Kansas City, Port Worth, Denver, San Francisco and Seattle.

It is quite possible that at some point in our disposal program we shall make use of space advertising and shall require the services of an advertising agency. It may be that eventually the services of more than one agency will be necessary.

The selection of our advertising agency will be made on a strictly competitive basis, in two major steps. First, we are seeking a number of agencies if they wish to submit a written presentation containing evidence as to how well they are equipped and prepared to counsel us in this disposal program. Second, from those agencies which make a written presentation, we intend to select a few to meet with our Agency Selection Committee here in Washington for personal consultation, with a view finally to choosing an agency to handle the account.

The following information should be included in the written presentation:

1. Number of employees
2. Names and experience records of principal executives
3. Number and location of branch offices; number of employees at each and number of accounts serviced at each
4. Number of accounts at present time
5. Ten largest accounts on basis of 1944 billings

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- 2 -

6. Accounts for which trade-paper advertising was prepared in 1944
7. Ten accounts for which most trade-paper advertising was placed in 1944
8. Experience in preparing sectional and local advertising campaigns
9. Basis of compensation for preparation of direct mail, for special art work, and for space contracted for in periodicals granting no agency commissions
10. Size of research department and description of types of research carried on
11. Names of executives who would be assigned to our account, and their experience

An agency may present any other information which it considers pertinent. We request that agencies refrain from making elaborate and expensive presentations, as regards format, art work and so on.

We are unable to state at this time how large a sum may be expended for our advertising. We hope to have adequate funds available to be able to use advertising whenever competent research indicates that it will serve a useful purpose in accord with the objectives of the Surplus Property Act of 1946.

If you are interested in making a presentation, will you please let us know on or before March 7. If you do intend to compete for this account, the presentation must be in this office on or before March 7.

Sincerely yours,

MAR 7 1945

MAR 7 1945

Dear Mr. Dunlavy:

It has been brought to my attention that many of our recent War Loan and interim posters have come to us through arrangements made by the Office of War Information's Bureau of Graphics.

I would like through you to thank the pool of distinguished artists and art directors which has become such an important source of War Bond art.

Please know that the Treasury Department is most appreciative of this patriotic cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Jacques Dunlavy
Chief, Bureau of Graphics
Office of War Information
Washington, D. C.

THL/mon

Dear Mr. Warner:

It was a pleasure to lunch with you recently, and to discuss the activities of magazines in connection with the Seventh War Loan. I understand that 1061 magazines have already advised your group that they plan to devote their June covers to a War Bond message. The cooperation of magazine publishers has been one of the highlights in the War Finance program.

I want you to know that the Treasury appreciates very greatly the fact that the McCall Corporation permitted F. Edward Pulte, Jr. to give some of his time to the Retail Stores Section of the War Finance program during the Sixth War Loan drive. His knowledge of retail people and his ability to build and direct promotional programs was very helpful.

From your splendid cooperation in the past, I know that the McCall Corporation can be counted upon to lend its support during the coming Seventh War Loan.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. William B. Warner
McCall Corporation
230 Park Avenue
New York, New York

WBF:rbh
3/11/45

MAR 7 1945

Dear Frank:

Thanks most sincerely for your excellent leadership in affording us the opportunity to get across our story on "Bretton Woods" to so many interested people in Detroit and throughout the Nation.

I was glad to meet so many of your War Bond County Chairmen. You are doing an excellent job there in Michigan for which we are all most appreciative.

Thanks most sincerely for your splendid hospitality while we were there.

Sincerely,

(Signed) Frank H. Isbey, Chairman

Mr. Frank H. Isbey, Chairman,
War Finance Committee,
600 Union Guardian Building,
Detroit 26, Michigan.

SGL:ehr

Dear Mr. Crow:

Thanks most sincerely for the opportunity that your club gave us to discuss in more detail the "Bretton Woods" conferences. The audience seemed interested and most receptive to our views.

I want you to know that I very much appreciate the hospitality you extended to all the members of our group.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Allen S. Crow,
President, Economic Club,
1101 Washington Boulevard Bldg.,
Detroit 26, Michigan.

SGL:ehr

TREASURY DEPARTMENT

47

INTER OFFICE COMMUNICATION

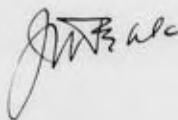
DATE

March 7, 1946

TO Secretary Morgenthau
FROM J. W. Fahle



You may be interested in the attached samples of some of our direct mail advertising on spot sales, which are now being held throughout the United States by the Procurement Division, and which have proved very successful.



Notice of Circular #7

TREASURY DEPARTMENT
PROCUREMENT DIVISION
OFFICE OF SURPLUS PROPERTY
REGION V - 209 S. LaSALLE ST.
CHICAGO 4, ILL.

INSTRUCTIONS TO BIDDERS

All items in this sale will be sold between 2 pm March 19 and 6 pm March 21. The Treasury sales office at the Depot will remain open March 22 and March 23 to complete transactions.

All bidders are requested to make prior arrangements with their banks for necessary certified or cashier's checks. Payments may be made by bank draft, cashier's check, certified check, express or postal money order made payable to the Treasurer of the United States.

On completion of contracts each purchaser will be presented with two copies of his contract and it will be his responsibility to furnish shipping instructions to the custodian. Shipping instructions will not appear on the contracts.

All equipment will be sold on an "as is" basis on cars or transports if desired. There will be no charge made for loading or blocking.

Treasury's headquarters will be at the Army Engineer Depot in Granite City and the Jefferson Hotel in St. Louis, with Mr. G. Bayburn of Region V, Office of Surplus Property, Equipment Section, Chicago, in charge.



SALE OF
CONSTRUCTION EQUIPMENT

SPECIAL OPPORTUNITY FOR CONSTRUCTION EQUIPMENT DEALERS:

All dealers in Construction and farm equipment in the United States are invited to attend a "spot" sale of hard-to-get construction, road building and farm machinery on March 19, 20 and 21 at the Granite City (Illinois) Engineer Depot.

Inspection of equipment to be offered may be made now.

Treasury representatives are on duty at the Depot to assist you.

Qualified dealers may register at the Depot beginning March 16th.

Data forms may be obtained by writing the Chicago Office (See heading).

Sale will begin at 2 pm Monday, March 19th. Bidders present will be furnished cards on which to place bids.

All equipment is in used condition and will be sold "as is, where is". Successful bidders will obtain immediate possession.

Army engineers will arrange for crating and loading for shipment at no cost to purchasers.

F. A. WALES
REGIONAL DIRECTOR



(Turn page for details)

1482721

TRANSPORTATION

Interurban electric line starting at the Terminal Union Station in St. Louis crosses the River to Granite City, connecting with busways to Gate #2 at the Depot.

Visitors will be provided with gasoline and transportation within the Depot to and from the site of the sale.



PARTIAL LIST OF ITEMS TO BE
INCLUDED IN SALE

TRUCK MOUNTED MIXERS

PORTABLE CEMENT PLANT

2 AND 3 CUBIC YARD HAND HOISTERS

CONCRETE BUCKETS

CONCRETE MIXERS

CONCRETE SPREADERS

CONCRETE FINISHERS

CONCRETE GRADERS

CLAY DIGGERS

SNOW BLOWERS

CRAWLER CRANES

WHEELBARROW BATCH PLANT

CEMENT PUMPS

TAMPERS

PNEUMATIC HAMMER

FIELD SETS

REFRAIN KITS (TAMPERS)

GRINDER (SMOOTH)

SMOOTHERS (ROAD SURFACE)

BITS (PNEUMATIC CHISSEL)

(Complete list of all equipment to be offered will be available at the Army Engineer Depot, Granite City, Ill. on March 16th, or write Treasury's Office of Surplus Property, 209 South LaSalle St., Chicago 4, Ill. for advance catalog).



ACCOMMODATIONS

Meals will be served to visitors attending the sale at the Depot canteen.

There are over 20 well-equipped hotels in St. Louis and East St. Louis. No difficulty should be encountered in making reservations.

(152270)



AROUND THE CORNER...

MARCH 12-13 AUSTIN, TEX.

SALE 4

- 3 TRACTORS: Caterpillar * Caterpillar Model DT; Allis Chalmers Model RD 1N; Case Model 80
 2 PLOWERS: Borden * Double Drum * Model 2A-E
 1 CRANE: Osgood * Capacity 1 Ton * Model 70
 10 AIR COMPRESSORS: Le Roi * Air Tools * Accessories
 3 PUMPS: F. E. Meyer & Bros. * Model BEXD; Yellow Jacket * Fairbanks-Morse * Viking
 3 CONTROL UNITS: Westridge Power Cable
 13 LAND LEVELERS: Evermann Automatic 11 Ft.

TOTAL UNITS 300

MARCH 14 CAMP SWIFT, TEX.

SALE 5

- 12 TRACTORS: Caterpillar * Model 8N * Bulldozer
 21 TRAILERS: Freshout * Low-bed
 20 CHAIN Saws: Elnor

TOTAL UNITS 53

MARCH 15-16 SAN ANTONIO, TEX.

SALE 6

- 11 TRACTORS: Caterpillar * Le Tourneau * International
 5 CONCRETE MIXERS: Winder * Jaeger * Smith * With Mix
 13 PUMPS: Piston * Centrifugal * Turbine * Jack Self-Priming
 4 MOTOR GRADERS: Gelson * Model 101 * Austin-Wester

TOTAL UNITS 339

NOTE:

Equipment listed for sales 4, 5 & 6 may be inspected before date of sale at the following locations:

1. S. S. Engineers Equipment Yard, 4801 Comal Street, Austin, Texas — Custodian: J. E. Simpson.
 2. S. S. Engineers Equipment Yard, Bastrop (Camp Swift), Texas — Make your appointment with Colonel Rountree.
 3. S. S. Treasury Warehouse, 1700 Ave. B, San Antonio, Texas — Custodian: Capt. R. A. Cochran.

REMEMBER YOUR INSTRUCTIONS...

1. All items to be sold at the six machinery sales advertised will go on sale to public promptly at 10:00 a. m.
2. All dealers are requested to make prior arrangements with their banks for necessary certified cashier's checks. Payment may be made by bank draft, cashier's check, certified check, express or postal money order made payable to the Treasurer of the United States.
3. On completion of contracts each purchaser will be presented with two copies of his contract and is not to be responsible to furnish shipping instructions to the customer. Shipping instructions will not appear on the contracts.
4. All equipment will be sold on a "as is" *where "is" basis, but loaded on cars or transported in trailers. There will be no charge made for loading or stacking.
5. For any further information concerning this sale, contact Martin L. Gowell, Jr., Marketing Specialist, Machinery Section, Procurement Division, Office of Surplus Property, Box 1407, Fort Worth 1, Texas.

Harrison Norton
Regional Director

TRANSPORTATION

- TULSA
Santa Fe * Frisco Lines * Midland Valley * Missouri, Kansas and Texas
 CHICAGO
Chicago * Rock Island and Pacific * Missouri, Kansas and Texas
 OKLAHOMA
Frisco Lines * Kansas - Oklahoma - Gulf of Texas * Missouri, Kansas and Texas of Texas * Southern Pacific * Texas and Pacific * Texas Electric
 AUSTIN
Missouri, Kansas and Texas * Missouri Pacific * Southern Pacific
 CAMP SWIFT
Missouri, Kansas and Texas of Texas
 SAN ANTONIO
Missouri, Kansas and Texas * Missouri Pacific * Southern Pacific

MAKE YOUR HOTEL RESERVATIONS EARLY!

SIX BIG SALES!

CONSTRUCTION MACHINERY
AND FARM EQUIPMENT
TREASURY DEPARTMENT

1945 MARCH 1945

SUN MON TUE THUR FRI SAT

					3
					10
1				6	17
18	19	20	22	23	24
25	26	27	28	29	31

OFFICE OF SURPLUS PROPERTY

REGION 7, BOX 1407

FORT WORTH 1, TEXAS

MARKED TO GO!

MARCH 5 - 6

TULSA, OKLAHOMA



↓
SALE 1

- 9 TRACTORS
Caterpillar * Model 90 * 1 Tractor
Newell * Model 100 * 1 Tractor
Newell * Model 100 * 1 Tractor
- 10 TRAILERS
Newell * 100 * 1 Trailer
- 11 ROLLING MACHINERY
Newell * 100 * 1 Roller
Newell * 100 * 1 Roller

TOTAL UNITS: 30

NOTE:

Equipment for sale was inspected at G. S. Engineering Equipment and
Equipment Rental, 1000 North St. Louis Street, Tulsa, Oklahoma. SALES
DATE OF SALE Equipment Date: 5 - 6 - 1964

MACHINERY

MARCH 7 - 8

McALESTER, OKLAHOMA



↓
SALE 2

- 12 SCRAPER * Model 100 * 1 Scraper
Newell * 100 * 1 Scraper
- 13 TRACTORS
Caterpillar * Model 90 * 1 Tractor
Newell * Model 100 * 1 Tractor
- 14 CONCRETE MIXERS
Newell * 100 * 1 Mixer
Newell * 100 * 1 Mixer
- 15 ROLLING MACHINERY
Newell * 100 * 1 Roller
Newell * 100 * 1 Roller
- 16 MATERIAL HANDLING
Newell * 100 * 1 Conveyor
Newell * 100 * 1 Conveyor
- TOTAL AND ADDITIONAL UNITS: 30

NOTE:

Equipment for sale was inspected at G. S. Engineering Equipment and
Equipment Rental, 1000 North St. Louis Street, Tulsa, Oklahoma. SALES
DATE OF SALE Equipment Date: 7 - 8 - 1964

ROLLING ALONG

MARCH 9 - 10

DENNISON, TEXAS



↓
SALE 3

- 17 TRACTORS
Caterpillar * Model 90 * 1 Tractor
Newell * Model 100 * 1 Tractor
- 18 CONCRETE MIXERS
Newell * 100 * 1 Mixer
Newell * 100 * 1 Mixer
- 19 ROLLING MACHINERY
Newell * 100 * 1 Roller
Newell * 100 * 1 Roller
- 20 MATERIAL HANDLING
Newell * 100 * 1 Conveyor
Newell * 100 * 1 Conveyor
- 21 ROLLING MACHINERY
Newell * 100 * 1 Roller
Newell * 100 * 1 Roller
- TOTAL AND ADDITIONAL UNITS: 30

NOTE:

Equipment for sale was inspected at G. S. Engineering Equipment and
Equipment Rental, 1000 North St. Louis Street, Tulsa, Oklahoma. SALES
DATE OF SALE Equipment Date: 9 - 10 - 1964

52

FEDERAL RESERVE BANK
OF NEW YORK

March 7, 1945

CONFIDENTIALDear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended February 28, 1945, analyzing dollar payments and receipts in official British, French, Canadian, and Australian accounts at the Federal Reserve Bank of New York.

Very truly yours,

(Signed) H. L. Sanford

H. L. Sanford,
Assistant Vice President.

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington 25, D. C.

53

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

March 9, 1945

CONFIDENTIAL

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

1821

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

Week Ended Feb. 28, 1945

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)					BANK OF FRANCE (CAISSE CENTRALE)				
	DEBITS		CREDITS			DEBITS		CREDITS		
	Total	Gov't	Transfers to Official Canadian Account	Other Debits	Total	Gold	Securities (Official)	Transfers from Official Canadian Account	Other Credits	Net Incr. (+) or Decr. (-) in \$ Funds (d)
War Years (a)	Debits	Expendi- tures (a)			Credits					Total Debits (a)
First	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	22.0	3.9	416.2	+ 35.0
Second	2,203.0	1,732.2	3.4	467.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2
Third	1,235.6	924.8	7.7	223.1	1,361.5	21.8	5.5	37.4	1,276.8	+ 125.9
Fourth	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 306.3
Fifth	1,197.7	300.4	61.4	835.9	1,359.6	-	-	253.0	1,116.6	+ 171.9
1944										
September	151.0	19.9	20.4	80.7	56.5	-	-	1.0	55.5	- 94.5
October	127.9	21.0	7.4	99.5	54.7	-	-	1.0	53.7	- 73.2
November	74.2	45.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9
December	80.4	21.9	-	58.5	91.6	-	-	-	91.6	+ 11.2
1945										
January	148.9	98.7	31.3	18.9	54.2	-	-	-	54.2	- 94.7
February										
March										
April										
May										
June										
July										
August										
Week Ended										
February 7, 1945	12.5	5.9	0.4	6.2	6.9	-	-	-	6.9	- 5.6
" 14, "	8.3	1.9	4.6	1.9	31.2	-	-	-	31.2	+ 22.9
" 21, "	12.8	4.4	-	8.2	21.8	-	-	-	21.8	+ 9.0
" 28, "	7.8	4.5	-	3.3	20.6	-	-	-	20.6	(1)+ 12.8
Average Weekly Expenditures Since Outbreak of War										
France (through June 19, 1940)	\$19.6 million									
England (through June 19, 1940)	\$27.6 million									
England (through June 20, 1940 to March 12, 1941)	\$54.9 million									
England (since March 12, 1941)	21.8 million									

See attached sheet for footnotes.

Reports and Analysis Division

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Finance, and Ministry of Shipping.
- (b) Includes payments based on transactions from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of authorized British sales of American securities, including those effected through direct negotiation. In addition to the authorized sales, substantial liquidation of securities for private British account occurred, particularly during the first half of the year, although the proceeds of the proceeds at this bank cannot be identified with any accuracy. According to the records of the bank, however, and released to Emergency Management, total official and private British liquidation of securities during October, 1940 amounted to \$154 million.
- (c) Includes about \$20 million received during October, 1939 from the accounts of British authorized banks with New York banks, for the maintenance of personal dollar balances. Other large transfers from such accounts since October, 1939, are not included in the current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (d) below.
- (d) Includes net change in all dollar holdings payable on demand or maturing in one year.
- (e) See breakdown by type of bills and credits see tabulations prior to March 20, 1941.
- (f) Includes as payments the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) See monthly payments see tabulations prior to April 23, 1941; October 6, 1941; October 21, 1941; September 20, 1943; September 6, 1944.
- (h) Transactions for account of Caisse Centrale de La France Libre-which included for first time in week ended December 6, 1941.
- (i) Includes \$1.4 million representing current and accumulated dollar proceeds of shipping gross services in French ports. \$1.2 million and \$0.2 million transferred from accounts in this market of State Bank of U. S. S. R., and Bank of China, respectively.
- (j) Covers \$25.0 million transfer to official French account in this market.

Reports and Analysis Division

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

Week Ended Feb. 28, 1945

Statistical
Confidential

PERIOD	DEBIT				CREDIT				DEBIT				CREDIT			
	Total	Transfers to Official A/C	British	Others	Total	Transfers from Official A/C	British	Others	Total	Transfers to Official A/C	British	Others	Total	Transfers from Official A/C	British	Others
War Years (a)	Debits				Credits				Debits				Credits			
First	523.0	16.6	306.4	200.0	612.7	20.9	307.7	284.1	168.7	31.0	34.7	27.3	277.3	35.1	30.0	6.1
Second	460.4	-	460.4	460.0	246.2	3.4	152.0	90.8	3.6	72.2	34.7	55.5	28.2	60.0	18.3	9.0
Third	525.8	0.3	321.5	204.0	198.6	7.7	-	200.0	20.3	177.2	37.4	40.8	132.2	17.2	95.0	- 5.0
Fourth	723.6	-	721.6	958.8	47.1	170.4	-	741.3	235.2	197.0	155.1	43.9	200.4	-	200.4	3.4
Fifth	849.3	1.0	848.3	958.5	28.1	61.4	-	879.0	239.3	220.6	253.0	45.6	287.7	-	287.7	10.9
1944																
September	74.5	0.1	74.4	21.8	-	20.4	-	41.4	17.3	5.8	1.0	4.8	7.3	-	7.3	1.5
October	24.1	-	24.1	21.2	-	2.9	-	20.8	14.9	3.4	1.0	2.4	3.8	-	24.1	0.5
November	38.8	-	38.8	43.7	-	2.9	-	30.7	14.9	3.4	1.0	2.4	3.8	-	38.8	2.4
December	71.5	0.7	70.8	32.7	-	-	-	30.7	14.9	3.4	1.0	2.4	3.8	-	71.5	10.5
1945																
January	35.1	-	35.1	31.6	10.0	31.3	-	20.3	55.5	27.4	-	27.4	5.6	-	5.6	21.0
February																
March																
April																
May																
June																
July																
August																
Week Ended																
February 7, 1945	1.0	-	1.0	16.5	-	0.4	-	16.1	15.5	0.6	-	0.6	3.6	-	3.6	3.0
" 14, "	1.1	-	1.1	25.2	-	0.5	-	20.7	22.1	0.2	-	0.2	0.3	-	0.3	0.1
" 21, "	4.3	-	4.3	54.7	-	-	-	54.7	50.6	0.1	-	0.1	0.4	-	0.4	0.3
" 28, "	19.6	(d)	-	19.6	7.5(a)	-	-	7.5	12.1	1.0	-	1.0	0.6	-	0.6	0.4

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war	16.1 million.
Sixth year of war (through February 28, 1945)	7.9 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
 (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (c) Does not reflect transactions in short term U. S. securities.
 (d) Includes \$ 7.4 million deposited by War Supplies, Ltd.
 and \$ - million received from New York accounts of Canadian chartered banks.

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

57

T ● Mrs. Klotz 3400
(1) (Room) (Side-)
(2) (Room) (Side-)
(3) (Room) (Side-)

I think the Secretary will be
interested in the attached
cable we have just received
from Mr. Olsen in Stockholm.

F. Hodel

From: 3/10/45
..... (Date)
FHC
..... (Room) (Side-)

C
O
P
YWCP-968
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated March 7, 1948

Rec'd 2:42 p.m.

Secretary of State,

Washington

TOP SECRET

876, March 7, Noon (SECTION ONE OF TWO)

On the basis of statements made by certain important Germans with whom Olsen has indirect contact, a real possibility appears to exist that within the next two weeks or so the Germans may make a fantastic offer with respect to Jews in German concentration camps. This offer is nothing less than the liberation of all such Jews except those engaged in vital war effort. From three separate German sources here Olsen has been informed that the Germans are laying groundwork to prove that the wholesale massacre of Jews had not been carried out by the Germans but by criminal elements in the occupied countries themselves. In order to emphasize this point it appears that according to statements made to Olsen, the German authorities are preparing to take the position that they are not interested in keeping the Jews in German concentration camps any longer, that in fact it has been a nuisance required for security reasons, and that they are prepared to release them and permit them to leave Germany if some neutral organization such as the Swedish Red Cross will provide the necessary transportation. The following are Olsen's sources of information:

One. Dr. Kerstner, German masseur living in Stockholm and first heard of when he joined Hitler during his stay in Helsinki. He has attended Hitler for several years and is not considered pro-Nazi in local circles. Kerstner states that ever since last October there has been considerable dispute within the German High Command as to the policy to be followed with respect to Jews. The severe attitude of General Daluge, Hitler's right-hand man, seemed to prevail, but Kerstner states that Daluge has now become entirely incapacitated as a syphilitic and paralytic and has been confined to a sanatorium. Before leaving

58

leading -

-2-#876, March 7, Noon (SECTION ONE OF TWO) from Stockholm.

for Berlin this week, he stated flatly that the Germans are now willing to release the Jews. He made reference to severe friction between Hitler and Ribbentrop, and Hitler's efforts to remove the latter from all influential posts. He also reported great controversy between Hitler and Himmler but that the latter remains completely and devoutly subservient to Hitler, even though Hitler, according to Kerstner, is at present a serious mental case.

Two. Fritz Hesse, said to be an influential member of the German Foreign Office who recently arrived here from Berlin and has permission to stay until Thursday. Shortly after his arrival he made connection with Olsen's intermediary in previous discussions with the Germans on Jewish problems, and asked him to come over and talk with him at the Grand Hotel.

JOHNSON

JT

59

60

C
P
Y

RP-100

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

Stockholm

Dated March 7, 1945

Rec'd 3:00 p.m.

Secretary of State

Washington

976, March 7, noon (SECTION TWO)

THIS IS OUR NO. 129 FOR WAR REFUGEE BOARD

Hesse stated that his sincerity and reliability could be confirmed by an internationally known Jew named Frederick Kuh, who, he said, was in London. He then made the categorical statement that the German authorities are prepared to release the Jews provided a basis can be found of working out all related problems. He evaded questions as to what the Germans would be likely to ask in return, but the definite impression was gained that Hesse was also interested in exploring war politics. Hesse also inquired whether a meeting could be arranged with Olsen, but added that he would communicate further on that point later.

Three. Dr. Klaus, Stockholm representative of Dr. Kleist, who has been contacted frequently in the past on these matters. Klaus states that Kleist, known to be an intimate of Himmler's, will return to Stockholm from Berlin in a few days. He states that Kleist has completed his discussions with the German authorities and that the prospects are strong that the Germans will agree to the release of all (repeat all) Jews in German concentration camps. Klaus emphasizes that the basis of release will not be similar to that whereby certain Jews recently arrived in Switzerland from Bergen Belsen, which Klaus describes as nothing more than a ransom proposition. Klaus states that Kleist's negotiations with the German authorities have been exclusively on a humanitarian basis, but he is unable or unwilling to elaborate further.

Olsen considers that there is a peculiar pattern of similarity in the foregoing discussions and that

something

61

-2-#976, March 7, noon, (SECTION TWO) from Stockholm

something rather substantial may be brewing. He is exploring the situation carefully and would appreciate comments or suggestions from the War Refugee Board.

These discussions and the names of individuals involved have been brought to the attention of Engvall of the Swedish Foreign Office who is rather optimistic of the prospect of these negotiations resulting in at least a few thousand Jews being brought to safety in Sweden.

(END OF MESSAGE)

JOHNSON

JT

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

Mr. Coe
DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

63

JB-1101

This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (SECRET-0)

Bern

Dated March 7, 1945

Rec'd 6:25 p.m.

Secretary of State

Washington

1457, March 7, 7 p.m.

FOR DEPARTMENT TREASURY AND FEA FROM CURRIE

Letters with Swiss delegation will be exchanged tomorrow and will be cabled you then. (Repeated London 755, Paris 26) Letters incorporate all points mentioned in my 1397, March 5. We have secured virtually everything we hoped for and Swiss appear well satisfied. Stucki said that the strongest argument federal council was hope and expectation that suspicions abroad would be dispelled and Switzerland would gain in esteem and good will. Therefore, he hopes reaction will be favorable in America. Official joint communique here will be in generalities because of neutrality considerations. Dettiger has given me letter and special commemorative coin for the President.

Please inform Patterson of results and tell him that Charguerand has given me letter undertaking on behalf

Treasury Department
Division of Monetary Research

Date March 12, 1945

To: Secretary Morgenthau

From: Mr. Coe *F.O.*For Information

Curry mission is
winding up and returning.

-S- #1467, March 7, 7 p.m. from Bern

64

behalf of his government to enforce all security
measures requested by SHARP in connection with transit
traffic across France.

Will leave tomorrow for Paris and London. Expect
to spend a week with Hawkins and then will go direct
to Washington.

HARRISON

MJP

65

CABLE TO AMERICAN LEGATION, BRNO, FOR NOCHMILLAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Gerhard Riegner, 37
Quai Wilson, Geneva, from Kurt R. Grossman, World Jewish Congress:

QUOTE ANXIOUS ABOUT LEOPOLD LINDENBAUM CONTACT IMMEDIATELY
SECURE FOR FOREIGN JEWISH REFUGEES MONTREUX STERASUCH WHO
INFORMED THIS MATTER. CABLE. UNQUOTE

THIS IS WBR BRNO CABLE NO. 455

11:15 a.m.
March 7, 1945

66

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD.

Please deliver the following message to Martha Sharp from
Dr. Charles B. Joy of Unitarian Service Committee:

QUOTE 257 EMBASSY REQUESTS MUST GO DIRECTLY TO STATE
DEPARTMENT NOT THROUGH PRIVATE AGENCIES STOP PROCEDURE
FOR TRANSIT VISAS WAS SIMPLIFIED LONG AGO STOP DELVATO
INSISTS AGREEMENT WITH MEXICAN FOREIGN AFFAIRS WAS
COMPLETED STOP HE HAS MADE TWO TRIPS FOR US STOP WHERE
HE FAILS NOBODY ELSE COULD SUCCEED STOP I AM SENDING
HIM YOUR CABLE STOP IF YOU THINK WISE PLEASE INFORM
INTERNATIONAL POLICE THAT IF WE CANNOT PROCURE VISAS
FOR WORKERS PROMPTLY WE WILL CLOSE LISBON OFFICE
MONEY DESPERATELY NEEDED ELSEWHERE THIS IS SERIOUS STOP
HAS LISBON FOLLOWED INSTRUCTIONS IN OUR 248 STOP
ACTING RETOUR 418. UNQUOTE

THIS IS WBR LISBON CABLE NO. 151.

3:15 p.m.
March 7, 1945

87

CABLE TO AMERICAN CONSULATE GENERAL, ZURICH, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Eliezer Dobbin, Jewish Agency,
from Dr. Vertachner, World Jewish Congress:

QUOTE PLEASE INQUIRE WHETHER FRIEDMAN FAMILY RECENTLY ARRIVED
FROM BUDAPEST VIA J.P.A. DAVID BEGON FRIEDMANER CABLE THROUGH
AMERICAN LEGATION VIA WAR REFUGEE BOARD. UNQUOTE

11:18 a.m.
March 7, 1945

CABLE TO AMERICAN EMBASSY, LONDON, FOR MASH, FROM WAR REFUGEE BOARD

Please deliver the following message to Sir Herbert Morrison
from R. H. Leavitt of American Jewish Joint Distribution Committee:

QUOTE WE HEREBY QUOTE VERBATIM CERTIFICATE SUBMITTED
TO US BY OUR AUDITORS MESSRS. LOEB & TROPER INTERQUOTE
WE HEREBY CERTIFY THAT WE HAVE EXAMINED BOOKS AND RECORDS
OF JOINT DISTRIBUTION COMMITTEE THAT DURING PERIOD JULY
THROUGH DECEMBER 1944 JOINT DISTRIBUTION COMMITTEE TRANS-
MITTED A TOTAL OF \$1,680,000 THROUGH OFFICIAL BANKING
CHANNELS IN THE UNITED STATES UNDER U.S. TREASURY LICENSE
TO SALT WATER ITS REPRESENTATIVE IN SWITZERLAND TO BE USED BY
FIN FOR PROGRAMS UNDER HIS JURISDICTION PRIMARILY IN ROMANIA
HUNGARY FRANCE ITALY STOP WE FURTHER CERTIFY THAT WE HAVE
EXAMINED CABLE STATEMENT RECEIVED BY JOINT DISTRIBUTION
COMMITTEE FROM JOSEPH SCHWARTZ CHAIRMAN OF ITS HUNGARIAN
EXECUTIVE COUNCIL VIA OFFICE OF WAR REFUGEE BOARD REPORTING
TOTAL EXPENDITURES MADE BY SALT WATER IN SWITZERLAND FOR
HUNGARY \$,399,000 SWISS FRANCES PERIOD MAY THROUGH DECEMBER,
1944 ROMANIA 4,000,000 SWISS FRANCES PERIOD JULY THROUGH
DECEMBER, FRANCE 966,890 SWISS FRANCES PERIOD JULY THROUGH
SEPTEMBER SIGNED LOEB & TROPER CERTIFIED PUBLIC ACCOUNTANTS
OF THE STATE OF NEW YORK MARCH 2, 1945 AND INTERQUOTE
SALT WATER HAS NOT YET ADVISED US WITH RESPECT TO EXPENDITURES
FOR ITALY STOP WOULD BE GREATLY GRATEFUL REIMBURSEMENT EXTENT
YOUR COMMITMENT THESE PROGRAMS EARLY \$1,680,000. UNQUOTE

THIS IS WAR LONDON CABLE NO. 68

11:16 a.m.
March 7, 1945

69

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

Please deliver the following message to Gerhard Riegner, 87

Quai Wilson, Geneva, From Kurt H. Grossman, World Jewish Congress:

QUOTE PLEASE INQUIRE FATE LISELOTTE FRANK STAIN ST-PIERRE
POPPER BORN RESPECTIVELY DECEMBER 19, 1919, VIEN JUNE 21,
1913, PRAGUE, DECEMBER 24, 1921, VIEN, IS. GROSSMAN INTERESTED
CASE. INVESTIGATE ALSO WHETHER IRMGARD WENDEL BORN 1906 IS WIFE
OF ERNST WENDEL BORN 1898 BATHNICHUP AFDIGAL. UNQUOTE

THIS IS NEW BERN CABLE NO. 434

3:00 p.m.
March 7, 1948

DOC-1142

Distribution of true
reading only by special
arrangement. (SECRET 4)

Stockholm

Dated March 7, 1945

Jas'd 8:26 p.m.

Secretary of State,

Washington.

SIR, March 7, 7 p.m.

THIS IS OUR 130 PMN VAN REFUGEE BOARD

One of Sweden's leading newspapers, DAGENS NYHETER, of March 6, contains a front page interview with a Hungarian Jew who recently escaped to Sweden. He pays tremendous tribute to Swedish relief and rescue activities for Hungarian Jews, particularly that of Raoul Wallenberg, and states "Budapest Jews were saved by the Swedes."

The article describes one instance in which an hour's urgent conference by Wallenberg with Szalazy personally caused the latter to reinstate the validity of Swedish protective passports. It mentions that Wallenberg quartered 5000 Jews in so-called Swedish houses and one evening when an armed patrol entered this area to remove some of the inhabitants to labor camps, Wallenberg met the patrol and after advising it that it was trespassing on Swedish territory, informed the group that it could not trespass further without first shooting him, adding "none leaves this place as long as I live." Later the same evening Wallenberg was advised that 11 persons with Swedish passports had been arrested by the Gestapo and had been loaded on a later train destined for Vienna. It states that Wallenberg raced to the railway station but the train had departed. Wallenberg then chased the train until it stopped at station just short of the German border and he managed to remove these 11 persons from the train.

The article pays remarkable tribute to Wallenberg's courage and day and night effort to help the Jews, despite the fact that there was a constant object of personal attack and anonymous threats to bodily harm. The article will be forwarded in the next pouch.

JACKSON

SECRET

From: London

Date: March 7, 1945

Recd.: March 14, 5 p.m.

SECRETARY OF STATE

WASHINGTON

1-230, March 7, 1945.

FOR WAR REFUGEE BOARD AND DEPARTMENT.

Embassy's confidential telegram No. 1870, February 23, 2 p.m.

There is quoted below the text of a letter dated March 5, 1945, received from Sir Herbert S. Emerson, Director of the Intergovernmental Committee on Refugees, suggesting a thorough investigation of the wishes of the Jewish refugees from Belsen Bergen and Theresienstadt now in Switzerland who may wish to be repatriated:

"In confirmation of our correspondence regarding refugees from Belsen Bergen and Theresienstadt now in Switzerland, I enclose a copy of a cable that I have received from Kullmann who is now in Paris. I may explain that Saly Mayer is the representative of the Joint Distribution Committee in Switzerland, who has done extremely good work in arranging for the rescue of Jews. Weill, who is mentioned in the cable, is another Jewish worker in Switzerland who is fully in the confidence of Saly Mayer.

"2. You will see that according to this message many refugees from Hungary wish to return to that country. Similarly I understand that the refugees from Theresienstadt include a number of Dutch citizens who wish to return to Holland. Other parties of refugees who are able to reach Switzerland are likely to be similarly composed of two distinct groups, first, those who wish to return to their own countries, and second, those who wish to go elsewhere. With regard to the first group, namely those who wish to return to their own countries, the common sense policy

cc: Miss Chauncey (for the Sec'y), Cohn, Drury, DuBois, Gaston, Hodel, McCormack, O'Dwyer, Files.

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would seem to be for them to stay in Switzerland pending repatriation, if the Swiss Government is willing to keep them, unless repatriation is likely to be expedited by their temporary removal elsewhere. For instance, I can conceive that Hungarians who wish to return to Hungary may get there quicker via Philippeville than by staying in Switzerland until a direct route to Hungary is open. On the other hand, those who wish to return to Holland had much better wait in Switzerland than in Philippeville, if the alternative is open to them. Of course, there may be no alternative, since the Swiss Government may insist on their early removal, but hitherto it has always been very reasonable in these matters, and I would hope that it would continue to be so. The most efficient arrangement would be to have in future a thorough investigation of the wishes of the persons concerned as regards repatriation before decisions are reached regarding their transfer or not, the object being to try and get the agreement of the Swiss Government to a policy which will allow those, at any rate, to stay in Switzerland who wish to be repatriated, and whose repatriation would not be expedited by their transfer from that country.

"3. We have not had first hand information about these particular groups of refugees because our representative does not take over his functions until the 1st April, but when he does so, we would propose to instruct him on the above lines.

"4. I did not reply to your letter of February 19, in which you conveyed a message from General O'Dwyer, since I hoped that the letter would be shortly arriving in London. Since his arrival has been postponed, perhaps you will be good enough to let him know that I am greatly looking forward to meeting him, and to discussing matters in which we are both interested. Indeed, you may wish perhaps to send a copy of this letter to the War Refugee Board."

The following is the text of the telegram from Mr. Hallmann, referred to in Sir Herbert's letter:

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"Galy Hayer informs me through Gell Hansen Bergen that Hungarians in Switzerland now number 2,200. They are mostly wealthy and include many doctors, lawyers and nurses. Almost all wish to return. Swiss Government feel that the best chance of early repatriation is via Philippeville and hope that early arrangements may be made for them to proceed there.

"2. According to Hayer inside story of the arrival of the Theresienstadt group is as follows. Hayer, a retired federal councillor, was attacked in the press on account of the high prices he had paid for obtaining the release of a few political and Jewish internees. In order to exonerate himself and at the suggestion of the Vatican and Dr. Steinbock-Kontreux of American Orthodox Rabbi Federation, he negotiated release of the Theresienstadt group, stating, without authorization, that Hayer would show gratitude in cash. The sole condition imposed by Himmler was that the group should not include technicians, intellectuals or prominent Jews. Hayer of course refused to make any payment and the arrival of further groups seems unlikely.

"3. Contrary to previous reports it appears that Jews have also been exterminated in Theresienstadt and that only 8-12,000 now remain out of some 35,000-40,000.

"4. Hayer also reports that Upper Silesian camps were emptied before Russian occupation and that substantial numbers of inmates were transferred to new camps in the Vienna region."

The Department will note that in the last paragraph of Sir Herbert's letter he states that he has not replied to General O'Dwyer's message since he expected to see him in London before this time.

SIRANT

NOT TO BE RE-TRANSMITTED

COPY NO. 4SECRETOPTEL No. 76

Information received up to 10 a.m., 7th March, 1945.

NAVAL

1. ENEMY ATTACK ON SHIPPING. 6th. A 6991 ton ship in coastal convoy torpedoed by U-boat south Milfordhaven but reached port.

MILITARY

2. WESTERN FRONT.
 Southern Sector: On right 7th U.S. Army captured Forbach. On left 3rd U.S. Army broke through German defences R.E. Kyllburg and penetrated to depth 25 miles in just over 24 hours reaching a point 25 miles from River Rhine north of Coblenz.
 South Central Sector: 1st U.S. Army captured Buskirehen in face crumbling resistance and our troops are pushing out south and east and have entered Rheinbach. Greater part of Cologne now captured and troops reported reached Rhine in centre of town, while further north practically whole west bank held from Cologne to Dusseldorf.
 North Central Sector: 9th U.S. Army holds Rhine from Dusseldorf north to Orsoy. 1st Canadian Army has further reduced German bridgehead at Wesel capturing Sonstbeck, but no further progress at Xanten where German resistance tenacious.

3. EASTERN FRONT.
 Central Sector: On northern flank encircled town of Graudenz captured while further west substantial progress made and Baltic reached on 60 mile front from Cammin to north of Koslin. Belgard also taken.

4. BURMA. Further progress made by our troops from Ruywa bridgehead.
 Central Sector: During advance from Nyaungu to Meiktila large supply dump at Taungtha captured and 400 Japanese killed. Further 1,000 since killed at Meiktila. Our patrols now 18 miles Meiktila on road to Yamethin.
 North Eastern Sector: Troops descending on Mandalay from north down eastern bank of Irrawaddy now 5 miles from Madaya.

AIR

5. WESTERN FRONT. 5th/6th (night). 1199 aircraft despatched (25 missing and 14 crashed): 718 Chemnitz, (1984 tons) 258 synthetic oil plant Bohlen (867 tons) 75 Berlin (86 tons) and 106 on other operations. Bombing through 10/10th cloud over first 2 targets but good fires reported over target area 2 hours after attack.
 6th. 118 escorted Lancasters (1 missing) dropped 548 tons through cloud oil refinery Solzbergen (near Rheine) where bombing concentrated while 39 Bomber Command Mosquitoes (1 missing) dropped 41 tons through cloud on troop concentrations Wesel. SHAEF (Air. Adverse weather restricted operations, but 276 medium bombers (3 missing) dropped 405 tons railway centres and storage depots in Ruhr and Central Sector, while fighters flew 52 sorties.

6. MEDITERRANEAN. 4th/5th (night). 49 bombers attacked railway centre Casarsa (104 tons) where bombing concentrated.
 5th. 539 aircraft (6 missing) attacked communications N.E. Italy, Austria and Yugoslavia where railway lines cut in 71 places.

HOME SECURITY (Up to 7 a.m. 7th)

7. FLYING BOMBS. 6th. Three plotted. 6th/7th (night). Five plotted.
8. ROCKETS. 6th. Four incidents reported.
 6th/7th. Nine incidents reported.

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March 8, 1945
9:00 A.M.

Operator: Go ahead.

HMJr: Hello.

Charlie Adams: Good morning, Mr. Secretary.

HMJr: Good morning, Adams. Two things: Mr. Gamble gave me a note

A: Yes, sir.

HMJr: about trying to arrange for Admiral Nimitz to have some picture taken.

A: Yes, sir.

HMJr: Do you know anything about it?

A: No, sir, I do not, but I'll certainly find out.

HMJr: Right. Well, it was to have been at four o'clock.

A: Today?

HMJr: Yeah. And Mr. Forrestal said that he would okay it provided I'd go over there.

A: Oh, he wants you to go over there? I see.

HMJr: And of course, the trick is that -- that he'll get in the picture.

A: I see. (Laughs)

HMJr: And I don't know who's handling it

A: Yes, sir.

HMJr: But supposing you look into it and if I've got to say something, I'd like to know about it.

A: All right.

HMJr: And get me over a little memo on it as soon as you can.

A: I sure will.

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HMJr: Put it -- send it directly to Mr. Fitzgerald and mark it "Urgent".

A: I sure will, sir.

HMJr: Now, another thing, are you going to be in touch with Mr. Gamble?

A: Not today, I don't think.

HMJr: Where is he?

A: He's down in Virginia today.

HMJr: Oh.

A: As a matter of fact, he'll be in Virginia all day today.

HMJr: Do you know where? Richmond?

A: No, sir, he's going to -- to Norfolk and then to Lexington -- or Lexington and then to Norfolk. I'm not sure which, Mr. Morgenthau.

HMJr: Well, I'll find out.

A: We can -- I can get in touch with him though if you want me to.

HMJr: Well, I'll tell the operator and I'll find some way to get him.

A: Well, do you want me to do it for you?

HMJr: No, I'll do it.

A: All right. Swell. And I'll get you this information on the Admiral Nimitz picture right away.

HMJr: And somebody -- somebody could come over maybe about 10:15 and tell me about it.

A: 10:15 to tell you about it.

HMJr: Yeah.

A: Okay.

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HMJr: Thank you.
A: All right, sir.
HMJr: Bye.

March 6, 1945 78
9:35 a.m.

HMJr: Jere Cooper was just in and he is very much interested in Miss Collens Rhea.
Charles Bell: Yes, sir.
HMJr: R-h-e-a, secretary to Joe DuBois. He wants her moved up to Grade 9.
B: That's \$3,200. It will disorganize every secretarial job we've got in the Secretary's Office.
HMJr: And he's chairman of the Democratic Caucus Committee.
B: Well, sir, if you want it done, I'll find a way.
HMJr: I don't -- I don't -- I want you to talk to me about it today.
B: All right, sir.
HMJr: He asked me something three years ago.
B: That was the same girl.
HMJr: I know. I remember, but I'm getting it off my calendar. Of course, if we do it for her, we'll have to do it for Lux
B: Luxford's girl.
HMJr: He knows the whole office inside and out, and he said, "And don't tell me you can't. You can put her on the Stabilization roll."
B: Well, it's just too bad he knows so much, because that's the only way it could be done.
HMJr: He knows all the answers. So sometime in the next twenty-four hours talk to me.
B: All right, sir. I'll get on the list with Fitz.
HMJr: Right.
B: Okay, sir.

70
March 8, 1945
10:12 a.m.

HMJr: Mrs. Lang, I have been looking forward to having lunch
Mrs. Lang: I can hardly hear you at all.
HMJr: Can you hear me now?
L: That's better.
HMJr: All right. Mr. Salzberger was going to have lunch with me on Sunday.
L: Yes.
HMJr: And I'm very sorry but I'm leaving Friday night for Minneapolis. I'm going to speak there.
L: Oh, yes.
HMJr: So I'm afraid I'm going to miss him.
L: All right, when he telephones today, I'll tell him.
HMJr: Tell him I'm very sorry. I'll be back here Tuesday, but I'm leaving Friday night. I'll not be back until Tuesday.
L: You won't be back until Tuesday.
HMJr: No.
L: All right, sir, I'll be glad to tell him and thank you so much for calling.
HMJr: All right.
L: Good bye.

March 8, 1945 80
10:29 a.m.

HMJr: I've got four of your fellows in here.
Ted Gamble: Well, good. You're in good hands then.
HMJr: Can you hear them? You're on the loud speaker.
G: No, I can't.
HMJr: Well, can you hear them now? (Laughter from group)
G: I thought I heard Lane chuckle. (Group laughs louder)
HMJr: All right. They're chuckling a little louder for you.
G: Right.
HMJr: Applause on the radio -- please chuckle.
G: (Laughs)
HMJr: Now, I'm going over to make a picture with Nimitz.
G: Well, that's wonderful.
HMJr: The trouble was you didn't have Mr. Forrestal in the picture.
G: Well, did you put him in?
HMJr: Sure. (Group continues laughing)
G: Well, I just wanted a few box office attractions.
HMJr: No, he put himself in.
G: (Laughs)
HMJr: He put himself in.
G: Well, he won't hurt the picture. (Group roars with laughter)
HMJr: You've got a very good audience here.
G: Well, that's my own crowd.

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HMJr: Yeah, that's right.

G: I don't even have to put up a sign. (Group continues to laugh)

HMJr: They're very appreciative.

G: Well, I think that's splendid. As a matter of fact, we did mention last night that Forrestal might want to be in the picture, and that if he -- I told DuBois, when we had our meeting after I left you, that it might well be that he would want to be in the background of the picture.

HMJr: Well, background my eye.

G: But I really think he ought to be only looking on. I think it ought to be -- the conversation ought to confine itself to your remarks to Minitts.

HMJr: I don't think so but let's see.

G: Yes.

HMJr: I think instead of -- he's making us come over there and he's going to be in the picture and he's going to handle it himself.

G: Fine. Well, Minitts has already written his remarks.

HMJr: Now, I just sold it to your boys and they're satisfied and I hope you will be. This is the purpose of the call.

G: Yes.

HMJr: I want somebody -- whoever is best -- to call up the State War Finance Chairman in Minnesota, and North and South Dakota, Iowa and Wisconsin....

G: Yes.

HMJr: and say, if it's to Mr. Arnold, "Mr. Morgenthau would like to meet the War Finance -- the A.B.A. Chairman for Minnesota"

G: Yes.

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HMJr: ".... provided he has an open mind on Bretton Woods."

G: Yes.

HMJr: "And provided it's agreeable to you."

G: Yes.

HMJr: "And Mr. Morgenthau wants to meet this fellow and go after him"

G: Yes.

HMJr: ".... and see whether he will help influence other bankers in the State."

G: Yes.

HMJr: But clear each case through the War Finance State Chairman

G: Yes.

HMJr: and ask him to find out whether it's agreeable to him and agreeable to this fellow. If it is, I'm going to have them come in and meet me.

G: Well, I think the best -- I agree a hundred percent with the plan. I think it's a good idea. I think the best way to handle it is to let me get on the phone tomorrow morning, and talk to each one of them myself if there's plenty of time.

HMJr: Well, that's all right. But the point is, I want Mr. Arnold -- let's say Mr. Eccles is Chairman

G: Yes.

HMJr: All right. Well, now -- for Minnesota -- bank chairman.

G: Yes.

HMJr: He can approach him and say, "Mr. Morgenthau would like to sit down and talk Bretton Woods to you provided you've got an open mind."

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G: Yes.

HMJr: See?

G: Yes.

HMJr: And if he has, then these four or five State Chairmen can come in at ten o'clock Sunday and I'll sit down and talk to them.

G: Right.

HMJr: And then they can spend a couple of hours with Luxford

G: Yes.

HMJr: and then I could have them for lunch and we could talk some more.

G: Right.

HMJr: Now, I'm not thinking of the War Finance Chairman.

G: No, I understand. I understand, sir.

HMJr: Does that sound all right?

G: It sounds perfect.

HMJr: And then I want to be very frank -- what I'm going to try to do is to get them to work in their own banker organizations.

G: In their own State.

HMJr: Their own State.

G: Right.

HMJr: And see if they can't get their State Bankers Association of Minnesota to come out for Bretton Woods.

G: Yes.

HMJr: The same for North and South Dakota, Wisconsin and Iowa.

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G: Yes. I have an alternative suggestion.

HMJr: Yeah.

G: If we find, when we canvass these fellows, that we're not going to have a receptive audience.

HMJr: Yes.

G: And we've got a lot of the wrong kind of people.

HMJr: Yes.

G: And we might well have in that particular job.

HMJr: Yes.

G: We might get DuSols to expand -- to go outside of his field

HMJr: Yes.

G: to pick some key fellows from each one of those five states, and have them come in -- key bankers.

HMJr: You're clicking.

G: I mean, we can do that as an alternative.

HMJr: All right.

G: I'd rather use your plan because that's weakening the opposition.

HMJr: That's the idea.

G: But if we find that it's not a practical or feasible one, or one that we think will be productive, we'll use the alternative suggestion.

HMJr: Wonderful.

G: And I'll set it up myself tomorrow morning.

HMJr: It will work then.

G: All right, sir.

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HMJr: On your way.
G: Right.
HMJr: Good bye.
G: Good bye.

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March 8, 1945
10:30 a.m.

PRE-PRESS

Present: Mr. D. W. Bell
Mr. Gaston
Mr. Blough
Mr. Shaeffer
Mr. Fussell
Mrs. Klotz
Miss Chauncey

H.M.Jr: Mr. Bell, I saw the very good publicity on the financial page of the New York Times.

MR. BELL: Yes.

H.M.Jr: Will you stay behind and tell me what happened?

MR. BELL: All right, not much of anything.

H.M.Jr: Is there anybody outside?

MR. GASTON: Yes, a pretty good crowd.

H.M.Jr: I don't know why.

MR. GASTON: A dozen or so.

H.M.Jr: Do you have anything, Charlie I ought to know?

MR. SHAEFFER: No.

H.M.Jr: Fussell?

MR. FUSSELL: No.

H.M.Jr: Roy?

MR. BLOUGH: I don't think so.

MR. BELL: Somebody may ask when you are going to give out maturity dates of securities in the Seventh War Loan.

H.M.Jr: When am I?

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MR. BELL: I would like to give them out this week end. I will do some work on them tomorrow. We really ought to settle it tomorrow. I think that's as good a time as any.

H.M.JR: All right.

March 3, 1945 88
11:51 a.m.

Spyros
Skouras:

Mr. Morgenthau, good morning, sir.

H.M.Jr:

Hello, Spyros. How are you?

S:

Fine. How are you feeling?

H.M.Jr:

Oh, fine.

S:

Have you got the evening open tonight with Mrs. Morgenthau? I'd like to invite you for dinner. I'm going to have the Greek Ambassador and one or two others -- not a very big

H.M.Jr:

No, I'm sorry. We both have engagements.

S:

You do?

H.M.Jr:

Yes, I'm sorry.

S:

I'll be here all day today and tomorrow. I would like to see you for three or four minutes any time that is convenient to you.

H.M.Jr:

What have you got on your mind?

S:

Well, what I have on my mind I can't tell you over the phone.

H.M.Jr:

Oh.

S:

But it would take me altogether two or three minutes.

H.M.Jr:

I see. Well, let's say three-thirty.

S:

Ah

H.M.Jr:

Can you make it?

S:

Three-thirty I have an appointment with Mr. Herbert Lehman.

H.M.Jr:

Oh.

S:

But if it can be earlier or later

H.M.Jr:

No, that'd be -- you see it's pretty late in the day to make

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S: Yeah.

HMJr: That's the only time I'm free.

S: Uh huh. How about tomorrow, sir?

HMJr: No, tomorrow is all tied up.

S: Oh, Lord, I have this three-thirty appointment and -- well, anyway I'm going to see Ted tomorrow and I'll give the message to Ted.

HMJr: Do that.

S: And he'll give it to you.

HMJr: Do that.

S: Thank you very much.

HMJr: I'm sorry, but

S: Well, that's all right.

HMJr: give me a little more notice another time.

S: Yeah, I understand. Very well. I just got in town today and

HMJr: Well, thank you very much for the invitation.

S: Well, I thank you very much, sir.

HMJr: I'll be seeing you.

S: Bye. Bye.

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March 8, 1945
11:55 a.m.

WAR REFUGEE BOARD

Present: Mr. Gaston
General O'wyer
Miss Model
Mrs. Klotz

H.M.JR: I just wanted to give it to you first-hand. I had a talk last night with the two Assistant Secretaries. I first had McCloy over at war and he was interested, but he said, "You can't get this thing by Patterson." He unhesitatingly said, "Yes." I said, "What's the next move?" I think Patterson said--I think it was Patterson--said, "Have McCloy send a telegram," and I said you would be in touch with him today.

GEN. O'DWYER: Did he tell McCloy that?

H.M.JR: That's what I think.

GEN. O'DWYER: I don't owe you that pack of cigarettes yet you know, Mr. Secretary.

H.M.JR: No. And another thing, you said without any help.

GEN. O'DWYER: You are talking yourself out of a package of cigarettes. You didn't help me, but I will give you the cigarettes.

H.M.JR: You said without help.

Now, I hear from Miss Model that you are having trouble getting in over there.

MISS MODEL: They haven't called back yet. They said it was a very, very full day.

H.M.JR: Do you want me to call them up and fix it?

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GEN. O'DWYER: Yes, very much. I won't hold that against you on the bet.

H.M.JR: The bet is off.

GEN. O'DWYER: I want the privilege of paying that bet if it ever happens.

H.M.JR: It's in the bag.

GEN. O'DWYER: It would be marvelous if we could get this done. We have another move after that and I bet you we have sixty thousand packages there and three hundred thousand on the way. It will be about a month. They have seven million packages they can't hope to deliver.

H.M.JR: In Switzerland?

GEN. O'DWYER: Yes.

MISS HOEL: That comes to eighty thousand tons.

H.M.JR: You don't just have that?

MISS HOEL: Prisoner of war packages.

GEN. O'DWYER: We would need if we get ten trucks-- we would get out sixty thousand packages in fact, but we will need to cover the time between the time that gives out and ours arrive, and what we want to do is borrow from them against our shipments so that we can keep ours fed and keep doing that. It would be fine. We have a way of sending our trucks later.

(The Secretary holds a telephone conversation with Mr. McCloy's Secretary, Miss Wehner, as follows:)

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MRS. KLOTZ: You have a way with you.

GEN. O'DWYER: I am sorry you gave that out though.

H.M.JR: She didn't want to do anything. She hasn't seen McCloy all morning.

GEN. O'DWYER: I'll get it sometime. I'll be free all afternoon. I don't care what else I have got, I'll be over there.

H.M.JR: He used to have his niece over there, Miss Zinsner, and she had to make the appointments and she would say, "I will deliver the McCloy."

GEN. O'DWYER: She was good.

H.M.JR: You knew her?

GEN. O'DWYER: I was over there for two years.

H.M.JR: So I asked for gasoline for ten trucks, and he said, "Yes."

GEN. O'DWYER: We'll work the rest of the way.

H.M.JR: If you get that--and the thing I would insist on is that he would send a cable to Eisenhower telling him it's agreeable that he does that, see?

GEN. O'DWYER: That's right. It depends on how he sends that cable. If he said, "Now, if you have ten trucks, try and see that they get ten trucks," then they won't have ten trucks.

H.M.JR: Are you asking for ten trucks? I thought you said you could get ten trucks in Switzerland.

MISS HOEL: You told me last night you had asked for ten trucks.

H.M.JR: Just gasoline.

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MISS HOEL: Just gasoline? We can get trucks, I am sure.

H.M.JR: I thought you had them.

MISS HOEL: We can get them.

H.M.JR: As far as Patterson is concerned, he wouldn't care either way, but I understood what you wanted was gasoline.

MISS HOEL: It's possible to get private trucks in Switzerland if you get gasoline.

GEN. O'DWYER: The gasoline is what we must have. The rest may be a little troublesome. We won't worry about that. We can have the trucks.

H.M.JR: Both Patterson and McCloy are going to have lunch with me here tomorrow if you don't clean it up now.

GEN. O'DWYER: Good.

H.M.JR: If you get that, you will sail?

GEN. O'DWYER: I'll sail?

H.M.JR: Yes.

GEN. O'DWYER: No, not yet. I have to get UNAMA on the line now. After all, if you get fifty thousand or more people into Switzerland, you have to feed them, and move them. UNAMA has to do something on this thing. Where are we going to get the food to feed fifty thousand people?

H.M.JR: Do I have to go see Uncle Herbert?

GEN. O'DWYER: I have been up there. He is on our side, but his lawyers are not. He is with us. We will get along on that one on our own steam, but we have the problem of getting them to a camp and feeding them in Switzerland. We don't want trouble with the Swiss Government on that.

H.M.JR: I thought you said gasoline yesterday?

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GEN. O'DWYER: That's enough, I will stick to that.

H.M.JR: I don't think it makes a darn bit of difference to Patterson.

GEN. O'DWYER: If I have gasoline, I think we can get the trucks.

H.M.JR: Patterson didn't care--ten trucks--sure, and they will both be here for lunch tomorrow.

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March 3, 1945
12:00 noon.

Jean
Wehner: Good morning, sir.
HMJr: How are you?
W: All right.
HMJr: Look, I saw Mr. McCloy last night.
W: Yes, sir.
HMJr: And asked him to see General O'Dwyer today.
W: Yes, sir.
HMJr: And he said he would.
W: Yes, sir.
HMJr: Now, what's the trouble?
W: Well, the only trouble is that he's been tied up with the Secretary.
HMJr: Well
W: And as soon as he's free, why, then I will be able to call General O'Dwyer
HMJr: Well
W: and set it up.
HMJr: let's fix a spot right now.
W: Well, the trouble is I can't, because he's with the Secretary.
HMJr: Well, how about this afternoon?
W: Well, I can't tell
HMJr: Well, listen, he isn't busy all afternoon.
W: No, he isn't busy all afternoon, but I was trying to work it in as soon as possible, and I thought I would call the General just as soon as Mr. McCloy comes from the Secretary's office.

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HMJr: Yeah.
W: I mean, if you want me to set it tentatively with the possibility it may have to be cancelled or changed to another time, that's something else again.
HMJr: Come on, now, let's have a tentative one.
W: Well, if you want to make it two o'clock. I may have to change it.
HMJr: Two o'clock.
W: Uh huh.
HMJr: And if you have to change it, you let the General know direct.
W: Yes, sir, I will.
HMJr: You -- you know you had a good predecessor over there. She took good care of me.
W: Well, I'm trying to do the best I can.
HMJr: You've got to be as good as those Zinzers.
W: (Laughs) Oh, that's going some.
HMJr: All right.
W: (Laughs)
HMJr: Two o'clock unless he hears to the contrary.
W: Yes, sir.
HMJr: Thank you.
W: All right.

March 6, 1945
2:25 p.m.

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Operator: Go ahead.

Robert Thornton: Hello.

HMJr: Hello, Mr. Thornton.

T: Yes, sir.

HMJr: How are you?

T: Oh, pretty good. How are you, Mr. Secretary?

HMJr: Fine. Well, you've got some good friends up here in Congress.

T: Yes, I've got some good Texas boy friends.

HMJr: That's right.

T: Yeah, we've been down here together a long time.

HMJr: Yeah. Well, Mr. Thornton, I understand that you're one of the bankers who believe in Bretton Woods.

T: Yes, I wired Wright this morning that I did, and I don't see what else better we can do than to go ahead with the study we have and do the job as quick as we can.

HMJr: That's right.

T: That's the way I feel.

HMJr: Well now, we need some help from some good bankers like yourself to offset what some of these New York bankers have done.

T: That's right.

HMJr: Now, how much can you help us?

T: Where

HMJr: Publicly.

T: Well, where do you need the help?

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HMJr: Well, I'll tell you. We need it in two places -- we'd like to get some more Texas bankers -- hello?

T: Yes, I'm listening.

HMJr: I don't know whether your -- whether you have a State Association there.

T: Yes, we have a State association in Texas.

HMJr: Well, now if you could get the State association to take a public position in favor of Bretton Woods

T: Yes, I see.

HMJr: that would be most helpful.

T: I see.

HMJr: And the sooner, the better.

T: Yes.

HMJr: And the other thing is: we'd like to have you come up here and testify if you would.

T: Well, I don't -- I can't do the latter, I'm sure because I've got so many things in my way here that just in a flash I don't see how I can do that.

HMJr: Yeah.

T: I think on the first I could be some help to you.

HMJr: Do you think you could?

T: Yes, on the first part of it. I think I can get the boys around here -- I mean, out in the country more than the city fellows.

HMJr: Yeah.

T: And maybe get you some support up there that way. Who do you want the support sent to, Mr. Secretary?

HMJr: Well, to your two Senators and to your Congressmen.

T: Well, that's what I would think -- yes, along those lines.

HMJr: Yes.

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T: Well, I think I can help you along that line.

HMJr: You do?

T: Yes, sir.

HMJr: Well

T: At least I can try.

HMJr: do you think there's any chance of getting your Texas Bankers Association to come out in favor of Bretton Woods?

T: Well, I would say this -- I couldn't say, "Yes," and I couldn't say, "No."

HMJr: Yeah.

T: My idea is that in all probability we -- we'd have a fair chance of getting them to do that. I know the President of the Texas Bank Association very well.

HMJr: Is he a small banker?

T: Yes, out at Midland, Texas. He's what you'd call a small banker, so to speak, like a twenty or twenty-five million deposit bank.

HMJr: Are you

T: He's a very -- he's a good man.

HMJr: I know Midland. I used to go out to a ranch thirty years ago, twenty-five miles north of Midland.

T: Uh huh.

HMJr: Right in the Panhandle there.

T: Yeah. He's a good man and he stands well with the bankers in Texas.

HMJr: Yeah. Well

T: Now, I can get on that and I think maybe it will be helpful.

HMJr: Well, see what you can do.

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T: Well, that's what I will do.

HMJr: Because I think next week will be the critical week in the House.

T: I see. This coming week?

HMJr: Yeah.

T: I see.

HMJr: Yeah.

T: Well, I'll tell you, I'll get right on it by long distance phone.

HMJr: Yeah.

T: And I'll see -- and see -- I'll see what I can do for you.

HMJr: But keep me posted, will you?

T: Yes, I will.

HMJr: Thank you so much.

T: Thank you.

March 8, 1945¹⁰¹
2:43 p.m.

HMJr: Hello.
Operator: Mr. Hannegan.
HMJr: All right.
Operator: Go ahead.
HMJr: Hello.
Robert Hannegan: Yes, sir.
HMJr: Henry Morgenthau.
H: Yes, sir, this is Bob.
HMJr: Look, I had a letter from you in regards to the Mrs. and I going on as sponsors on this Jefferson Day Committee.
H: Uh huh.
HMJr: And I didn't want to write you a letter but I wanted to explain it to you.
H: Yeah.
HMJr: Ever since I've been Secretary of the Treasury I have felt that the only money-raising job I should do is War Bonds, so I've never gone on any sponsorship, and I wanted to explain it to you.
H: I understand, sir.
HMJr: I'm not ...
H: Sure.
HMJr: You know.
H: Yes, sir.
HMJr: So this is in answer to your letter.
H: Okay. All right.
HMJr: And that's all I have.

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H: Well, that's fine.
HMJr: Thank you.
H: Okay. Thanks, Mr. Secretary.
HMJr: Bye.
H: Bye.

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March 8, 1945
3:00 p.m.

FINANCING

Present: Mr. D. W. Bell
Mr. Haas
Mr. Lindow
Mr. Tickton

H.M.JR: Good afternoon, gentlemen. Have you got it all fixed up? I haven't seen you fellows to do a little crowing.

MR. HAAS: I was going to send you in a note congratulating your elbow.

H.M.JR: Yes, yes. What did my elbow say?

MR. HAAS: If you fellows are right about those funds out there, let me take care of this end.

H.M.JR: Where is Henry Murphy?

He is a research patient for Group Health on that trouble he has--Public Health.

H.M.JR: Research patient?

MR. HAAS: They are using him for an experiment. He feels he has nothing to lose, and the fellows over there feel they can do something for him.

MR. BELL: They are taking all kinds of pictures of him.

MR. HAAS: He thought he would be back by now.

MR. BELL: We talked about this pricing matter, and I also talked with Eccles and Rouse. Eccles was to call me back before three, but apparently he didn't get through

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talking to Sproul. Mr. Lindow has talked to Piser, and he has something. We think the one and one-half ought to be a five-seven year, that is, June 15, 1950-'52. Now, Piser agrees with that. Bob Rouse had some doubt about it this morning; he thought it ought to be March 15 instead of June, which would make it four and three-quarters and six and three-quarters, and I think--

H.M.JR: What have we got in that area?

MR. BELL: We haven't got much in there. (Hands Secretary charts) I don't know whether you want to look at this other one. You can call it there (June 1950), or you can call it there (December 1950), or there (June or December 1951), and it matures there (June 1952).

H.M.JR: Why couldn't you make it in two issues?

MR. BELL: It is a little long. Bob Rouse wants it to come back to this point (March 1950-'52). He thinks it is a little lean, and it has a 1.51 yield to June 1950.

MR. LINDOW: September has heavy final maturities, Mr. Secretary, particularly September '52.

MR. BELL: September '52 is lean.

MR. LINDOW: There is six billion here for September '52, final maturity.

MR. BELL: Six billion?

MR. LINDOW: There are two issues in there, two '50-'52 issues.

MR. BELL: I thought maybe that he made a mistake.

H.M.JR: Let's get it right.

MR. LINDOW: I think these are right.

MR. BELL: I thought these were right, but maybe they are not. I will have to check them.

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MR. LINDOW: You can tell from the names and the dates that the '50-'52's must come in here.

MR. BELL: You are talking about a maturity. Here they are, see? '50 is the first call date, see--'50-'52--that is the first call date. If you call them there, this would be vacant.

H.M.JR: If you go to the maximum--if you didn't call them until the last day--

MR. BELL: If you let them mature and they fall in there in June 1952, where there is seven billion callable, they don't mature, but there would be seven billion callable on that date, see?

MR. TICKTON: June '51-'52--there you have no maturities.

MR. HAAS: You have a couple years to turn around in there.

MR. LINDOW: This is your final maturity, this column, and June is open on final maturities.

MR. BELL: June '52 is the first call date for two bonds, seven billion.

H.M.JR: Where is the sheet here as to how much would be in this?

MR. LINDOW: Oh, in--

MR. HAAS: That is that sheet. I will give you another copy.

H.M.JR: You have just got to watch Bell; that is all.

MR. BELL: Didn't you hand it to me? How did I get it?

H.M.JR: You swiped it. Would you fellows think that?

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MR. HAAS: That second one is our preference there.

MR. TICKTON: '57.

H.M.JR: Zero thirty-seconds.

MR. BELL: It yields one and one half right on the line.

H.M.JR: Where did that happen before?

MR. BELL: This is probably the finest we have ever done, and that is what we want to do.

H.M.JR: I have been thinking about it. I think this one ought to be tight.

MR. BELL: Piser gets about one fifty-one because it is between those two securities. But he still recommends one fifty-one.

H.M.JR: Does he recommend this particular--

MR. TICKTON: '57.

H.M.JR: The '53, does he?

MR. BELL: Yes, 1950-'52.

H.M.JR: Well, this looks pretty good to me. What about the two and one quarter?

MR. BELL: The two and one-quarter?

H.M.JR: Wait a minute--oh, yes.

MR. BELL: That is the next one, fifteen-twenty; that would be '60-'65.

Now, Bob Rouse said that with the studying he had done up to this morning he thought it ought to be '59-'61. He thought maybe he would go to '60, but he hated to go out to '65, and Piser wants to go even further back than that, I believe, '58-'61.

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MR. HAAS: For another reason, the market wants to go back like the Federal Reserve recommended on the old pattern.

MR. BELL: He wants to stick strictly to the curve line. '60-'65 will give you seven thirty-seconds premium on the present market.

H.M.JR: Yes.

MR. BELL: And that wouldn't make much difference if you made that '60-'62 or '60-'63. The call dates--

MR. LINDOW: We allowed a little more.

H.M.JR: What was it Rouse wanted?

MR. BELL: He said this morning he was leaning toward '59-'61.

H.M.JR: Only three years?

MR. BELL: Two years.

H.M.JR: You have got five years.

MR. BELL: That is an extension of the call period for the two and one-quarter.

MR. TICKTON: He is putting it back on the old curve to some extent.

H.M.JR: What about the two and one-quarter?

MR. LINDOW: That was '56-'59, but now if we are going to move into the '60's, have a five-year call, and if the market will permit, it is to our tremendous advantage to get the extra call period.

H.M.JR: That is right.

MR. LINDOW: And it seems to fit right on the small premium, seven thirty-seconds.

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MR. TICKTON: Piser faces in arriving at the two and one-quarter and two's a point for some premium. Of course, the market will move in an unlimited amount of these. It is pushing the market back, too, instead of--

H.M.JR: What does this do to your curve?

MR. TICKTON: It freezes the curve. In fact, we have moved out in the last six months. That is, when we first started this issue of '56-'59, which was twelve-fifteen. Now we would be issuing fifteen-twenty, so we will have to change the maturity from twelve-fifteen to fifteen-twenty. This is the same area, approximately, for two and one-quarter.

H.M.JR: We are not borrowing the money any cheaper but for a longer period.

MR. LINDOW: It keeps a little bloom on the old issues better.

H.M.JR: That is true.

MR. LINDOW: That is the main change.

MR. TICKTON: You can say something else; you are borrowing money cheaper to the extent, because you are able to issue fifteen-twenty, two and one-quarter, and you go ahead and issue the one and one-half as a complimentary issue. Otherwise you would issue at twelve-fifteen, two and one-quarter, and wouldn't issue the one and one-half.

H.M.JR: I think Piser would have to say the other thing in order to--how about the time it falls there?

MR. HAAS: We have that schedule.

MR. TICKTON: That is open.

H.M.JR: It is open?

MR. BELL: You have got a lot of ground out there, a lot of blank spaces.

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H.M.JR: Have you?

MR. BELL: Yes, when you pass beyond '55, you have a lot of them.

MR. LINDOW: 1960 here--

MR. TICKTON: This would be June, any June.

MR. LINDOW: That is right.

H.M.JR: You are all right.

MR. LINDOW: That is right. And June is open both on the first call year and the maturity year if you take '60-'65.

MR. TICKTON: We found an interesting item while we were looking at the fluctuations in the chart. Mr. Rouse writes a weekly letter about what happen in the market and in the footnote admits to the eight thirty-seconds maximum fluctuation agreed to by Government security dealers back in 1943. When you mentioned it the other day, he wouldn't admit it was true.

MR. HAAS: I didn't know--like the wheat market--

MR. BELL: He forgot.

H.M.JR: He mentioned that.

(Discussion off the record.)

H.M.JR: Oh, I mentioned something about moving within the limit the other day.

MR. HAAS: Is that so? I don't--

H.M.JR: He said it moved within its limit. I didn't know what he was talking about.

MR. TICKTON: He didn't say the dealers agreement-- it went eight thirty-seconds in the other direction, but

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Piser spilled the beans the other day when Henry talked to him.

H.M.JR: That is nice--holding out.

MR. BELL: They said they agreed to the curve and limited fluctuation and wouldn't let it go the other way more than eight thirty-seconds.

H.M.JR: It is going off here, gentlemen.

MR. HAAS: Yes, it is off again today.

MR. BELL: It is off--did you get any later figures? It is off three on line two. In October it was off five thirty-seconds on the end.

H.M.JR: Well, I don't know. I would like to see that '60-'65, I think because it may change after tonight again, might it not?

What about the two and one-half?

MR. HAAS: Our first choice is that last one, '67-'77.

MR. BELL: That is a ten-year call and goes into another year call date; the last one was '66-'71.

H.M.JR: '66--

MR. BELL: ...'71.

H.M.JR: Yes.

MR. BELL: And this would be a '67, one year longer in call, but '77 for maturity, which is six years longer than the maturity of the last one.

Now, Rouse thinks it is a little long, or too big a jump to go from five to ten. He said that he preferred to have '67-'74 or '75.

H.M.JR: Yes.

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MR. BELL: And it really doesn't make any difference to me. I think if they fuss too much about the '77, I would go back to the '75 and make it an eight-year call period.

(Discussion off the record)

H.M.JR: We don't want to do this all at once, you know. You usually want to be sure I got a good mark.

MR. HAAS: I still do.

H.M.JR: What about the ten year?

MR. HAAS: I think it is all right. I think when you determine what you want they will take it, but as we were talking in Gamble's office, we would like to have the ten, but we wouldn't feel too badly if we got eight.

MR. BELL: I don't believe it is too important where these two securities are put within a year or two. And, after all, the System has got to support the market. I don't believe--I think it would be better if they couldn't throw it up to us a couple years from now by saying, "We wanted you to put that security back a year and you wouldn't do it. Now we have got to buy it." I don't think it makes any difference within a year.

MR. TICKTON: You could bring the first call date in order to still get ten years maturity. You are not required to have '86-'87 over ten years. There would be some advantage, and the '85-'75 would maybe even be priced as a better bond than the '87-'75.

There is going to be an insurance company bond to a very large extent, and the chances are there will be a couple of those on the market in a couple of years from now, but not as great as it would be in some of the other issues.

MR. LINDOW: It would have the worst effect on the bloom right now. I think it would hurt the two and one-quarter.

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MR. BELL: Look, the '86 bond out there--the last one went out with the call date of '86, and if we now bring them back--

MR. TICKTON: Not if you had '86-'76 for example.

MR. BELL: They quote it to call date.

MR. LINDOW: It isn't too large a call, but that is what they would do, I think. And I am afraid it might push the two and one-quarter market down a little bit. I agree with you, Mr. Bell, that a year or two doesn't make much difference.

H.M.JR: Which way do you lean?

MR. BELL: I would like to have '80-'85, but I wouldn't fuss too much with the Fed about whether--I think Bob Rouse would go to '80 as a call date, '80-'82 or '80-'83. I wouldn't fuss too much about it because they may have to support the market.

H.M.JR: I certainly want three years.

MR. BELL: Yes, I would like at least that. I think Bob Rouse would like to have '89-'81, and I think he would like to have December, which makes it what, fourteen and one-half years? Again that is the call date. That is within six months of yours.

MR. HAAS: The Dow-Jones ticker had a price in a yearage on this the other day. It was '80-'83, wasn't it?

MR. TICKTON: '80- '83, yes.

MR. BELL: The other had '78-'78, too.

MR. HAAS: It pushed that way up.

H.M.JR: Of course it went down today. I think you would have to watch it again tomorrow. We still have Saturday.

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MR. BELL: I would like to talk to Eccles before--

H.M.JR: I will talk to you Saturday. I wouldn't settle until the market closes Saturday afternoon, especially if the market stays as it is now.

MR. BELL: By the way, Marriner wanted to be sure that the thing that he suggested to you about the boys going abroad--that that was not a recommendation from him. He wanted to be neutral. He was merely throwing it out as a suggestion.

H.M.JR: He told us he didn't want them to go.

MR. BELL: He said he didn't have any objection, but he was thinking of it from your angle, and the whole Board over there initialed the letter to let them go, and he said he didn't want to sign the letter until he consulted you because he said you would object because they would be over there discussing Bretton Woods, and if he was in your position, he would object.

H.M.JR: How does it rest?

MR. BELL: He is going to tell them they shouldn't go, but wait for further developments.

H.M.JR: Blame it on me?

MR. BELL: On the Treasury--he said he wouldn't tell them unless they had the Treasury's approval. The Board has no objection from their standpoint, but he is trying to play a neutral role in the thing.

H.M.JR: How could he be for Bretton Woods and still not want these fellows to go over?

MR. BELL: He is glad you made the decision.

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The debt bill is being considered today. One amendment was to be offered reducing the amount from three hundred to two hundred and eighty. Mr. Doughton said he didn't think that they would adopt it.

H.M.JR: Let's have another talk tomorrow.

MR. BELL: All right.

March 6, 1945
3:24 p.m.

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HMJr: Bob.
Robert Rouse: Having a session.
HMJr: Pardon?
R: Having a session.
HMJr: Yeah, I'm sorry to pull you out, but I did want to consult with you.
R: All right, sir.
HMJr: Now, of course, we won't make up our minds until after market closes Saturday.
R: Good.
HMJr: But right now we were talking about a 1-1/2%, June 15th, 50-52.
R: Wait a minute. 1-1/2%
HMJr: Yeah.
R: June, 50-52.
HMJr: Yeah.
R: That's 5-7.
HMJr: Yeah.
R: Yep.
HMJr: And then the 2-1/4, June 15, 50-55.
R: Yeah.
HMJr: That's -- and then on the 2-1/2 we were talking about June 15th, 57-77.
R: Yeah.
HMJr: What do you think?
R: Well, I think you're -- on your 1-1/2 you're all right.

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HMJr: Good.
R: The other two I disagree with.
HMJr: All right, what's your opinion?
HMJr: My opinion on the 2-1/4s would be either 58 or 59 call date with a three-year spread.
HMJr: I see.
R: And on the 2-1/2s
HMJr: Wait a minute, on the 2-1/4s you couldn't stretch it to 60 could you?
R: No, I think it would be a mistake.
HMJr: You do?
R: You must have in mind there that the present 2-1/4s are selling on a bank curb because they come in pretty much through the bank category pretty shortly.
HMJr: Yeah.
R: And we're talking about saving money here.
HMJr: Yeah. Yeah.
R: Saver's money.
HMJr: Yeah.
R: And the same thing, in general, I think applies to the 2-1/2s. I have some sympathy, I must admit, for your standpoint, as we were saying the other day, for extending the call period.
HMJr: Yeah.
R: Harriner and Alan and I discussed it somewhat
HMJr: Yeah.
R: this noon, and I think Harriner's idea was to retain the five-year call date.
HMJr: On the 2-1/4?

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R: On the 2-1/2.

HMJr: The 2-1/2.

R: Yeah, but I -- personally, I'd -- I had in mind what we were talking about last week, that is, either extending that call date to seven years....

HMJr: Yeah.

R: I'd be perfectly satisfied myself with 57-74.

HMJr: Yes.

R: I do think it would be a mistake for that type of money to push ourselves and our obligations which will be with us for a long time to come.

HMJr: You're right. Well, this is the first go at it. We'll have another one tomorrow, and another one Saturday.

R: On the 1-1/2 I -- we -- we're stretching that but I think we're entitled to stretch and I think we're all right. There's been some discussion here -- I think more discussion in this area on the theory that the issue will be called towards the fixed -- fixed maturity.

HMJr: Yeah.

R: And our views on that are that you can't go beyond 5-1/2 years.

HMJr: Yes.

R: That, even there, that if you're interested, I think this would be the market's attitude, that if you'd be quite that far even, you might -- you wouldn't have what -- the thing that you've always wanted, that is, a good feeling about it.

HMJr: Yes, I do.

R: Now, the -- I know there are people who will go further -- who could even recommend up to six years.

HMJr: Yeah.

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R: But my judgment would be that 5-1/2 on a fixed maturity would be the limit, and even that would not possibly be down your own alley personally.

HMJr: Well, you talk about it and think about it, and we've got two more days.

R: God, I'm glad you decided not to do it until -- finally, until Saturday noon.

HMJr: No, I don't want to do it until after the market closes Saturday, and you know I don't want to squeeze too hard.

R: Yep.

HMJr: See? I don't want to force it too hard.

R: Yeah. Well, I've been over the thing pretty carefully over the last week with those who are pretty considerate of -- As far as the 2-1/4s and 2-1/2s are concerned, I think that's a matter of judgment at the moment on the overall situation rather than being much concerned about markets, because there is a problem there as far as the market is concerned.

HMJr: Okay.

R: Okay.

HMJr: Thank you.

R: Right.

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MAR 8 1945

Reference - FMA

Dear Mr. Grew:

This is to acknowledge receipt of your letter of March 1, 1945 in which you enclosed the memorandum from the Italian Minister of Foreign Affairs on financial matters and the paraphrase of Ambassador Kirk's telegram relating thereto.

It is my understanding that discussions pertaining to this subject are going on between the staffs of our respective Departments.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Joseph C. Grew,
Acting Secretary of State,
Washington, D. C.

SP:as 3-7-45

100% Rm. 2-2-45

From Mr. Morgenthau, Jr.
Secretary has not seen 7/1/45

DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FMA

March 1, 1945

SECRET

My dear Mr. Secretary:

I enclose a copy of despatch No. 858 of January 26, 1945 from the American Ambassador at Rome enclosing a memorandum from the Italian Minister of Foreign Affairs which concerns the necessity of revising the economic and financial terms of the Armistice. There is also enclosed a paraphrase of a telegram from the American Ambassador at Rome which summarizes the views of the Allied Commission with regard to the above-mentioned memorandum and gives Mr. Kirk's comments relative to the reply of the Allied Commission.

Mr. Kirk states that the memorandum from the Allied Commission has been forwarded to Allied Force Headquarters for transmission to the Combined Chiefs of Staff. It is presumed that this memorandum will be referred to the Combined Civil Affairs Committee and will be considered in a meeting of the Committee in the near future.

Sincerely yours,

Acting Secretary

Enclosures:

1. Despatch No. 858 from American Embassy at Rome.
2. Paraphrase of telegram from American Embassy at Rome.



The Honorable

Henry L. Morgenthau, Jr.,

Secretary of the Treasury.

SECRET

PARAPHRASE OF TELEGRAM RECEIVED

TO: Secretary of State, Washington

FROM: Ambassador Kirk, Rome

NUMBER: 448

DATE: February 16, 1945

There are summarized in paraphrase in the following numbered paragraphs the essential parts of a memorandum given to me by the Chief Commissioner of AC. He informs me that this memorandum, which represents the considered views of AC with reference to the memorandum dated January 9 from the Minister of Foreign Affairs on Italy's financial situation, (see my despatch of January 26, No. 858) has been forwarded to AFHQ for transmission to CCC.

(1) AC agrees with the analysis of economic conditions as presented by the Italian Government. The Ministry's representation of the financial situation is no worse than it actually is; the need for supplies, machinery and materials is far greater than the quantities that can be provided and shipped for the moment or that can be paid for; there is a rapid ebbing in faith in the currency. The tone of the memorandum is considered self-righteous and unrealistic by AC, which has been doing its best to aid the Italian Government in solving the economic and supply problems. While large in relation to Italian resources, the recent contribution of Italy to the common military effort is negligible in comparison to the effort of the United Nations in total. The destruction resulting from the use of Italy as a battlefield, which is stressed in the memorandum, arises from Italy's participation in the Axis partnership rather than any voluntary choice by the Allies or Italy.

(2) AC, while agreeing that Italy needs financial relief, emphatically does not agree that this is owed by the Allies in any legal sense. AC recommends, therefore, that no approval be given by the United States and the United Kingdom to the proposals for setting up sterling or dollar credits:

- (a) corresponding to total payments by
the

-2-

the Italian Government on behalf of the Allies whether these are chargeable to the expense of waging war against the enemy from Italian territory or to cost of occupation.

(b) corresponding to the total amount of AM Lire which has been issued by the Allies.

(c) Nevertheless, AG recommends that further steps be taken urgently for Italy's financial relief by the United States and/or the United Kingdom, even if this will not bring about early purchases or shipments of supplies. This action should be subject to the following provisions:

(a) that there will be no effect either on the armistice or any other obligations which have been or will be assumed by the Italian Government.

(b) that it does not involve a promise of supplies or of the necessary shipping for moving them but instead will be an indication that Italy will be in a position to obtain supplies enabling the country to get back on its feet, economically, when the stringencies of the shipping and supply situation become less acute.

(c) that it is not in fulfillment of an obligation to the Italian Government.

(d) The recommended action and the publicity connected with such action should greatly increase the confidence of the Italian people in their Government and in the financial and economic outlook which is on the wane. The Allies must take steps along the lines indicated to counteract the psychological effect of the present creeping inflation which the Italian memorandum emphasizes correctly, if the lire is not to follow the course of the drachma. (End of summary).

While I do not attempt to make an appraisal of the technical aspects of AG's comments, I suggest that it is

unrealistic

-3-

unrealistic on the part of AG to discuss whether additional financial relief for Italy is "fulfillment of an obligation", when the main point which must be faced is the absolutely practical question of doing something to establish a sane financial system here and when AG entertains no doubts with respect to the urgency of some relief as evidenced by its comments. I submit, with reference to the assumption by AG that further measures of financial relief must be accompanied by publicity, that publicity of itself should and can be reduced to a minimum and that it should be confined to the publication of announcements of actions which are actually being implemented.

AIR MAIL

EMBASSY OF THE
UNITED STATES OF AMERICA

RECEIVED

Rome, January 26, 1946.

No. 555

Subject: Italian Memorandum Regarding Burdens Arising from
Economic and Financial Terms of Armistice.

The Honorable

The Secretary of State,

Washington.

Sir:

With reference to my telegram No. 168 of January 19, 1946, I have the honor to enclose copies with serial 376, letter bearing date of January 4, 1946 received from the Italian Minister of Foreign Affairs, and of an extensive memorandum transmitted therewith stressing again (see addendum to my dispatch No. 104 of November 25, 1944) the gravity of Italy's economic and financial situation and insisting upon the necessity of lightening the financial burdens derived from the armistice terms in order to prevent the collapse of Italian economy and monetary chaos.

Specifically, as will be seen in the ensuing summary, the memorandum makes two requests: (1) that a counterpart in dollars or sterling be established in favor of the Italian Government for the \$100 million, however it may be, and (2) that a similar counterpart be established for all payments made by the Italian Government for the requisitions carried out by the Allied troops for the supplies, services and work ordered by the Allied Commanders from the Italian industries, for the work carried out for these Commands in Italian construction works and armaments, as well as any other payment or obligation voluntarily placed to the charge of the Italian Government and relative to expenses of occupation or of war or of

any other nature made by the Allied Governments." A summary of the document is given in the following 9 numbered paragraphs:

1) Setting the keynote for its following discussion, the memorandum begins by emphasizing the grave deterioration of Italy's economic situation and by asserting that certain aspects of this deterioration are closely connected with the application of the financial terms of the armistice. The situation has now reached such a point, it adds, that the social and financial collapse of the country can be avoided only through a prompt and efficacious intervention for mitigating the immense burdens that weigh on the Italian people and by "an action of generosity and justice in its favor."

2) Then follows a somber picture of the situation which will be faced by the Italian people following the devastation by war of the richer and more industrialized regions of the North and the financial ruin which the revengeful Fascist Government will leave in its train. As foreseen in the memorandum, the road and railway system and the Italian ports will be found partly destroyed and completely disorganized; roads must be repaired, bridges rebuilt, rails relaid, rolling stock renewed, passenger cars and trucks provided. The reconstruction of harbor works alone will burden the State with charges running into billions of lire; and in addition it will be necessary to finance the reconstruction and repairs of public buildings destroyed or damaged by the war, the construction of housing in devastated regions, and the rehabilitation of a completely disorganized industrial system. To complete the picture, there will be the problem of pensions to ex-servicemen, payments due to repatriated prisoners, relief for interned civilians returning from Germany, and finally that of creating extraordinary public works to meet, especially in the North, the urgent problem of unemployment.

3) Describing next the grave state of Italy's finances in the face of the enormous expenditures which the above-described situation will require, the memorandum points to an exhausted treasury; a budget deficit which was progressively increased from 77.3 billion lire in 1941-42 to not less than 150 billion in 1943-44, with the certainty that the deficit for the current period will also be enormous; a public debt estimated as of last June 30th at 650 billion; and a debt circulation of 260 billion as of the same date and expected to reach 300 billion by the end of the year (as compared with only 12.6 billion in 1936).

4) The exhausted situation of Italian economy, it is pointed out, sets a limit to the funds which otherwise might be available from increased taxation, making it certain that from that source it will not be possible to derive the vast sums necessary for economic reconstruction which therefore will "require the generous contribution of foreign capital". In this connection, the memorandum mentions with gratitude statements which it says British and American statesmen have made indicating that assistance in the form of such capital, as well as of technicians, will not be denied. It is asserted in the concluding paragraph that the memorandum should not further elaborate, and to this end the most elementary remedy is that of eliminating all avoidable expenses and unnecessary burdens.

5)...

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Assigning first place among the latter to the financial burden arising from the application of the economic terms of the Armistice, the Memorandum sets off against the text of Article 33 of that instrument a summary of the charges which, it declares, Italy is carrying. Article 33 is quoted as follows: "The Italian Government will comply with such directions as the United Nations may prescribe regarding restitution, deliveries, services or payments by way of reparation and payments of the costs of occupation during the period of the present instrument." In point of fact, the Memorandum continues, the economic and financial charges that weigh on the country can be summed up in the following groups:

"a) Requisitions carried out by the Allied troops and consequent impoverishment of Italian economy.

"b) AM lire issued and paid out by the Allied Command to the troops, for requisitions, supplies, works and services.

"c) Supplies, services and works, ordered by the Allied Commands and the invoices of which the Allies intend to charge entirely to the Italian Government.

"d) Works carried out by order of the Allied Commands in State building-yards and arsenals and not yet paid for."

a) The point is then raised that as regards Italy the United Nations hold the position of an occupying power; that they not only occupy Italian territory, however, but also carry on a war against Germany on it, and that not all of the payments made in Italy by them with occupation notes or Italian currency placed at their disposal under Article 23 of the Armistice can properly be considered "occupation expenses". From this category, it is submitted, should be excluded expenses incurred by the United Nations for the preparation of new operations against the enemy, there being in the Armistice "no clause which can be interpreted in the sense that the expenses of the United Nations as regards military operations for continuing the war against Germany must be put to the charge of Italy." In short, Articles 22 and 33 of the Armistice, it is affirmed, must be interpreted in the sense that Italy's burden "must be limited to those expenses that the United Nations incur in Italy in order to exercise the rights of an occupying power."

7) Even this interpretation, it is contended, which the most extensive one that can be given to the financial clauses of the Armistice, completely disregards Italy's status of co-belligerency, a status of which Italy obtained explicit recognition when she declared war on Germany. At that time, the Memorandum declares, it was stated that the conditions of the armistice could be adjusted by agreement between the Allied Governments in the light of the assistance that the Italian Government may be able to afford to the United Nations cause. In the latter connection it is commented that the Allied powers know well the effort that Italy has made; that if the help that the United States, Great Britain and the Soviet Republic have received from other countries associated in the war against Germany exceeds in practical results that which Italy up to now has been able to furnish, no country has undergone for the common cause such grave sacrifices or suffered such pillage and destruction.

8)...

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8) While, the Memorandum goes on to say, it depends upon the Allies to establish the moment for eliminating the grave contrast between co-belligerency and the armistice, the serious dangers, deriving from the application of the latter's economic and financial clauses must as a matter of duty on the part of the Italian Government be called to the attention of the Allies in the most explicit and urgent fashion. For, under the previously-described condition of the Italian budget, if the Treasury must continue to be burdened with the heavy charges that are applied under the Armistice, how, it is asked, will the Italian Government be able to maintain the monetary situation? The financial and monetary situation, the Memorandum insists, contains dangerous germs of distrust which, should they develop thanks to the action of unforeseen circumstances, could make the slow but continual inflation degenerate into a monetary disaster which might produce incalculable economic and political consequences. If, however, according to the Memorandum, the Allies at this moment should take the decision invoked by the Italian Government, a feeling of confidence and relief would be produced in the financial field, and one of the essential bases would thus be laid for the issuance of a national loan which would tend to absorb a great part of the monetary circulation.

9) The Italian Government therefore begs the Allies to take into consideration the following requests:

"a) All the AM lire, however issued, and all those that will be issued in the future will have to find a counterpart in dollars or sterling in favor of the Italian Government. Exception will be exclusively made for those furnished to the Italian Government and not returned.

"b) All the payments made or to be made by the Italian Government for the requisitions carried out by the Allied troops, for the supplies, services and works ordered by the Allied Commands to the Italian industries, for the works carried out for those Commands in Italian construction yards and arsenals, as well as any other payment or debiting temporarily placed to the charge of the Italian Government and relative to expenses of occupation or of war or of any other nature made by the Allied Governments will have to find full counterpart like the one indicated under N. 1.

"As regards the payments for the requisitions carried out by the Allied troops it will be furthermore equitable to bear in mind that the said requisitions were operated on the basis of prices not corresponding to the effective price of the goods or services which formed object of these requisitions. The reimbursement that the Allies ought to make could allow the Italian Government to constitute an adequate counterpart to the damages borne by Italian citizens only if such reimbursement were based on the prices current at the time of the requisitions."

Copies of the above-summarized Memorandum have been received also by the British Embassy and the Allied Commission. The English translation of the document which is included among the enclosures to the

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present despatch is one which accompanied the Italian text when submitted by the Minister of Foreign Affairs.

In forwarding the Minister's letter and Memorandum, I wish to point out that the description of Italy's disastrous economic and financial situation contained in the letter is not an overstatement. However, I am not in a position to evaluate from a technical or policy standpoint the possibility of complying with the requests of the Italian Government and I would like to have the Department's views on the matter.

Respectfully yours,

Alexander Kirk

✓ Enclosures:

1. Letter dated January 9, 1946
from Ministry of Foreign Affairs.
2. Memorandum accompanying above letter.

File No. 711.9

CAL:Jeo

Usual copy to the Department.

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expenses continue to increase (suffice it to think to the recent increase in the pay of the State employees) and in much greater proportion than the revenues deriving from the new taxes recently voted. Furthermore a feeling of disquiet and uncertainty, deriving from the knowledge of the situation of the budget and from the difficulties against which all attempts of recovery of the economic activity have proven useless, is continuously spreading in the country. Prices increase in always greater measure and the public who cannot ascertain how much this increase is due to the deficiency of goods and how much instead to the progressive monetary devaluation, have a tendency of making the responsibility fall principally on the latter.

In this situation of unstable equilibrium, to believe that the public can continue to think that the monetary devaluation is about to come to an end, is simply an illusion. It is necessary on the contrary to see things as they are. And the reality is as follows: The financial and monetary situation contains dangerous germs of distrust which, should they develop thanks to the action of unforeseen circumstances, could make the slow but continual inflation degenerate into a monetary disaster which might produce in the country, already exhausted and depressed, incalculable economic and political consequences.

If instead, in this situation and in this moment the Allies should take the just decision invoked by us, the feeling of relief and of confidence that would derive from it would produce in the same financial field effects even greater than those, important though they are, deriving from the elimination of the heavy burdens of the armistice. Furthermore, one of the principal conditions would be created that could render possible a prompt issue of a national loan, tending to reabsorb a great part of the circulation but whose success is tied to factors of confidence in the future of the monetary situation, confidence that would be greatly strengthened by proofs of solidarity and assistance on the part of the Allies and principally by not imposing upon Italy the burden of the military and occupation expenses incurred by the Allied armies in Italy.

10. - Keeping in mind the urgency of the desired solution and the reasons that justify it, the Italian government feel themselves authorized to beg the Allies to take into consideration the two following requests:

10 - All the AM Lire, however issued, and all those that will be issued in the future will have to find a counterpart in dollars or sterlings in favour of the Italian Government. Execution will be exclusively made for those furnished to the Italian Government and not returned.

10 - All the payments made or to be made by the Italian Government for the requisitions carried out by the Allied troops, for the supplies, services and works ordered by the Allied Commands to the Italian industries, for the works carried out for those Commands in Italy, construction yards and arsenals, as well as any other payment or debiting temporarily placed to the charge of the Italian Government and relative to expenses of the occupation or of war or of any other nature made by the

Allied

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Allied Governments will have to find full counterpart like the one indicated under N.1.

As regards the payments for the requisitions carried out by the Allied troops it will be furthermore equitable to bear in mind that the said requisitions were operated on the basis of prices not corresponding to the effective price of the goods or services which formed the object of those requisitions. The reimbursement that the Allies ought to make could allow the Italian Government to constitute an adequate counterpart to the damages borne by Italian citizens only if such a reimbursement were based on the prices current at the time of the requisitions.

There are the requests that the Italian Government take leave to forward emphasizing at the same time that their eventual acceptance, if it will prevent the deterioration of the Italian situation which constitutes a great danger and has to be avoided at all costs in the interest of the common cause, will not however be sufficient to give life to the economic machinery nor to consent that the Italian people go back to their work for the salvation of the country as still greater aid will be required from the Allies.

These requests have however a counterpart in favour of the Allies in the war expenses for the Italian troops that fight in Italy on the side of the Allies and in the destructions suffered by Italy as field of battle in the war fought in the common interest.

If Italy must be considered co-belligerent also in the financial field and if in this position she must not defray neither the expenses of occupation nor those of war that the Allies incur in Italy, it is clear on the other hand that she should charge herself with the outlay of the Italian troops who fight in Italy on the side of the Allies.

11. - The Italian Government trust that the above considerations and requests will be carefully and benevolently considered and that the decision of the Allied Powers will be such as to give to the Italians the certainty that one does not appeal in vain to the sense of justice of the powerful nations on the side of which they now fight and that accompany them and sustain them in their political and economic rebirth.

Rome, January 13, 1945.

Enclosure No. 1 to Despatch No. 856, dated January 26, 1945, from Rome.

IL MINISTRO DEGLI AFFARI ESTERI

Rome, January 9, 1945

Dear Ambassador,

I draw your close attention to the enclosed Memorandum which intends to show the urgency and necessity of a revision of the economic and financial clauses of the Convention of Armistice.

While warmly begging you to submit it to the consideration of your Government, I take the liberty of pointing out to you once again that an intervention of the United Nations directed to the implementing of a practical program of economic recovery of Italy cannot be further delayed.

From the data, contained in the Memorandum, you will readily realize all the gravity of the present economic and financial situation which threatens to plunge Italy into a crisis of unprecedented magnitude and duration.

I am furthering a copy of this Memorandum to Admiral Stone at the Allied Commission and I fully trust, as always, in your friendly and authoritative support for a speedy and favourable examination of the Italian requests.

Believe me, cordially yours

Encl:

Hon. Alexander Kirk
United States Ambassador
ROME

Enclosure No. 2 to despatch No. 856, dated January 26, 1945, from Rome.

MEMORANDUM

The Italian government believe it necessary to most urgently recall the attention of the Allied Governments on the progressive and grave deterioration of the economic and financial situation of the Country, and particularly on some aspects of this situation that are closely connected with the application of the economic and financial terms of the Convention of the Armistice.

1. - The economic and financial situation of Italy was, at the time of the Armistice, undoubtedly grave, owing to the errors and squanderings of 20 years of fascist policy and to the destructions of human lives and of wealth brought about by the war.

The Italian people, having overthrown the yoke that oppressed it and having gallantly taken up arms against its traditional enemies on the side of its traditional allies, hoped to see an improvement in its economic situation and a decrease in the dangers that threatened its social and financial structure. Instead, since more than a year from the liberation of a large part of the national territory and despite the efforts and the cares of the Allied Governments, the situation has continued to deteriorate; and it has deteriorated to such an extent that the social and financial collapse of the country can be avoided only through a prompt and efficacious intervention by mitigating the immense burdens that weigh on the Italian people and by an action of generosity and justice in its favour.

2. - It will be obviously impossible to trace a clear picture of the Italian economic and financial situation until the day in which its territory will be completely liberated.

The more fertile regions and those richer for industrial factories find themselves North of the fighting line and the situation at the end of the war will be different according to that a larger or smaller part of the public works and of the industrial plants will have escaped destruction by the war and by the systematic German vandalism.

The example however of the destructions that the war has brought to that part of Italy which has now been liberated; the developments of war operations, which give time to the Germans to carry out their program of thorough destruction of public works and of removal of industrial machinery; the informations which reach us from Northern Italy concerning the financial policy of a government who know that their days are counted and thirst for revenge, consent since now to trace the picture of desolation and of ruin which will face the Italian people.

3. - The situation of Italy can be already foreseen and briefly described as follows:

a) - At the

-2-

a) - At the end of the war the Road and Railway system will be completely disorganized and partly destroyed. It will be necessary to repair the roads, rebuild the bridges, lay down new rails, rebuild all the works connected with the railway system, particularly on the important Firenze-Bologna line (and this will take much time and money), renew the rolling-stock, locomotives, passenger-cars and goods-trucks, furnish the country with a sufficient quantity of motor-cars, lorries, etc.

b) - At the end of the war almost all the Italian ports will be disorganized and destroyed. Even taking into the account the works of readaptation carried out by the Allies, it is certain that the reconstruction of the harbour works and installations will necessitate an expense running into billions which the State will have to defray.

At the same time the State will have to provide, at its own expenses, to the reconstruction or reparation of the public buildings and works destroyed or damaged by the war.

c) - At the end of the war the houses for habitation of several great towns and the public and rural buildings of the zones where the war has more violently raged, will be in greater part damaged or destroyed. It will be necessary to rebuild or repair them so as to give a roof to the civilian population and allow the refugees to go back to their villages. Even if the State, as it has already decided to do, should confine itself to indemnifying only a part of the cost of reconstruction, the financial burden which the Treasury will incur, joined to the one deriving from the partial inadequacies for the destruction of furniture, linen, housing and rural implements, will amount to a really formidable figure.

d) - At the end of the war, the Italian industrial system will be completely disorganized and rendered in major part inefficient owing to the destruction of several factories; to the removal of machinery; to the destruction and exhaustion, also on account of the requisitions and commissions of the military authorities, of the stocks of raw materials; to the difficulties and insufficiency of the railway and sea communications. It will be necessary to carry out at once the reconstruction of industrial buildings, the renewal of machinery and the putting in operation of the factories, in order to avoid that the workers of Northern Italy should remain too long unemployed. The Italian Government have already begun by allotting 2 billion liras as advances for the industrial reconstruction of the liberated territory; but the total burden that the Treasury will have to incur so as to help Italian industry in rendering again efficient its installations will be immensely superior to this first allotment.

e) - At the

-3-

e) - At the end of the war, Italy will have to face the problem of the reconstruction of her merchant navy, indispensable for carrying out naval traffic and for giving work to thousands of seamen; this is a problem that the shipping companies will not be able to solve without adequate aid on the part of the State;

f) - At the end of the war, the State will have to solve the problem of pensions to ex-service men and to disabled soldiers of this war; of payments due to repatriated prisoners and of relief for the interned civilians returning from Germany.

Furthermore, as owing to the enormous industrial destructions and to the repatriation en masse of the aforesaid prisoners and civilian workers it will not be obviously possible to immediately return this surplus manpower to their normal occupations (particularly as regards the working classes of Northern Italy), the State will have to solve the urgent problem of unemployment both by allotting vast sums for the implementing of extraordinary public works destined in the first place to reabsorb this manpower, as by means of subsidies to the unemployed.

These are a few, and only a few, of the problems of very great financial consequence that the Italian Government intend to attack from now in liberated Italy and subsequently, and as soon as possible, in the rest of the national territory.

4. - None of these problems whose solution is essential to the economic reconstruction can be disregarded or deferred. Altogether they will require defraying enormous expenses which will have to weigh on a treasury exhausted by so many years of public expenses and squanderings which greatly exceeded the total income of Italian economy, and with revenues curtailed by the inevitable reduction in the yield of taxation, consequence of so many destructions and devastations.

To have an idea of the very grave financial situation, suffice it to recall the following figures:

The deficit of the State budget for the financial year 1941-42 has been estimated at 79,345.5 millions.

It has been more difficult to estimate the deficit of the financial year 42-43 owing to the fact that only a few provinces were under the jurisdiction of the Italian Government. However, the situation of the budget as on June 30, 1943, on the basis of provisional figures assumed at the closing of the year, of the information received regarding the situation of the territories under Fascist domination, consents estimating the deficit of that financial year at over 84 billion liras.

The ascertainment of

-4-

The ascertainment of the results of the 1943-44 financial year has given rise to the same difficulties and uncertainties of calculation. However, it is believed that the deficit covering all the national territory cannot have been inferior to 180 billion liras.

Lastly, the deficit of the current financial year, keeping in mind the same difficulties and uncertainties, is estimated at about 100 billion liras, though the allotments for war damages and for the reconstruction of public works have not yet been included in the expenses. But it is since now ascertained that such a figure will be vastly exceeded in consideration of the always greater expenses and of the inevitable reduction of the revenues.

As regards the patrimonial accounts, the total of public and redeemable debts was estimated on June the 30th last, regardless of the financial operations which may have been carried out by the pseudo-Fascist government, at over 652 billions.

Lastly, the circulation of notes of the Bank of Italy including the issue of notes that it is supposed has been made in Northern Italy and including the AM Lire, has been estimated on June the 30th at at least 280 billions (it may be recalled that in 1935 the circulation of the Bank of Italy notes amounted to 12 billions and 634 millions).

It is almost certain on the other hand that at the end of the year the total circulation will reach if not exceed 300 billions.

On the one hand therefore there is a complex of public necessities which will absorb vast capitals; on the other there is a very difficult situation of budget and revenue and, as a natural consequence, a very delicate monetary situation.

5. - The financial and monetary situation is naturally the result of the grave economic situation of the country. The latter feels the consequences of the unhappy Fascist policy of adventures and of war, of the enormous squandering of wealth in the insane attempt of reaching an unattainable economic independence, of the war operations that progress step by step on the national territory sowing destruction and ruin, hindering agricultural and industrial production and putting in great part at the disposal of the fighting troops the remaining economic resources of the country.

If Italian economy were not exhausted in strength and if its income were susceptible of a rapid increase, salvation should be principally looked for in a strengthening of taxation in order to improve the situation of the budget and absorb, through taxes, a part of the surplus circulation.

The Italian

-5-

The Italian Government intend to persevere in this line of conduct. But there are limits to the possibilities of the contributors and the conditions of Italian economy are so unfortunate that if the increasing taxation might perhaps help in mitigating the deficit of the State budget it will certainly not be able to furnish the vast means that are necessary to the task of economic reconstruction. Before this happens it will be therefore necessary that the Italian economic system should have again begun to function and the real incomes of Italian citizens to increase.

The Italian Government are therefore aware that the economic reconstruction of Italy requires in the first place the generous contribution of foreign capital and they have received with gratitude the statements of eminent British and American statesmen from which it ensues that Italy will not be denied the help of capitals and technicians of their countries.

But the Italian Government also believe that the economic reconstruction must at the same time be based on Italian labor and capitals.

It is therefore necessary to prevent, at all cost, the economic and financial collapse of Italy not only in order not to raise an obstacle to foreign financing but also and in the first place to prevent that the vast capitals in lire, represented by the circulating money, by the banking deposits, by the imposing mass of public and private shares, should completely lose all value.

It is very difficult that the present situation will consent, until all the national territory is liberated, and until other indispensable technical conditions are produced, to proceed to the financial recovery of the country through appeals made to its monetary assets.

It will be otherwise necessary, in order to proceed to such a delicate and difficult operation, that the Allies furnish the technical financial means that represent its inevitable condition as necessary guarantee.

In the meantime however it is obviously necessary that the monetary situation should not deteriorate and to this end the most elementary remedy is that of avoiding all avoidable expenses and eliminating all unnecessary burdens.

Among the latter in the first place there are the financial burdens deriving from the application of the economic terms of the Convention of Armistice.

6. - On September

- 6 -

6. - On September the 3rd, 1945, the Italian Government signed the Armistice that brought an end to the hostilities with the United Nations and on the following 29 of September they signed the additional clauses of armistice which determined the rights of the occupying Powers and the consequent economic and financial charges.

The clauses of armistice concerning the economic and financial charges of Italy were expressed in such a way as to leave some doubt as to their exact significance. Article 33 which seems to be the most important, states that "The Italian Government will comply with such directions as the United Nations may prescribe regarding restitution, deliveries, services or payments by way of reparation and payment of the costs of occupation during the period of the present instrument.", clearly implicating that the United Nations have intended reserving to themselves the most ample powers, in the limits consented by international law and by the practice of application of the Convention of Armistice, to apply that provision in large or strict sense.

In point of fact, the economic and financial charges that weigh on this country can be summed up in the following groups:

- 1) Requisitions carried out by the Allied troops and consequent impoverishment of Italian economy.
- 2) AM Lire issued and paid out by the Allied Command to the troops, for requisitions, supplies, works and services (following a recent statement of President Roosevelt the pay of the American troops operating in Italy must be now excluded).
- 3) Supplies, services and works, ordered by the Allied Commands and the invoices of which the Allies intend to charge entirely to the Italian Government.
- 4) Works carried out by order of the Allied Commands in State building-yards and arsenals and not yet paid for.

If one considers that the United Nations not only occupy Italian territory but carry out a war against Germany on it, the question arises as to which of the aforesaid expenses incurred in Italy by the United Nations must be considered "occupation-expenses".

Not all the payments which have been made in Italy by the United Nations through occupation notes issued by them or through Italian money placed at their disposal according to Article 23 of the Armistice, and not all the other charges indicated in the aforesaid groups can be considered "occupation-expenses", in the sense in which this expression is habitually understood in the practice of armistice. It appears therefore certain that in this category there cannot be included the expenses incurred by the United Nations in Italy for the preparation of new operations against the enemy, whether these operations be carried out in Italy or should they be destined to be carried out on other fronts (for example: construction and utilization of the Foggia airports for the operations against the Balkans). In the armistice there is no clause which can be interpreted in the sense

that

- 7 -

that the expenses of the United Nations as regards military operations for continuing the war against Germany must be put to the charge of Italy. As regards Italy the United Nations hold the position of an occupying power and the provisions of articles 23 and 33 of the armistice must be therefore interpreted in the sense that the burden that might be placed on Italy must be limited to those expenses that the United Nations incur in Italy in order to exercise the rights of an occupying power.

7. - This interpretation that is the most extensive that can be given to the financial clauses of the Convention of Armistice has furthermore the grave defect of completely disregarding the state of co-belligerency that has come almost at once to envelop the state of armistice.

Italy in fact did not sign the armistice in order to back out of the war abandoning herself to the resignation of the vanquished who waits to know his destiny from the victor, but in order to take up again her arms on the side of the Allies against Germany. When in fact on October 13, 1943 Italy declared war to Germany, she obtained from the Allies the explicit recognition of co-belligerency through a statement in which it was said that "the conditions of armistice could be adjusted by agreement between the Allied Governments in the light of the assistance that the Italian Government may be able to afford to the United Nations cause".

The status of co-belligerency has come to overlap in this fashion the status of armistice creating a situation de facto which is no more in harmony with the situation de jure.

The Allied Governments though admitting this contradiction in several occasions have not yet thought fit to eliminate it; but such a contradiction exists and the Allies will certainly sooner or later draw from it the necessary consequences in accordance with the promises made by them and as a recognition of the efforts and of the sacrifices that Italy has borne and will have to bear in order to second the war effort of the Allies.

The Allied Powers know well the efforts that Italy has hitherto made and the sacrifices she has borne. Italy contributed to the war-effort of the Allies on land, on sea and in the air with all the means she had at her disposal and in the limits consented by them. The populations of the territories still subjected to the Nazi-Fascist occupation face with serenity and bravery the brutality of the enemy and the patriots have taken up arms in order to molest and attack the enemy in the rear. Innumerable destructions are wrought day by day on Italian soil that has become theatre of a fight without quarter in which the enemy defends his ground foot by foot and does not retreat without having first achieved his task of devastation and death.

If the only that the United States of America, Great Britain and the Soviet Republic have obtained from other countries associated in the common war against Germany, exceeds in its practical results the one that Italy has been able to furnish until now, perhaps no other country has undergone for the common cause such

grave

- 8 -

grave sacrifices nor suffered more cruel and pitiless destructions. Italy well knew that by detaching herself from Germany and declaring war to her, she struck a mortal blow to German resistance and to the cohesion of the States that Germany had managed to group around her and she was perfectly aware that the retaliations would have been terrible. But she did not hesitate to face the sacrifices and now she bears their brunt with manly courage but also with the conviction that the Allies, with their spirit of justice, will recognize that the immense destructions that she undergoes in the war represent a major contribution which will have to be credited to Italy together with her war effort.

8. - The contradiction, therefore, between co-belligerency as a condition of fact and the armistice as a condition of right is undeniable and becomes graver day by day.

It depends from the Allies to establish the moment in which this contradiction that has such a depressing effect on the morale of the Italian people will have to be eliminated.

The Italian Government however would feel they were failing their duty as well as the collaboration that they intend giving to the efforts of the United Nations for the conservation of Italian economy, if they did not recall, as they intend doing with this memorandum, in the most explicit and urgent fashion, the attention of the Allies on the serious dangers deriving from the application of the economic and financial clauses of armistice to an economy exhausted by so many destructions and which must face so many and so heavy financial problems.

The situation of the Italian budget is that which appears from the aforesaid figures; the consequent monetary situation is extremely delicate. It is in these conditions, and while a work of recovery of the budget and of the currency does not appear yet possible, the Treasury will continue to be burdened by the very grave charges deriving from the application of the clauses of armistice, now still the Italian Government is able to continue to uphold the monetary situation which is also founded on delicate psychological factors and attack the many vital and urgent problems whose solution is indispensable in order to give to the Italian people a minimum of civilized existence and to put again in motion the productive machinery.

And how can the Allies have to see around them success the efforts that they intend making in order to improve the Italian situation if one of the essential factors, i.e. the equilibrium of the budget and the stability of currency, is continuously placed in jeopardy by the war? Allies?

9. - The solution of the problem that forms the object of this memorandum is extremely urgent. The elimination of the financial charges deriving from the Treaty of Armistice is not the only remedy necessary to the solution of Italian economic crisis, but it is the only one that can be immediately implemented and the immediate one that can be relied on to lighten the Treasury. In these sadistic times, for several circumstances that it would be useless to enumerate and that are in any case already well known to the Allies, the new tank-demon factories have to greater care reconverted through banks, deposits and subscriptions to the Treasury Bill. And the public

expenses

Treasury Department
Division of Monetary Research

140

Date March 2, 1945 19

To: Secretary Morgenthau

From: F. Coe

For information

Subject: Anglo-French Finance

From London Taylor tells us that
British desire to get French gold for
exports is stumbling block in negotiations.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

Info
DIVISION OF 141
CENTRAL SERVICES
TELEGRAPH SECTION

RF-1602

London

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

Dated February 25, 1945

Rec'd 4:33 p.m.

Secretary of State

Washington

1961, February 25, 4 p.m.

FOR SECRETARY OF TREASURY FROM TAYLOR

We are advised by M. Rauzan that present most
important stumbling block in the negotiations for
Anglo-French monetary and exchange agreement, is
British desire that French gold be used in financing
part of the purchases made by French in United
Kingdom. French on other hand, desire to be
allowed to make purchases by using French private
sterling funds now held by the British custodian
and which will be returned to the French.

According to Rauzan French private balances
in the United Kingdom may be as high as pounds two
million. British position is said to be based on
the fact that the French will pay the United States
in gold for a part of their importation from the
United States.

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-2-1961, February 25, 4 p.m., from London

United States. Rausan feels that a compromise will be reached and that an as yet undetermined proportion of purchases will be paid for in gold and that this is all that is needed to terminate negotiations. This is for your confidential information only.

Repeated to Paris for Ball by courier.

WINANT

MJP

March 5, 1945

MEMORANDUM FOR THE FILES

Pursuant to my telephone conversation with Congressman Woodhouse on Tuesday, I called her this afternoon to arrange an appointment for tomorrow. She said that the hearings so far have been very helpful from her point of view and she felt that any questions that she had could be brought out by her during Mr. White's testimony; that she was inclined to believe that before he was through, the few questions she had would be completely answered. In this connection she said that her analysis of the Fund and Bank was such that she had few, if any, questions on them. Accordingly, she suggested that we postpone our discussion until the early part of next week and she would speak to me if there were any questions which had not been resolved in her mind after Mr. White's testimony.

She said that she thought that the thing that would be most helpful to her at this time was a discussion of tactics. For example, she stated that it was clear to her that the Republican side of the Committee so far had not found any objections on the merits to put their teeth into the Bretton Woods Agreements and that this was the explanation of their irrelevant discussions on deficit financing. She said the Democratic side of the Committee was not raising questions because they were in agreement with what was being said, but she would like to have some help in getting some tactical questions to ask the opposition when they were on the stand. She said, for instance, maybe she should direct her questioning to their "deficit social financing." I told her that we would be very glad to work with her on this. I also told her that we were thinking in terms of exploring all of the objections of the bankers before they had the opportunity to put in their case so that by the time they did testify the Committee would be educated regarding their objections and also be informed of the answers. She said that she felt this

was an excellent approach and that she would be very glad to cooperate. She said that she would mark her copy of the Banker's Report and ask Mr. White to answer the questions. I also called her attention to Mr. Wolcott's speech in Detroit as suggesting a line of questions which could be raised so that there would be no new questions before the Committee when the opposition appeared. She was not familiar with Wolcott's speech and I told her I would send her a copy. She thought, too, that it would be wiser to let Wolcott raise these questions if he will when Mr. White testifies and that she and the Democrats will step in and pick up the questions only if Mr. Wolcott and the opposition does not raise them.

She was anxious to discuss the matter further with me and I made arrangements to be in her office at 10 o'clock tomorrow morning.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE

March 3, 1945

TO

Secretary Morgenthau (For Information)

FROM

Mr. Coe

Subject: Italian Reaction to Testimony of Secretary
Morgenthau and D. M. Bell on Military Currency
before Appropriation Committee of January 15.

Treasury's testimony was headlined in the Italian press. Soleri of Italian Treasury stated in the Rome press in answer to public comment that despite alarming remarks and persistent rumors circulating in Italy, Secretary Morgenthau's declaration of Italy's responsibility for the redemption of Allied military lire is mitigated by the following considerations:

(a) the U.S. is making troop pay dollars available to Italy in accordance with its policy of supplying Italy with an amount of goods corresponding to the major part of the military lire issued by the Allies.

(b) further requests by Italy for the foreign exchange equivalent of all Allied military lire issued are not precluded.

The public statement seems to have satisfied the public, and State agrees that nothing further needs to be done by us.

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DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

80-1046

PLAIN

Rome

Dated March 1, 1946

Rec'd 8:26 p.m.

Secretary of State,
Washington.

876, First, 8 p.m.

Comment of Minister Solari of Treasury on Secretary Morgenthau's statement on Amire question reported in Rome newspaper *ARISORGIMENTO LIBERALE* March 1 is in summary as follows: if Secretary Morgenthau has been correctly quoted it would appear that he has wished to reconfirm the thesis that according to the armistice the Bank of Italy in due course must redeem on behalf of the Italian Treasury and return to the Allied Governments Amire issued by the Allied Governments to cover their occupation and military expenses in Italy in other words Secretary Morgenthau would not agree Amire represent because of their issuance for account of the Bank of Italy a credit of the Bank with the Allied Governments payable in foreign currency while military expenses represent a separate debt of the Italian Government for which method of payment has not yet been defined.

Whatever may

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-2- #876, First, 8 p.m., from Rome

Whatever may be the correct interpretation of the armistice in this respect the essential fact is that the alarming comments and pessimistic rumors following Secretary Morgenthau's declaration do not in any way affect the extent of concessions granted Italy by America announced some time ago by President Roosevelt and reconfirmed in the document recently transmitted to President Bonomi America while firmly maintaining the principle that the Bank of Italy is obliged to redeem and to return the Amire issued for account of the Italian Treasury has however already consented to grant for the major part of the Amire issued a corresponding amount of goods to be supplied to Italy under a first aid economic reconstruction plan this concession has already materialized with respect to the Amire corresponding to the American Troops expenditures in Italy paid out of their salaries Secretary Morgenthau's declarations are not too disconcerting in view of the fact that they do not exclude further requests of the Italian government that all Amire issued by Allied Governments be counter-balanced with supplies for Italy it is thus that the available credit in goods corresponding to all the Amire would be used for supplies to be provided by Allied Governments nevertheless this would totally eliminate what appears to the Italians to be a deep injustice that is that Italy after recognition of its cobelligerency

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-3- #576, First, 2 p.m., from Rome

its cobelligerency its declaration of war on Germany and its contributions against a common enemy should be called upon to bear the expenses of Allied military occupation in Italy it is on this thesis that Italy can insist with the hope of success.

The declaration of Secretary Morgenthau constitutes perhaps only a lively reaction to an interpretation of the armistice terms with which he does not agree with the problem of Amire therefore remains substantially a matter for negotiations in which Italy derives benefit from the new situations which following the armistice cannot help but affect even that part of the problem which has not been solved but of which the solution has been requested.

The cordial declarations made to President Bonchi and the Minister of Foreign Affairs by MacMillan and Stone of AC lead us to hope that the desired solution will be found.

KIRK

RE

WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

SECRET TOT

PRIORITY

From: Allied Force Headquarters, Caserta, Italy

To: War Department

Re: FX 36448 MAT 568 2 March 1945

For CCS and CCAC repeated for information to AMESB
for British Chiefs of Staff and HQ COMZOME Main ETOUSA and
HQ ALCON signed Alexander cite PHOEO FX 36448 to AGMAR.
This MAT 568.

Summaries of statement by Secretary of Treasury Mergen-
thau before congressional committee on 27th February on sub-
ject of invasion currencies have been reported in Italian
press.

His reported disclosure that Italian government has
assumed responsibility for A.M. lire under Armistice has
called forth headlined comment in Italy, including state-
ment by Finance Minister Soleri, to effect that it would
be "unjust" to expect Italy to be responsible for A.M. lire.

This reaction was not unexpected, in view of Italian
government's memorandum of 9th January demanding complete
dollar/sterling reimbursement for all lire expended by or
on account of Allied forces, which memorandum was forwarded
to you by this Headquarters on 28th February by airmail with
our comments.

The Italian government has gone far to connect stability
of lire with such reimbursement in minds of public.

In connection with our study of Paragraph 1 E of TAM
OM-IN-2465 (3 Mar 45)

SECRET

COPY NO.

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Dist. 3-645

WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

SECRET TOT

Page 2

From: Allied Force Headquarters, Caserta, Italy

Re: FX 36448

MAT 568

2 March 1945

As mentioned in MAT 554, it would be helpful to have
official summary of Secretary Morgenthau's statement, and any
additional information on subject which you consider relevant.

End

ACTION: CCAC

INFORMATION: CC/S, ASP, OED G-2, Adm King, Mr McCloy

OM-IN-2465 (3 Mar 45) DTD 021918A hgr

SECRET

COPY NO. 23

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE
March 8, 1945

TO Secretary Morgenthau (For information)
FROM Mr. Cee FC

Subject: French Currency Conversion and Capital Levy Plan

- (1) Press rumors have been circulated in France to the effect that a drastic currency conversion and capital levy will be imposed by the French Government.
- (2) The U.S. Treasury Representative in France discussed these rumors with H. Fleven in France. Fleven stated that he did not intend to make any public denial of these rumors unless agitation became acute. Fleven did corroborate the fact that a currency conversion program would be undertaken as soon as sufficient new currency was available. A census of the amount of currency held by individuals would be made at the time of conversion. Fleven declared that the French were hopeful of carrying out a conversion program without exciting extreme political tension. No blocking of currency at the time of conversion is contemplated. However, Fleven is considering the possibility of withholding a certain amount of the currency deposited under the conversion program as a first installment of the capital tax.
- (3) Fleven assured the U.S. Treasury Representative that you would be advised in advance of an actual decision to carry through a financial conversion and tax program.

DEPARTMENT
OF
STATEINCOMING
TELEGRAMDIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

152

CEK-765

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

Paris

De 0254 February 28, 1945

Rec'd 2:44 a.m., March 1st.

Secretary of State,
Washington.

US URGENT

930, February 28, 2 p.m.

FOR TREASURY FROM SAIL

In the last couple of days rumors, including statements in the press, have been circulating to the effect that bank notes are to be called in, a capital levy imposed and limitation placed on the amount of currency exchanged. One paper reported that the measures to be taken by the government might consist of the following:

(One). Exchange of notes in circulation against new notes up to 5,000 francs for each adult and 2,000 francs for each child for a period of ninety days.

(Two). A tax of 20% on capital.

(Three). No restriction on bank accounts in order to permit settlements by check. The effects of these rumors were reflected on the black market for gold and foreign currency. It was reported for example that the napoleon which recently had fallen to 3,800 francs rose to 4,200 francs. Dollar currency increased in price

ACTION: MR. FRIEDBERG

cc: 3/2/45 Glasser-Gold, Dubois, Brong, (3), Schmidt (3), Gunter,
Friedberg, Miss Kukulich

ALL SECURITY INFORMATION
NOT TO BE RELEASED
TO THE PUBLIC
OR TO THE PRESS
WITHOUT
THE AUTHORITY
OF THE
TREASURY DEPARTMENT

153

-2- #939, February 28, 2 p.m., from Paris

from 146 to 153 francs and the pound note from 270 to 300 francs.

We have discussed the above reports with Fleven who said that he did not intend to make any public denial of these rumors unless they caused the farmer and small merchant to lose confidence in the value of the franc; and that he does not intend to discuss publicly his program until such time as he presents his financial law to the Assembly. Fleven stated that the conversion would take place but at a time of his choosing when there was sufficient new currency in France to make the exchange of notes without difficulty. At the time the conversion is made he expects to take a census of the amount of currency held by individuals.

Flieven is particularly interested in handling the conversion so that France will not have to go through the situation which occurred in Belgium at the time of the conversion where the farmer and small merchant refused to sell their products because of the blocking and he added that it must be remembered that 80% of French men are farmers.

While it is not his intention to have a general blocking of currency at the time of conversion Fleven stated

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-3- #939, February 28, 2 p.m., from Paris

stated that he was considering in connection with a capital tax the possibility of withholding as a first installment on this tax a certain amount of the cash deposited. The amount to be withheld would be based on some flat sum fixed by the Ministry of Finance above which 20% would be blocked. Fleven requested that Secretary Morgenthau be informed that we would be advised well in advance regarding the date for the conversion of currency and the other steps to be taken in his program.

CAFFERY

BB

155

25

March 8, 1945

My dear John:

That was a fine job of straight reporting that you did in this morning's Times on the Bretton Woods hearing.

That is what we want--to get the facts to the people.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. John H. Crider
Washington Bureau
New York Times
717 Albee Building
Washington, D. C.

EHF:ds

156

25

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Washington Bureau
New York Times
717 Albee Building
Washington, D. C.

ERF:ds

160

The New York Times

WASHINGTON BUREAU
ALICE BLOD-WASHINGTON, D. C.

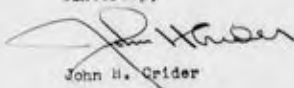
March 8 1946

Dear Mr. Secretary:

Thank you very much for the kind words regarding my story this morning on the Bretton Woods hearing. Of course, the stories to come will have to tell all, but if the people have all the facts, both sides, they should make the intelligent decision we hope for.

With kindest regards.

Sincerely,


John H. Crider

Hon. Henry Morgenthau Jr.
Secretary of the Treasury
WASHINGTON D.C.

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Suggested Issues for Seventh War Loan

Issue	Term	Estimated yield	Present market
1-1/2 percent bond due March 15, 1950-52	4 yrs. 9 mos. - 6 yrs. 9 mos.	1.49	100-2/32
1-1/2 percent bond due June 15, 1950-52	5 yrs. - 7 yrs.	1.50	100-0/32 ✓
2-1/4 percent bond due June 15, 1960-65	15 yrs. - 20 yrs.	2.23	100-7/32 ✓
2-1/2 percent bond due June 15, 1967-74	22 yrs. - 29 yrs.	2.46	100-21/32
2-1/2 percent bond due June 15, 1967-77	22 yrs. - 32 yrs.	2.48	100-10/32 ✓
March 2, 1945.			

ROBERT E. HANNEGAN
Memorandum

March 8, 1945

To: Honorable Henry Morgenthau, Jr.
Secretary of the Treasury

From: Robert E. Hannegan

Enclosed is copy of letter that I sent
to the President today.

Robert E. Hannegan
Chairman

DEMOCRATIC NATIONAL COMMITTEE
Mayflower Hotel
Washington
Room 8

March 8, 1945

Honorable Franklin D. Roosevelt
The President of the United States
The White House
Washington, D. C.

Dear Mr. President:

The twenty-five Democratic governors are the Democratic Party's
richest undeveloped natural resource. We must develop them.

In preparing for next year's congressional elections, we have a
tremendous task. I am optimistic enough to believe that we can not only
maintain but increase our Democratic representation in both branches of the
Congress, but in order to do so an intensive program must be adopted and put
into effect at once. Twenty-five informed and energetic governors can make
a tremendous difference—in mobilizing state and local organizations to
support effectively our congressional and senatorial candidates.

Even more important, we must enlist the governors to secure
public support in their own states and communities for the Administration's
three great objectives: total victory, enduring peace, and full employment.
On legislative issues such as Dumbarton Oaks, Bretton Woods, the expansion
of social security, the governors should be organized to inform their respec-
tive constituencies with respect to our party's foreign and domestic policies.

For example, the annual conference of governors takes place this
year in July at Mackinac Island. In the past, Republican governors have
attended these conferences well organized in advance to criticize and carp
at the National Administration. This year, I should like to see our Democratic

- 2 -

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governors attend in full force, well armed with information and zeal to back up our party's policies.

To aid in these purposes, I should like to bring our Democratic governors together in Washington for a conference the latter part of May or early June. During this conference our Democratic governors would have the show to themselves. They could receive the recognition and attention which they believe to be due them. At the same time, we could inform them with respect to our party's program and inspire them to support it, and at the same time help them to organize.

In general, such a conference should be attended only by the governors themselves and a small, selected group of administration leaders. For instance, we should devote one session to foreign policy and to the international security organization. This session would be handled by Secretary Stettinius. Another session should be devoted to our international financial problems, with particular reference to the Bretton Wood agreements and allied issues. This session should be handled by Secretary Morgenthau. A third session should be devoted solely to the problem of sixty million jobs in the post-war period. This session should be handled by Secretary Wallace. This need not be a rigid schedule but it conveys the general idea I have in mind--to confine the conference to a few selected issues and a few selected people.

At the same time, we should also have one or two dinners for them attended only by a few cabinet members, by the Vice-President, The Speaker, and the majority leaders.

I should also like very much for you, if at all possible, to arrange a luncheon for them at the White House during the time they are here. Such a luncheon should be attended only by yourself, the Vice-President, The Speaker,

- 3 -

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the majority leaders and the governors themselves. This luncheon would afford ample opportunity for you and the legislative leaders to discuss our party program and its problems on an informal and personal basis.

I do not want to arrange this conference unless you approve and unless you would find it possible and convenient to meet with the governors. If you approve, I shall move ahead quickly to organize the conference along the lines I have outlined above.

Respectfully yours,

Robert H. Hannegan

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MAR 8 1945

My dear Mr. McMillan:

I have your letter of February 26, 1945, submitting a letter from W. P. Law & Sons of Darlington, South Carolina. This firm as a dealer in automotive equipment has until recently purchased surplus cars and trucks from the Atlanta Regional Office of Treasury Department's Procurement Division, which serves South Carolina, and from the Washington Regional Office, which serves North Carolina. Recently, however, the Washington Regional Office declined to accept bids from the company on surplus vehicles in the Washington region. You inquire whether these limitations are not unduly and unnecessarily restrictive, indicating that other residents of South Carolina had complained to you that they had been precluded from purchasing surplus goods in North Carolina.

The cars and trucks the Army is now declaring surplus can meet only a small part of the demand for them. In an effort to insure that they are distributed fairly and widely sales are made only to regular dealers within a given region after the requirements of federal and local government agencies and instrumentalities have been met. We are thus able to prevent dealers in any region from securing more than their fair share of the surplus vehicles through access to two or more sources of supply; we eliminate unnecessary travel to distant points of sale by prospective bidders; and we avoid the needless

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- 2 -

cross-country shipments of heavy equipment. Purchase priorities are given within each region to dealers purchasing for resale to persons holding Agricultural Adjustment Agency Letters of Certification or similar letters by the Office of Defense Transportation. Except with respect to certain items for which controlled allocations are now necessary, persons in one region are not precluded from bidding on property which is being offered in another region. It is regretted that W. P. Law & Sons were not informed of this necessary regulation before they went to North Carolina for the purpose of bidding at automotive vehicle sales in the Washington region.

We now have in contemplation plans to place the State of North Carolina in the region served by the Atlanta Regional Office, which would place North Carolina and South Carolina within the same region. Our plans in this respect are not yet complete, but we shall be happy to keep you informed as they develop.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable John L. McMillan
House of Representatives
Washington, D. C.

JBennett:am 3/6/45

MR. L. McMILLAN
2701 E. 10th Ave.
DENVER 10, CO.
FLOOR, NATIONAL BLDG.

HOME ADDRESS
FLORENCE, S. C.

Congress of the United States
House of Representatives
Washington, D. C.

RECEIVED
Feb 26 1945
Mr. L. McMillan
2701 E. 10th Ave.
Denver 10, CO.
Floor, National Bldg.

RECEIVED
FEB 26 1945
MR. L. McMillan
2701 E. 10th Ave.
Denver 10, CO.
Floor, National Bldg.

February 26, 1945

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

Dear Mr. Morgenthau:

I am enclosing a letter just received from Mr. W. F. Law, one of the largest pecan growers and also a large automobile dealer in my District.

I have had numerous complaints from other residents of my District because they were not permitted to purchase surplus war material just across the line in North Carolina. I will appreciate it if you will give me some justifiable reason as to why a rule or regulation of this nature was placed on the surplus war material. I think in a Democratic country a person should be able to purchase property from any Procurement office in the United States if he has the purchasing price. I hope this rule or regulation can be regulated before it causes our Bureaucratic Government to receive more unfavorable criticism.

Respectfully,

L. McMillan
MR. L. McMILLAN, M. C.

JL:con

W. P. LAW, JR., U. S. A., SA; J. R. LAW, U. S. A., Asst. Comm. U. S. A.; "GUS" LAW, MRS. DOROTHY E. LAW, W. H. FERRELL, Tobacco Specialist

W. P. LAW & SONS

FARMS AND ORCHARDS

MRS. DOROTHY E. LAW,
Sec. - Treas. & Gen. Mgr.

W. P. LAW, JR.
President & Sales Mgr.

Tobacco, Cotton, Pecans, Produce, Grain, Live Stock, Dairy Products and Poultry

(REAL ESTATE-RENTALS)

DARLINGTON, S. C.

ROUTE NO. 1-PO BOX 2203

COTTON BOLL SOUVENIRS

ARMY SALVAGE

Feb. 23, 1945

PACKAGED PECANS

PRODUCE

(FOR U. S. ARMED FORCES EXCHANGE)

Hon. John L. McMillan,
Old House Office Bldg.,
Washington, D. C.

Dear Sir:

Not knowing the proper official to address I am requesting that you take up the following with the proper official:

We are registered, licensed, bonded automobile and truck dealers. For six to eight months we have been buying and selling surplus army vehicles sold by the Treasury Department, Procurement Division, in five states. These cars and trucks are mostly bought on Preference Letters from interested Government agencies, and sold to farmers and saw-mill and lumber folks that really need them.

Day before yesterday we attended a sale at Fort Bragg (after receiving invitation). We took two high priced mechanics, spent a whole day in the rain and sleet inspecting cars and trucks, and then when registration time came were informed that we could not buy at any sale outside the district of the Atlanta Treasury Dept. Office. This costs us a lot of money.

All the trucks we have bought for six to eight months, and the few cars we have been able to get, have gone to essential users, as designated by Government agencies. We travel the territory served by the Raleigh Office of the Treasury Dept., Procurement Div. regularly, supplying the armed forces with food stuffs. We want the right to buy in this district such cars and trucks as we need to fill the demand from essential users here. It is much more convenient and inexpensive for us to buy in the district of the Raleigh Office of the Treasury Dept., Procurement Div., than it is for us to buy in the district of the Atlanta Office, Treas. Dept. Procurement Div., because we travel twice each month on essential business with the armed forces. **DEALERS IN TOYS.**

"HONORABLY DISCHARGED" ARMY VEHICLES
THAT HAVE A LOT OF GOOD SERVICE IN THEM FOR ESSENTIAL CIVILIAN USE.

*Actual copy
of letter
to W. P. Law
of Darlington, S.C.*

Darlington, S. C.
February 8, 1945

United States Treasury Department
Procurement Division
20 Houston Street
Atlanta, Ga.

Attention: Mr. Strickland, Div. Car & Truck
Sales

Gentlemen:

I am writing this letter at the request of Mr. W. P. Law,
President of W. P. Law & Son.

I have known Mr. Law all my life and know that for the greater
part of his life he has been in the Automobile and Truck bus-
iness, and that after a few years of inactivity in this line of
business, he is now endeavoring to re-establish this business
for the benefit of three sons now in the Armed Services of the
United States, upon their return to civilian life.

At present Mr. Law has property of the Atlantic Coast Line
Railroad Company in Darlington leased and used as a garage
for the repair and servicing of cars and trucks sold by W.
P. Law & Son. This firm has several experienced mechanics
employed in whole or part time for this purpose, and has
ample facilities for storage and display and servicing of
such cars and trucks that this firm might purchase now or in
the future from the United States Treasury Department Procure-
ment Division.

Mr. Law makes a custom of selling on preference letters from
interested Government Agencies to essential users, most of whom
are farmers who are badly in need of the trucks that Mr. Law
procures for them. Apparently no other dealer in this section
is interested in securing salvaged Army vehicles for the use of
farmers and others needing them, and in this respect, Mr. Law
is performing a genuine service to the community.

It will be appreciated if your Department will recognize Mr.
Law's firm and allow him to continue to purchase used Army vehi-
cles. He is a registered licensed dealer and recognized as such
by the State of South Carolina, and this is established beyond
any doubt by evidence shown to me, and from my own personal
knowledge, and I think Mr. Law should be allowed to participate
in any and all sales of surplus Government vehicles.

Yours very truly,

F.B. Stem, Mayor of Darlington, S.C.

FBS:ld

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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Florence, South Carolina
February 19, 1943

W. L. Lee & Sons
Inc.,
Spartanburg, S. C.

Gentlemen:

We have ~~written~~ the following producers in Florence County, asking them to please meet with the Florence County Transportation Committee in reference to their desire to purchase a government truck through you:

J. B. McLellan
J. W. Hight
P. O. White

We are unable to locate an A. D. Weatherford in our files; therefore, we suggest that you get in touch with this producer and ask him to meet with the above Committee in the AED building on Friday, February 23, 1943.

Yours very truly,

Sally J. Stackley
Sally J. Stackley,
County Administrative Officer

W. P. LAW, JR., 14 U.S.A. 14 J. B. LAW, U.S.A. Air Corps 14 B. LAW, A.C. 14 D. LAW, MRS. DOROTHY E. LAW, W. H. FERRELL, Tobacco Specialist

W. P. LAW & SONS

FARMS AND ORCHARDS

MRS. DOROTHY E. LAW,
Inc. - Tobacco & Grain Mgr.

P. LAW, JR.
President & Sales Mgr.

Tobacco, Cotton, Pecans, Produce, Grain, Live Stock, Dairy Products and Poultry

(REAL ESTATE - RENTALS)
DARLINGTON, S. C.
ROUTE NO. 1 - PHONE 9203

COTTON BOLL SOUVENIRS
ARMY SALVAGE

PACKAGED PECANS

PRODUCE

(FOR U. S. ARMED FORCES EXCLUSIVE)

2 Hon. John L. McMillan

We naturally do not want to relinquish our right to buy in the Atlanta District, Treas. Dept., Procurement Div., but we do want the right to purchase, FOR CASH, such cars and trucks as our customers can use, ON PREFERENCE LETTERS, in the Raleigh District.

Nearly all the trucks and cars we have purchased so far, and sold to Preference Letters holders, have been in the Raleigh District, because we regularly travel this district anyhow, supplying foodstuffs to the U. S. Armed Forces in several states, and we can purchase with less expense and expense than we can in the Atlanta District.

There is an almost unlimited demand for these at my cars and trucks, and they are badly needed by our farmers. I respectfully request that we be permitted to purchase for CASH, when we pay ceiling price and have Preference Letters, or when we are the highest bidders, such cars and trucks as our farmer customers need, in the Raleigh Treasury Dept., Procurement Div. District.

We have been automobile and truck dealers all our lives, and we are just trying to keep this business alive for the benefit of those sons now in the armed services of the United States.

It might be an idea worth something for the Government to encourage the idea of kin folks and friends establishing businesses for returning veterans, instead of leaving the whole burden on Uncle Sam. This is what we are trying to do, in spite of a host of rulings and interferences, and a lot of needless expense and consumption of valuable gasoline.

We thank you for your assistance.

Yours very truly

W. P. Law

WPL/s

- DEALERS IN

"HONORABLY DISCHARGED"

ARMY VEHICLES

THAT HAVE A LOT OF GOOD SERVICE IN THEM FOR ESSENTIAL CIVILIAN USE

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 5, 1945

TO : Secretary of War
FROM : J. W. Perkins

3-11-45
REPLYING TO THE SECRETARY OF WAR
MARCH 5, 1945
SUBJECT: War Surplus Bids

J. W. Perkins

War Surplus Bids Opened Publicly by One Dept., Secretly by Another—Why?

A varied assortment of Government surplus property was placed on sale a few days ago under a new wide-open bid policy, says the *Daily Merit Reporter*. The publication went on to say that the sale was held under the auspices of the Regional Director of the Procurement Division of the Treasury Department for Region 2. The region embraces New York, Pennsylvania and New Jersey. Each bidder, after inspecting the merchandise in which he was interested, made out his bid and dropped it in a sealed envelope into a locked box. On Wednesday, February 28th, the boxes were opened in public and each bid was read aloud and the highest bidder received the award.

This bid-toss policy of reading the bids aloud on the spot was inaugurated by the Procurement Division of the Treasury Department as an answer to criticism that some surplus property sales in the past have been too secretive and because they were secretive they gave rise to all sorts of rumors that were not particularly flattering to the agency disposing of the material. All this makes good sound common sense.

In contrast to this method of disposing of Government surplus war materials we have before us a form issued by the Philadelphia Quartermaster Depot of Philadelphia, Pa., which calls for the submission of written bids to be received at the Quartermaster Depot's office by 10 o'clock February 28th for the sale of certain grades of scrap and waste materials. On the invitation form appears the following statement:

"Bids will not be opened in the presence of attending bidders."

Why should the Procurement Division of the Treasury Department conduct its sales in a public bid and why does the Philadelphia Quartermaster Depot consider it necessary to shroud in secrecy the bids that are received for the materials which it is to sell? If the Treasury Department's method is designed to bring the best results and to avoid any suspicions and distrust, why doesn't the Quartermaster Depot of Philadelphia follow in the same path? If secrecy is the objective, then why should one branch of a Government agency be in favor of the widest form of publicity? Either one hand of the Government does not know what the other hand is doing or perhaps doesn't want to know for reasons of its own.

Already there have been any number of complaints by buyers of Government materials over the secretive method followed by the Philadelphia Quartermaster Depot and by several other departments. We do not know what explanation (if there is one) has been put forth to justify the secrecy of opening bids. We have heard it said that one of the reasons offered is that the departments lacked the necessary clerical assistance. That sounds stupid, in any case, because all that is required is for some clerk to read aloud the bids that have been submitted. In spite of the serious manpower shortage, no department can honestly say that it lacks a clerk to read the bids publicly. That is as much papercrack, because the same number of clerks is needed to open the envelopes and to scan the bids in secrecy. If clerical shortage is the only reason for secrecy, then it does not hold water.

The order to exclude bidders from bids are opened may be the result of stupidity on the part of some individual who may not know the implications of such action. We prefer to be charitable and attribute such action to ignorance rather than to any ulterior motives. When sealed bids are opened in the privacy of officials, they have given rise to innuendoes of shady business if not outright accusations. The suspicion and accusations may be baseless but the fact is that when any procedure cannot stand the light of day it is bound to be open to suspicion.

Excluding bidders from attending the opening of their bids is contrary to the Baruch-McNeehan recommendation of conducting all sales as though they were held in a public bowl. It is contrary to common sense and to good business practice.

The Government has just begun to sell its surplus war materials. Billions of dollars' worth of such merchandise still remain to be sold. Such little things as excluding bidders from witnessing the opening and reading of their bids may do irreparable harm and make the Government's problem, already quite complicated, more serious.

Bidders should be welcomed rather than excluded when their bids are opened.



Washington Surplus Roundup

A weekly Surplus Sales Comment from the
Washington Office of SALES

Reports from New York reveal that the first "fish bowl" sale of consumer Regional Director of Treasury Pro- goods, which was held in Treasury Department, for Region II, and by V.J. Procurement last week was a marked success. According to Col. Frank L. Smith, Deputy Director, the success was due to the fact that the sale was held in a room which was not too large, the purpose of the sale was to eliminate the "mystery" about the purchase of surplus property and to show the dealer how easy it is to purchase.

Procedure was to announce that a collection of merchandise, including such items as clothing, mattress covers, hardware, elastic webbing, kerosene stoves, raincoats, etc., were available for inspection at the Treasury warehouse on Feb. 26 and 27. Sealed bids for these items had to be submitted by Feb. 28 and they were opened publicly that same day.

Indication of the interest displayed in this type of sale is the fact that

123 bidders competed for the merchandise and the Treasury announced that \$22,043 worth of goods were sold, at what officials termed "amazingly high" prices. 28 bids were entered for the various lots in one group of assorted clothing, and an offering of 15,384 yards of elastic webbing drew 22 bids at or above the ceiling price. The completely public method of sale had the approval of most buyers, and the sealed bid aspect also appealed to those who do not favor the "informal" or "negotiated" sale. The fact that the merchandise was broken up into small lots, for the benefit of the smaller business man was also welcomed.

The next sale of comparable nature will be held at the Property Disposal Depot, Wolf and Sanson Streets, Philadelphia, Pa., about the middle of March. Among the items to be sold there will be restaurant equipment, architect's and engineering supplies, including student's slide rules, building materials, carpenter's tools, a good sized lot of drawing boards, etc. On March 8, a sale of horses will be held at West Point, New York, with the fish bowl technique of sale followed.

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This method of selling, and this flexible attitude toward past procedures promise improvement and consistent development in the technique and effective operation of Treasury in the disposal of surplus property turned over to them by the agencies.

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE

March 8, 1945

TO Secretary Morgenthau
FROM Mr. DuBois

With reference to your memorandum of March 7, I'm glad to hear that you've gained five pounds. We can use it.

In your memorandum you constantly refer to BIG BUSINESS. Don't you think that if we could get more men like Latimer and Wallace in the Cabinet, BIG BUSINESS might begin to look to you as their one and only?

Incidentally, I notice that Wallace supported Bretton Woods in his speech on 60,000,000 jobs. Don't you think we should give him hell?

In strictest confidence (which includes my pipelines), Latimer is a better man than Kilgore. Insofar as Bretton Woods is concerned, if you want Latimer to oppose it, I'm sure it can be arranged.

jee

TREASURY DEPARTMENT

177

INTER OFFICE COMMUNICATION

DATE

March 8, 1945

TO Secretary Morgenthau (For information)
FROM Mr. Cee & C

Subject: Formation of a Belgian-Dutch-French-Luxembourg "Council for Economic Cooperation"

- (1) The Dutch Foreign Minister has advised the American Embassy in Brussels that the establishment of a "Council for Economic Cooperation" has been agreed to by Belgium, the Netherlands, France and Luxembourg. The Council will be an advisory body and meet once a month to discuss economic, financial and supply problems.
- (2) The French are pressing for an even broader agreement including a customs union, but the others are reluctant to conclude such an agreement, fearing French domination.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Brussels
TO: Secretary of State, Washington
DATED: February 26, 1945
NUMBER: 223

SECRET

The following information was given me by Spaak on whom I called this afternoon at his request about his trip to Paris.

It was stated by him that he had signed (1) an agreement for the exchange of certain specified commodities and (2) an agreement for exchange of fiscal information to prevent tax evasion (there was no mention made of this agreement in official communique regarding visit of Spaak). Also, there was an agreement signed between the Bank of France and the Belgian National Bank officially fixing the French Belgian franc rate of exchange at the existing rate and including a provision for the reciprocal granting of a revolving credit of one billion francs by each bank to the other.

It was also stated by Spaak that an agreement between Belgium, Luxembourg, the Netherlands and France providing for the establishment of a "council for economic cooperation" had been initialed but not signed because presence of Dutch representative was prevented by Dutch cabinet crisis. There is provided in this agreement that the council which will be an advisory body only will meet once monthly and discuss such problems of mutual interest as utilization of port facilities, financial policy, reconstruction, rehabilitation of industry, et cetera. Spaak would not forecast the council's. He stated that experience only would show the role it would play. It was intimated by him that the French still wanted to enter a broader agreement with Luxembourg, the Netherlands and Belgium, including a customs union but that because the three smaller countries feared that France would dominate such an arrangement, they were reluctant to enter it.

Repeated as no. 23 to Paris.

DC/L:KAC 3/2/45

SAWYER

cc: 3/5/45 Messrs. Glasser-Gold, DuBois, Brons (3), Schmidt (3),
Gunter, Friedberg, Miss Mikulich

ACTION: MR. GUNTER

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



OFFICE OF THE
EXECUTIVE DIRECTOR

MAR 8 - 1945

My dear Mr. Secretary:

I am pleased to send you herewith a copy
of the report of the War Refugee Board for the week
of February 19 to 24, 1945.

Very truly yours,

William O'Dwyer
William O'Dwyer
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of February 19 to 24, 1945

PROSPECTIVE EVACUATIONS FROM AND RELIEF OPERATIONS IN
GERMAN-CONTROLLED AREAS

At a meeting of the members of the Board this week the situation which is believed to prevail in enemy territory was outlined and the action which it is felt the Board should take under existing circumstances was indicated. It was set forth that the best information available to us indicates that, while the Germans apparently have abandoned wholesale exterminations of detainees, large numbers of the physically unfit are now in imminent danger of death from starvation, exposure, and deliberate neglect. It seems clear that, if their lives are to be saved, food, clothing, and medicines must reach them at once, and, if possible, they should be removed to a place of safety without unnecessary delay. The only means of direct contact with concentration and internment camps is through the International Red Cross, and operations can best be conducted through Switzerland. Approval was given to the proposals made for obtaining the necessary cooperation of the International Red Cross and of the Swiss Government and for obtaining the necessary food, medicines, and transportation equipment.

The two-fold program approved envisages (1) the furnishing of food and other relief through the International Red Cross to physically unfit unassimilated detainees who are within enemy-controlled territory, and (2) their removal by the International Red Cross to safety in Switzerland as soon as possible.

Representative McClelland was advised of the foregoing by cable and was requested to explore the availability in Switzerland of food and other relief supplies as well as transportation equipment and to advise us at once whether relief trucks are permitted to move from Switzerland to German-controlled areas and return to Switzerland for reloading of supplies. He was further requested to seek the consent of the International Red Cross to deliver the relief supplies in enemy territory and to organize and effectuate the removal of detainees to Switzerland; and, with the concurrence of appropriate officials of this Government, to approach the Swiss Government for the purpose of obtaining its consent to make available to InterCross now the necessary supplies and equipment for this relief and evacuation program against our assurance

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of replenishment or compensation at a later time, and to admit all detainees who reach Swiss borders and to house and maintain them until we are able to arrange for their evacuation to Allied territory.

In connection with indications that distribution of relief parcels may be officially permitted to certain categories of Schutzgefling in concentration camps, we requested McClelland to advise us whether Schutzgefling include persons actively engaged in labor in Germany and whether the categories to which Intercessory parcels will be sent comprise or exclude Jews.

In reply to his inquiry concerning reports that additional transports of refugees may follow the 1,210 who recently reached Switzerland from Theresienstadt, a cable was sent to the Director of the Intergovernmental Committee on Refugees, suggesting that the IGC representative in Switzerland obtain detailed information from Representative McClelland in Bern and discuss with him the various problems involved.

It is our information that the United Nations Relief and Rehabilitation Administration can arrange accommodations at the camp at Philippville for from 7,000 to 8,000 refugees by using tents in addition to the existing barracks, which can accommodate from 2,000 to 3,000. Medical facilities are available for 800 patients and can be doubled in case of an emergency. Plans have already been made by UNRRA for sheltering and maintaining 2,500 refugees at this camp.

According to a report from Stockholm, there appears to be a possibility that some 2,000 Jews may be released for removal to Sweden from concentration camps in Germany.

EVALUATIONS FROM SWITZERLAND

We were advised by the War Department that exchanges of messages indicate that plans are progressing favorably on the movement from Switzerland of the 1,674 Hungarian Jewish evacuees from Bergen Belsen. McClelland relayed to us information received from the British Legation in Bern that the British Foreign Office has agreed that the entire group should be removed from Switzerland as soon as possible and has suggested that their claims to admissibility to Palestine can be properly investigated after their arrival at Philippville.

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REPORTS ON GERMAN CONCENTRATION CAMPS

A report which reached us from a private source through our Legation at Bern carried information furnished by persons in the group of 1,210 refugees who recently arrived in Switzerland from Theresienstadt. It was indicated that some 13,000 Jews remain at Theresienstadt, and that 10,000 of them are old internees and 3,000 are newcomers. About 2,000 of the latter are said to be Christians of Jewish descent and "mischling" and include some 600 Slovakian Jewish women recently transferred to Theresienstadt from Sered. It was reported that 5,000 persons left Theresienstadt in September apparently for labor in the Reich, and that 18,000 more departed in October, ostensibly for the same purpose. Two escapees from Birkenau stated that these 18,000 were first sent to that camp and subsequently transferred into Germany. Conditions on the whole at Theresienstadt were described as hard. Internees are required to work 16 hours per day, and, although individual parcels from Sweden arrive satisfactorily, many of the elderly persons are dying from malnutrition.

A further report was received from our Embassy in Moscow concerning conditions at Oswiecim (Auschwitz). According to a report which the Polish Information Service received from a Polish correspondent, the Germans began to evacuate prisoners from the camp on February 22, 1944, at which time there were 160,000 persons imprisoned there. By January 1, 1945, only 60,000 remained, and the final liquidation began on January 18. The prisoners who were at that time unable to walk were shot, and on January 21 just 6,000 remained who were saved only by the Red Army's rapid advance. The inmates included women, children, and old men from Warsaw in addition to citizens of all European nations. Barracks were provided for the mentally ill. According to statements of prisoners, the Germans murdered 4,000,000 persons of 22 nationalities at the camp, which covered an area of more than 50 square kilometers. Prison labor was employed in the gasoline and synthetic rubber plants and German Farben Industrie factories in the area. No wages were paid, and workers who became exhausted were cremated. The report of the Polish correspondent described the systems of torture used on the prisoners. At Brzezinski (Birkenau), a short distance from Oswiecim, only 4,500 prisoners were found by the Red Army, among them 900 men, 800 old women, and 500 orphans deported from Warsaw following the uprising there. The number of women at Brzezinski on January 21 was 935.

RELIEF PARCELS

Minister Johnson reported that, under the program of a private organization in Sweden, 11,000 parcels have been sent to Theresienstadt, 7,000 to Bergen Belsen, and 2,000 to other camps. These 20,000 parcels contained 80,000 kilograms of food. Arrival of packages is confirmed by wires from persons in Switzerland who were recently freed from these camps and who stress the vital importance of food parcels.

A private organization in this country informed the Board that its representative in Switzerland is in a position to purchase certain foodstuff in Switzerland for consignment to Intercesses for distribution to unassimilated Jewish internees at Bergen Belsen provided the assurance required by Swiss authorities can be given that a corresponding amount of similar foodstuff will be available for import. Our Legation in Bern was informed by cable that there is no objection to giving the assurance requested provided United States Government officials in Switzerland concur.

McClelland reported that the International Red Cross has indicated its willingness to assist in a proposed program of a private organization for sending relief parcels to Luxembourg deportees in Germany.

REPORTS ON HUNGARIAN AND RUMANIAN JEWS

According to reliable reports received from private sources, 114,000 Jews survived in Budapest, there are an estimated 12,700 Hungarian Jews in Rumania, and between 4,000 and 6,000 in Northern Transylvania. Of those in Rumania, 1,500 escaped deportation from Hungary and crossed the Rumanian border clandestinely after June 1944; 3,200 were forced laborers who were liberated from the copper mines at Bor, Yugoslavia, and were permitted by Rumanian authorities to cross the frontier in September and October 1944; the remaining 8,000 were members of forced labor battalions in Hungary freed by the advance of the Russo-Rumanian forces. Those in Northern Transylvania were also recently liberated from forced labor columns by the Russo-Rumanian offensive.

Statistics were also received indicating the disposition of the present Rumanian Jewish population of 236,000 and showing an estimated 17,150 and 6,000 surviving in Bukovina and Northern Transylvania, respectively, where there were formerly 129,000 and 150,000.

William O'Dwyer
William O'Dwyer
Executive Director

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

Please deliver the following message to Dr. Adolf Freudenberg,
41 Avenue de Champel, Geneva, from Leland Rex Robinson of the American
Christian Committee for Refugees, Inc.:

NOTE: CABLED \$1,100. DOLLARS OF WHICH 100 IS FOR CITIZEN
STOP (BUREAU) LELAND REX ROBINSON UNQUOTE

THIS IS NEW BUREAU CABLE NO. 436

11:30 a.m.
March 8, 1945

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CABLE TO AMERICAN EMBASSY, PARIS, FROM WAR REFUGEE BOARD

Please deliver the following message to Joseph Schwartz from
M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE RECONSTRUCTION COMMITTEE APPROVES ESTABLISHMENT PASSA
BELGIUM FOR WHICH APPROPRIATED UP TO FIVE MILLION BELGIAN
FRANCS. ASSURES PASSAS WILL BE ORGANIZED SAID BASIC PRINCIPLES
FRANCE STOP ALOPOVICI READY PROCEED LONDON ON RECEIPT BRITISH
VISA UNQUOTE

11:25 p.m.
March 8, 1945

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CABLE TO AMERICAN EMBASSY, LISBON, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Harold Trobe
from M. A. Leavitt, of American Jewish Joint Distribution Committee:

QUOTE ADVISE SCHWARTZ LINDER RE CALLED SIR HERBERT EMBASSY
REGARDING REIMBURSEMENT. LETTER FOLLOWS. UNQUOTE

THIS IS WAR LISBON CABLE NO. 154

11:30 a.m.
March 8, 1945

187

C
O
P
Y

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATED: March 8, 1946
 NUMBER: 1481

SECRET

The following message from McClelland for WRB and the Department is transmitted.

Please refer to cable from the Department dated February 23 No. 819 and cable from the Legation dated March 2 No. 1346.

It was revealed by a conversation on March 8 with Burckhardt of ICRC that Himmler has now made known his willingness to meet on March 10, 11 or 12 with Burckhardt. Therefore, accompanied by Bachmann, his personal secretary, Burckhardt will definitely leave on March 8th or 9th for Germany. These conversations will be with the SS exclusively, chiefly Kaltenbrunner and Himmler himself. Statement was made by the intermediary who extended the SS invitation that he had been directed to inform Burckhardt that Hitler himself might be present at a part of the discussions, the Führer's health permitting.

The foregoing paragraph is for the strictly confidential information of WRB and the Department.

It is the plan of Burckhardt to raise the entire question of relief to all categories of Schutzhaftlinge and to prisoners of war, regardless of their religion, race or nationality.

Especially

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- 2 -

Especially there was brought up the release and removal of physically unfit people.

On March 3 ICRC was officially informed in this connection by the Government of Germany that that Government now agreed to the exit from Germany of elderly people, women and children, of Nordic extraction or nationalities, and of French nationality, who were unsuited as laborers. It is not clear whether the Nazis include Jews among the people of French nationality. A promise was made me by Burckhardt that he will try to secure the release of Jews as well within any national group if the Germans desire to limit the evacuees to certain nationalities, for reasons which are not clear.

Twenty-five trucks with fuel and prisoners of war parcels left Switzerland for Germany on the 7th of March according to the plan reported in our message No. 1346. Permission for the entry of as many trucks as ICRC wishes for prisoners of war relief has now been granted by the Germans OKW. Whether this authorization includes trucks carrying relief to Schutzhaftlinge, is not clear. On this point Burckhardt will make an effort to obtain favorable decision.

At the present time the number of trucks potentially available in Switzerland to ICRC (*) program for POWs, not to mention Schutzhaftlinge, and also would be insufficient if the Nazis agreed to allow the removal of any considerable number of Schutzhaftlinge from Germany. ICRC has, in all, 60 Canadian trucks, of only three tons capacity, and 48 United States trucks of from seven to eight tons capacity.

I understand

- 3 -

I understand that SHAEF has now agreed to furnish fuel, not for transport relief to unassimilated groups but only for transporting relief to prisoners of war; you might desire to take up with the War Department this matter.

There is a possibility that we may be confronted suddenly with a major technical and transport problem if the Germans agree to release a large number of Schutzhaftlinge (who might conceivably amount to several tens of thousands) following the negotiations of Burckhardt. Under present conditions it is most unlikely that the Swiss will be able or willing to send railway trains to Germany to get such evacuees, or that the Germans will be able or willing to transport them to the Swiss border.

At the present time I am working on the problem of transporting our 60,000 WRB parcels to unassimilated groups in Germany through the ICRC Division of Special Assistance and through private Swiss trucking concerns. If tires can be furnished from the outside, or at the very least, their replacement within a short and definite time limit can be guaranteed, there is a slight possibility of securing five to eight wood-burning trucks. An average of ten heavy duty tires and two spares per truck must be estimated.

With reference to the entry of new and larger groups of refugees ICRC was assured by von Steiger, President of Confederation that to the limit of its possibilities Switzerland, in principle, would admit such groups.

HARRISON

(*) Apparent omission-verification requested.
DC/L:LOW:WZ 3/10/45

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MWK-1554

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

Secretary of State,
Washington.

360, March 8, 8 a.m.

TO CROWLEY FOR MILLER FRA FROM STANTON.

Our 173, Feb. 6.

NRG (repeat NRG) anxiously inquire when may they expect shipment
NRG gold.

ATCHESON

MW

ef:copy
3-10-45

190

Chungking
Dated March 8, 1945
Rec'd 9:41 p.m.

191

CABLE TO WISANT, LONDON, FOR NAME FROM WAR REFUGEE BOARD

Reference your 2402 of March 8, 1945.

For your information following are texts of two recent cables sent to McClelland:

1. Cable No. 819 of February 23:

"The cable below to Harrison and McClelland from Department and War Refugee Board is WXB 418.

"The following is text of memorandum of Executive Director of War Refugee Board which was unanimously approved at Board meeting February 20th:

Memorandum to: Secretary Stettinius
Secretary Morgenthau
Secretary Stimson

Our best information indicates that, while the enemy has abandoned wholesale extermination of detainees, large numbers of the physically unfit are now in imminent danger of death due to starvation, exposure and deliberate neglect. The actual numbers are unknown and are believed to be changing daily.

Food, medicines and clothing must be distributed to such detainees at once if their lives are to be saved. They should be removed, if possible, to safety in Switzerland without unnecessary delay.

The International Red Cross is our only means of direct contact with the camps. Operations can best be conducted from Switzerland.

The War Refugee Board is requested to authorize its representative to obtain the necessary cooperation of the International Red Cross and the Swiss Government.

The War Refugee Board is further requested to approve that the necessary food, medicines and transportation equipment be made available to the International Red Cross by the Swiss Government against our promise of repayment or replenishment after the

- 2 -

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war. It is understood that private funds are available for the necessary financing.

(Signed) William C. Dwyer
Executive Director

APPROVED: (Signed) Joseph C. Grew
Acting Secretary of State

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

(Signed) Henry L. Stimson
Secretary of War

"You will note that the program approved envisages (1) furnishing food and other relief through the International Red Cross to physically unfit unassimilated detainees who are within enemy-controlled territory, and (2) their removal by the International Red Cross to safety in Switzerland as soon as possible.

"The Executive Director of the Board plans to go to Switzerland in the near future in connection with the foregoing program. In the meantime, you are requested to do the following immediately:

1. Explore the availability in Switzerland of food and other relief supplies as well as transportation equipment. Please advise the Board and Department at once whether relief trucks are permitted to move from Switzerland to German-controlled areas and return to Switzerland for reloading of supplies;
2. Approach InterCross with a view to obtaining their consent to deliver the relief supplies in enemy territory and to organize and effectuate the removal of detainees to Switzerland;
3. If Currie mission concurs please approach the Swiss Government for the purpose of obtaining its consent (a) to make available to InterCross now the necessary supplies and equipment for the foregoing relief and evacuation program and (b) to admit all detainees who reach Swiss borders and house and maintain them under guard until we are able to arrange for their evacuation to Allied territory. You may assure the Swiss that this Government will arrange for the replenishment from the outside of all supplies made available by the Swiss for this purpose and compensation for use of equipment.

"Please report all developments to Department and Board."

2. Cable No. 998 of March 9, 1945:

"Reference your No. 1217 of February 24, and No. 1545 of March 2, 1945, and Department's 619 of February 23, 1945.

"1. The Board regards as most urgent that all possible steps be taken at once for the delivery of War Refugee Board food parcels to intended beneficiaries in enemy territory. Accordingly, you are hereby authorized to procure the necessary transportation, including trucking facilities, gasoline, tires, oil, etc., from any source to be made available to the International Red Cross for (a) the delivery of War Refugee Board food packages and (b) for the evacuation of physically unfit detainees from enemy territory to Switzerland. The Board urges haste in this program.

"2. The War Department today has cabled General Eisenhower recommending the release of 50 tons of trucking capacity with 1500 to 2000 gallons of gasoline per week and necessary lubricating oil for delivery to the International Red Cross in Switzerland earmarked for War Refugee Board operations. G-4 at Paris has been instructed by the War Department to expect your arrival in Paris and you are hereby directed to proceed to Paris at once to work out necessary details.

"3. You should, of course, continue to make every effort to obtain transportation equipment from other sources including Swiss Government and private sources in Switzerland, since ultimate transportation needs may require more than 50 tons of trucking capacity.

"For your information, the Swiss Minister in Washington has advised me that he has recommended to his government that adequate trucking facilities be released by the Swiss for this urgent War Refugee Board work.

"Use your best judgment in handling complications which may arise. Please keep Board advised of all developments."

THIS IS WFO LONDON CABLE NO. 88

9:45 a.m.

March 13, 1945

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EIN-1405

PLAIN

Rosa

Dated March 8, 1945

Rec'd 3:18 p.m.

Secretary of State

Washington

650, March 8, 4 p.m.

PER MOSES LEAVITT FROM JOSEPH SCHWARTZ.

Five. Arrived here and conferring Hesnik and Jacobson. Palestine transport 900 scheduled depart March 25 will cost 14 to 15 pounds per person which we have underwritten order expedite movement. You may charge this against emigration appropriation.

KIRK

RUI

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CABLE TO AMERICAN CONSUL, LONDON, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Harold Trabe from Moses W. Schwartz, of American Jewish Joint Distribution Committee:

QUOTE: UNDERSTAND EXPORT LICENSES AVAILABLE SOLELY FOR SHIPMENT FOOD POLAND AND WE READY AUTHORIZE UP TO \$100,000 FOR PURCHASE FOOD CLOTHING. JOINT SYNDICATE ASSOCIATION POLISH WANT IN SWEDEN CLAIM HAVE LICENSES SUCH EXPORT. ON RECEIPT INSTRUCTIONS FROM YOU WILL TRANSMIT COUNTRY'S FUNDS AS NEEDED IMMEDIATELY APPLIED LICENSE THIS PURPOSE STOP. APPROVE AIRPLANE SHIPMENT MEDICAL SUPPLIES CZECHOSLOVAKIA. STOP. MEDICAL COMMITTEE RECOMMENDS FOLLOWING FOR PURCHASE: SULFADIAZOL, D-VITAMINE OIL HIGH COURSE CONCENTRATION, C-VITAMIN, SANGONER STERN, FRYEDAMBITOL, ANTI-SCURVY COUNTRY, GINCOU, ALL SUGARIN. MUST LEAVE TO COUNTRY AND MEDICAL AID DISTRIBUTION AMOUNTS WITHIN APPROPRIATION \$25,000 POLAND AND \$10,000 CZECHOSLOVAKIA. UNQUOTE

THIS IS THE LATEST CABLE NO. 183

11:46 a.m.
March 7, 1945

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CABLE TO AMERICAN EMBASSY, BOMB, FROM WAR REFUGEE BOARD

Please deliver the following message to Aruben Fashir from H. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE: ASSESS WHEN YOU VISIT GREECE AND JACOBSON VISITS YUGOSLAVIA YOU WILL EXPLAIN POSSIBILITY SETTING UP CENTRAL BUREAU FOR LOCAL-TIME DISPLACED PERSONS EACH COUNTRY IN ACCORDANCE WITH DISCUSSIONS OF DISPLACED PERSONS SUBCOMMITTEE WORK. WE AGREE CENTRALIZATION EACH COUNTRY SUCH EFFORTS MUST PRACTICAL AND EXPEDIENT. CENTRAL LOCATION MUST BEING YOU MAKE ALL INQUIRIES FOR GREECE JUNK. SIVATA UNTIL BUREAU ESTABLISHED ATOMIC BOMBARDMENT UNQUOTE

1:00 p.m.
March 8, 1945

CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, FROM WAR REFUGEE BOARD

197

Please deliver the following message to Dr. Judah Magnes from H. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE YOUR 189 IF POSSIBLE CABLE HUNGARY BORN JEWISH SURVIVORS GALICIAN TOWNS SAGOR AND STANISLAW UNQUOTE

1:00 p.m.
March 8, 1945

188

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State
 DATED: March 8, 1945
 NUMBER: 1480

SECRET

The following message, strictly confidential, from McClelland for WSR.

To Nathan Goldmann of World Jewish Congress, from Hiegner, Geneva.

On the third of March, pursuing negotiations in the name of the Congress Sabowitzki discussed rescue problems with Carl Burckhardt, President ICRC, and with Von Steiger, President Swiss Confederation. For the purpose of discussing the release of civil detainees with Himmler, among other matters, Burckhardt announced his intention of leaving Germany within a few days. A member of the Swiss Legation in Berlin has been instructed to undertake parallel intercession also, by the Swiss Federal Council. Assurance was given by Von Steiger that any transports that might arrive from Germany would be admitted by Switzerland. The Germans had now agreed to repatriation of certain national groups of civil detainees, Burckhardt informed us.

For sending relief to camps in Germany Anglo-Saxon authorities have agreed to make available trucks to ICRC, but they insisted that they be used for prisoners of war only, civil detainees being excluded. It is the belief of ICRC that it will be possible to conclude arrangements for the use of such trucks returning empty for the transportation of released persons to Switzerland, however. It is requested that you make urgent intercession with competent Allied authorities value of trucks for the relief of detained civilians. Please approach the Swedish Red Cross and, for the evacuation from Northern Germany, send a steamer to Lubeck also. It is requested that you cable me in this matter.

REPRODUCTION

DO/LHLW 3-9-45

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CABLE TO AMERICAN EMBASSY, LONDON, FROM THE WAR REFUGEES BOARD

Please deliver the following message to Harold Trope from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE ADVISE SALLY MAYER FURTHER YOUR CABLE REGARDING DUTCH COMMITTEE, DUTCH GROUP HERE MOST ANXIOUS THAT CLOSE FRIENDLY RELATIONSHIP BE DEVELOPED BETWEEN SALLY MAYER AND DANC COMMITTEE. ADVISE MAYER IMPORTANT INDIVIDUALS HERE PRESSING US FOR SUCH COOPERATION WHICH WE HOPE HE WILL WORK OUT

THIS IS WSR LONDON CABLE NO. 152

March 8, 1945

12"

200

London

Dated March 8, 1945

Rec'd 11:40 p.m.

Secretary of State

Washington

2402, March 8, 7 p.m.

FOR CHIEF OF BUREAU OF INFORMATION.

World Jewish Congress here feels some possibility German policy of extermination may soon be changing to one of evacuation of Jews. They recognize transport difficulties of saving any large number should Germans be willing to permit exit. They point out Intercross negotiating with SHAEF for trucks to carry parcels to prisoner war camps in Germany from German Swiss border in south and Lubeck in north. Number trucks to be furnished Intercross undetermined but WJC informed agreement reached on principle. Such trucks they point out will be returning empty from prisoner war camps to German border and could be utilized to carry Jews out. WJC approaching Intercross through delegate here and have asked that Intercross be urged by board's representative in Bern to approach Germans with view to working out arrangement along lines indicated above for evacuating refugees from Germany. If board perceives no objection please give appropriate instructions to McClelland.

WIRANT

HN

201

COPY:DC:AGH

INCOMING
TELEGRAM

MS-1551

PLAIN

Bern

Dated March 8, 1945

Rec'd 9:25 p.m.

Secretary of State,

Washington.

1497, Eighth

AMERICAN INTERESTS SWITZERLAND CIVILIAN EXCHANGE

Swiss Foreign Office official telephones this morning that Jan Freund, Gertrud Hasenberg and Heins Hasenberg hospitalized St. Gall have recovered sufficiently to travel.

Urgent instructions as to their travel are requested.

Pending arrangements onward voyage Swiss Foreign Office official inquires whether they may be released from surveillance under which they are now held and whether they may be transferred to Swiss home for refugees and contact friends or relatives here.

HARRISON

FB

SECRET

PARAPHRASE

OUTGOING

WAR DEPARTMENT MESSAGE

FROM: War Department

TO: Headquarters, Communications Zone, European Theater of Operations, Paris, France

NUMBER: WAR 49934

DATE: 8 March 1945

From McCloy to Eisenhower.

Lack of transportation has brought to virtual standstill War Refugee Board Operations which supplied food parcels to inmates of concentration camps in Germany. Subject to availability in light of requirements for operation, provision from U. S. Army stocks trucking, fuel, etc. has been authorized by Secretary of War for this purpose in view of critical condition.

A requirement of 80 tons of trucking, preferably 10 5 ton trucks, and between 1,800 and 2,000 gallons of gasoline weekly plus lubricating oils needed is estimated by War Refugee Board. It is proposed to turn this trucking over to International Red Cross for operation inside Germany by them. Switzerland would probably be effective place of transfer.

For the purpose of discussing arrangements in detail with you, Mr. Roswell McClelland, War Refugee Board representative in Bern, is being directed by War Refugee Board to proceed to Paris. Your consultation with McClelland is requested, and as soon as you know whether it is feasible for you to make these facilities available, inform us.

ORIGINATOR: CAS/W

INFORMATION: CPD, G-2 (War Refugee Bd), CAS/W, C of B

CM-CUT-49934 (War 45)

NOT TO BE RE-TRANSMITTED

COPY NO. 203

SECRETOPTEL No. 77

Information received up to 10 a.m., 8th March, 1945.

NAVAL

1. HOME WATERS. 7th. Midget U-boats active on convoy route to Antwerp but no damage to shipping reported while at least 6 midgets sunk or abandoned with five prisoners taken.

2. EAST INDIES. During recent patrol west of Burma one of H.M. Submarines sank sixteen native craft (4970 tons), one tank landing craft and one junk.

3. ANTI-SUBMARINE OPERATIONS. 7th/8th (night). A promising attack was carried out by 25th Escort Group against U-boat in St. George's Channel.

MILITARY4. WESTERN FRONT.

Southern Sector: Following breakthrough armoured division of 3rd U.S. Army has reached Rhine below Coblenz.

South Central Sector: Armoured elements of 1st U.S. Army making considerable progress in south easterly direction against crumbling resistance and after entering Ahrweiler have reached Rhine at Remagen. Further north troops of same Army continued clearing Cologne and have virtually eliminated enemy resistance west Rhine between this town and Neuss.

Northern Sector: Enemy resisting desperately in Wesel bridgehead where steady pressure has yielded limited gains.

5. EASTERN FRONT.

Central Sector: Stepenitz (15 miles north Stettin) captured. Further south Germans claim to have successfully withstood numerous Russian attempts to enlarge Kuestrin bridgehead.

Southern Sector: Banska-Stiavnica (S.W. Zvolen) captured while in Hungary heavy German attacks area Lake Balaton repelled.

6. BURMA.

Central Sector: Now reported 2000 Japanese killed Meiktila operations while our losses 60 killed and 221 wounded. Further east leading troops now reported 17 miles north Mandalay.

North Eastern Sector: East Irrawaddy British troops now 7 miles west Mong Hsat while further north Chinese force advancing down Old Burma Road is four miles from Lashio.

AIR7. WESTERN FRONT.

6th/7th (night). 400 aircraft despatched (1 missing). 198 attacked harbour installations and shipping Sassnitz (670 tons), 130 Wesel (463 tons), 42 Berlin. 15 sea mining and 6 bomber support; all with unobserved results. In attack on shipping Skagerrak by Hallifaxes one 3,000 ton ship hit.

7th. 878 U.S. heavy bombers (1 missing) attacked through cloud four oil targets Ruhr (990 tons) five railway centres west Germany (1223 tons) and viaduct Bielefeld (211 tons).

SHARP (Air). Adverse weather severely restricted operations and only 200 sorties flown whole front. 43 Coastal Command Mosquitoes (2 missing) attacked 8 heavily laden self-propelled barges 46 miles N.E.S. The Skaw and sank seven.

8. MEDITERRANEAN. 6th. 1129 tactical aircraft (5 missing) successfully attacked communications North Italy and provided close support destroying 200 road and rail vehicles and cutting railways in 67 places.

9. SIAM. 4th/5th (night). 90 Liberators attacked railway installations Bangkok (211 tons) where bombing accurate.

HOME SECURITY (Up to 7 a.m. 8th)

10. ROCKETS. 7th/8th (night). Eight incidents reported. 7th. Five incidents reported.

Regraded Unclassified

12"

204

March 9, 1945
9:13 a.m.

Operator: Go ahead.

HMJr: Hello.

John McCloy: Hello.

HMJr: Good morning.

M: Good morning.

HMJr: How are you?

M: Fine. I heard yesterday from the State Department that Stettinius -- uh -- was bringing up with him, or at least had the authority, to deliver when he got up here a paper which would give the full statement of what was decided at Yalta and what ought to be done to implement it.

HMJr: Yes.

M: I think that until we see what that is, and I am told that there is a good bit in it that nobody else -- nobody has seen yet, that until we see that we'd only be conjecturing as to what's going on

HMJr: Yeah.

M: and I think it may -- if we get talking about it with you, the State Department might get excited about it. I wonder whether we shouldn't postpone this talk until after we have had the decisions and what the instructions are -- that is, I'm talking about the luncheon today.

HMJr: Suits me.

M: I think that otherwise we would be conjecturing. I just have heard rumors and I think we are going to get it within 12 or 24 hours.

HMJr: Oh.

M: And then we had better -- we'd better sit down as soon as we get it and see what -- see what's

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M:
Cont'd.

involved. Uh -- that's -- there has been so much secrecy about it, that I am afraid that they'll -- there's been so damned much talk about -- uh -- the fact that the State -- the War Department and the Treasury Department are in favor of one line and the State Department in favor of another -- Murphy has come back with somewhat that same comment -- he's back now, and I think that Leon Henderson came back with the same story. We had better start off at scratch again when we get the Yalta decisions.

HMJr: I can wait.

M: I think it may be better to do it, but I want to get these and get going on it because, God, with us across the line

HMJr: Yeah.

M: We are in a bad position because we haven't got now any instructions on the combined basis -- after hostilities. We still have that old 551. We have nothing before the European Advisory Commission and we have before us this major question as to how complete our control is to be.

HMJr: Yes.

M: Ah -- and we've got this question -- this decision of reparations, but I don't think we can talk about it until we know exactly what the decisions are and what the President wants us to do.

HMJr: Yes.

M: Don't you agree?

HMJr: I -- I can wait. It's -- rather than sit around -- I've got plenty to do, you can bet you.

M: Okay.

HMJr: Right.

M: All right. Bye.

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March 9, 1945
9:43 a.m.

Philip Murray: Good morning.

HMJr: Henry talking. How are you?

M: Very well. How are you, Mr. Secretary?

HMJr: Fine.

M: That's good.

HMJr: Phil, I'm leaving town tonight to go out to speak in Minneapolis on Bretton Woods.

M: Oh, yes.

HMJr: And before leaving I wondered if we could get you to testify in behalf of Bretton Woods.

M: You noticed my letter, did you, to the Chairman of the Committee in the morning paper, Mr. Secretary?

HMJr: I didn't see it, no.

M: Yeah, I wrote a very lengthy letter to the Chairman of the Committee and it's in the morning Post -- excerpts from it.

HMJr: I see.

M: Coming out strongly for the Bretton Woods agreement.

HMJr: Fine.

M: Supporting it wholesomely.

HMJr: Fine.

M: And suggesting that it was the only thing that will assist the nations of the world to get themselves in order after the war is over.

HMJr: Yes.

M: If necessary I can appear before the committee at a later date. I -- I thought -- I thought that this would be sufficient, however.

HMJr: Well

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M: I'll be delighted to send it over to you.

HMJr: I'll tell you, Joe O'Connell came in to see me this morning and asked me if before I left town would I contact you.

M: Oh huh.

HMJr: And I wasn't aware of this letter.

M: Yeah.

HMJr: But can I tell Harry White and Joe O'Connell that if they need you later on, you'll be glad to testify?

M: Certainly, and I'll be delighted to give them a copy of this letter I sent over.

HMJr: Well, I'd like one myself.

M: Very fine, Mr. Secretary. I'll be glad to do it. I'll send it over to you.

HMJr: Well, you're always a friend in need.

M: All right. Very fine, Mr. Secretary.

HMJr: Thank you.

M: You're quite welcome. Good bye.

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March 8, 1945
10:10 a.m.

MR. GREEN: Hello.

H.M.Jr: Morgenthau speaking.

G: Yes, sir, Mr. Secretary.

H.M.Jr: How are you?

G: Pretty well, thanks. How are you?

H.M.Jr: Good.

G: That's good.

H.M.Jr: Mr. Green, you may have seen in the papers that the Bretton Woods legislation is up before Congress.

G: Hello.

H.M.Jr: Yes.

G: And we hope that you and your organization will back us publicly on this.

G: Yes.

H.M.Jr: I don't know how familiar you are with it.

G: I am not as familiar as I would like to be, because it's a little--it's a little outside of my field, that is, in a technical way. I don't understand it as thoroughly as you do, I know.

H.M.Jr: Well, any time tomorrow I would be glad to send one or two of our people over to call on you if you could set a time. If they are not testifying, Harry White, Assistant Secretary of the Treasury, would be glad to call on you.

G: Yes. All right. Well--

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H.M.Jr: Do you want to name a time?

G: I'll be glad to see him about eleven o'clock tomorrow.

H.M.Jr: Eleven o'clock. Now, if he's testifying, we'll call up your office. We'll have to send somebody else.

G: Yes. Very well.

H.M.Jr: But it will most likely be Mr. White and Mr. O'Connell--

G: Yes.

H.M.Jr: ...our General Counsel.

G: Yes.

H.M.Jr: And somebody will be there at eleven.

G: Very well.

H.M.Jr: And I'd appreciate your giving them a hearing, and--

G: Yes, I'll be glad to, sure.

H.M.Jr: Fine.

G: Yes, I'll be glad to talk to them about it.

H.M.Jr: Thank you very much.

G: All right, sir. Good bye.

210
March 9, 1945
12:15 p.m.

HMJr: Hello.
George Little: Hello.
HMJr: Little?
L: Yes, Mr. Secretary.
HMJr: How are things going?
L: All right, I think.
HMJr: Yeah?
L: I think it will be all right. There's an editorial in the Tribune this morning about it, but -- it says it needs more analyzing and so forth, but I'll save it for you.
HMJr: How about the crowd. No one has told me whether there's going to be a good crowd.
L: Oh, I think there will. From what I hear we'll have a good crowd.
HMJr: But not a -- but not a sell out, huh?
L: Well, I think it will be. It's -- we've got today and tomorrow yet to build it up, you know.
HMJr: Not too good right now?
L: Well, I don't know just what the total is, but I'd say it's about a quarter sold.
HMJr: I see. I see. Now, are there going to be any other speakers?
L: I -- I don't know. I think there will be, but, of course, you will be the major speaker
HMJr: Yes.
L: if there should be one, Mr. Secretary.
HMJr: What's that?
L: I don't know just who else is on the program yet.

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HMJr: Well, now, George.
L: Uh huh.
HMJr: We're going to take off some time between -- around four-thirty today.
L: Today?
HMJr: Sat -- hello?
L: Yes.
HMJr: I don't want anybody to know that except Mrs. Robert Morgenthau.
L: Mrs. Robert Morgenthau.
HMJr: Yes.
L: All right.
HMJr: Do you know how to reach her?
L: Well, I'll find out. I'll find out, Mr. Secretary.
HMJr: Well, she's staying with her parents, the Pattridges.
L: Uh huh.
HMJr: Her parents' name is -- I don't -- Pattridge.
L: I -- I have their name someplace in my notes, Mr. Secretary.
HMJr: Yeah. And -- because I want to come to the hotel. I don't want to be met at the airport. See?
L: All right.
HMJr: I mean, if you want to come out there with Secret Service, that's all right.
L: All right. Fine, Mr. Secretary, and I will get in touch with Mrs. Robert Morgenthau and let her know.
HMJr: Yeah, but I say if you come out, all right, but I don't want anybody else except -- to meet us -- Secret Service and yourself.

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L: All right.

HMJr: Well, I mean, if

L: I knew that's the way you wanted it.

HMJr: Yeah, but I mean if Mr. Pattridge wants to come, of course, that's all right, but I wouldn't suggest it.

L: Yes, I see.

HMJr: See?

L: Uh huh.

HMJr: I mean, if he wants to come, or Mrs. Pattridge, but otherwise, we'll go right to the hotel.

L: All right. Fine.

HMJr: Okay?

L: Yes, that's fine, Mr. Secretary.

HMJr: All right.

L: We'll look forward to seeing you.

HMJr: Thank you.

L: All right, sir.

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Mr. Bell came in shortly after the Secretary had this conversation and said that the Secretary had instructed him to read the conversation. Since it had not been typed, he sat down and listened through the record.

March 9, 1945
12:37 p.m.

214

Jere
Cooper: Hello, Henry.

HMJr: How are you, Jere?

C: Fine, thank you. Fine, thank you. Hope you are.

HMJr: But listen.

C: Yeah.

HMJr: You gave me an awful job yesterday. I didn't know what -- what you were handing me. Hello?

C: Yes.

HMJr: I'm not telling you anything now that you don't know, but let me tell you the facts that I've got. See?

C: Uh huh.

HMJr: This Miss Rhea last March was increased from \$2,000 to \$2,100 on Grade 6.

C: Uh huh.

HMJr: As I say, I know you know all these things.

C: No, I don't know all of them, I don't suppose.

HMJr: Well, anyway -- and the only way we could do it then was to pay her out of the President's fund which was allotted to us for the War Refugee Board.

C: Uh huh.

HMJr: She's on those funds.

C: Uh huh.

HMJr: Now, we've got a scale around the office here for secretaries, you see?

C: Uh huh.

HMJr: And I think we could get her up into Grade 7. Hello?

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- 2 -

C: Yeah.

HMJr: Which would pay her \$2,500, and at that -- even at that, I'd have to bring all kinds of pressure on Civil Service.

C: Well, I figured there'd be difficulty about Civil Service. I mentioned that, and you said you thought so, too, but you would take care of it.

HMJr: Well, I -- I'm willing to do anything that's reasonable, and I want to meet you 75% of the way if I can, but the great difficulty is the upset it will do around the shop here, you see, in relation to the other girls, and it won't make her too popular. But you see, if she went another \$300 within the year -- it would be less than twelve months -- wouldn't that be moving forward very nicely?

C: Oh, well, I told you, Henry, how intensely interested I was

HMJr: Yes, I know.

C: and this thing is so important to me, and I -- I certainly was depending on you to take care of it for me like you told me.

HMJr: Yeah. Well, do you want to think about it?

C: No, I -- I told you the story yesterday and I -- I feel very deeply about it.

HMJr: Yeah. Well, let me have another look at it.

C: Well, I -- I told you the story about it yesterday and that's the way I feel about it. I really do. Of course, I told you how important it was to me.

HMJr: Yeah.

C: I ask for mighty little considering what I try to do....

HMJr: That's correct.

C: up here.

HMJr: But I didn't know at the time what the girl was getting nor what the other girls were getting, and all that.

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C: Well, I would certainly think that Joe DuBois and Lux there as very important right-hand men of yours, why, they've got to have good help, of course.

HMJr: Yeah.

C: My understanding is that she's highly efficient and has made Joe a splendid secretary. Have you talked to Joe about it?

HMJr: No, because I -- I'm not -- I didn't -- I didn't

C: I'd like for you to talk to Joe because he, doubtless, has all the details about it.

HMJr: Yeah.

C: Who did you take it up with?

HMJr: My Administrative Assistant.

C: Charlie Bell?

HMJr: Yeah.

C: Oh, well, Good God, I'm not surprised at what you got from him.

HMJr: Well, he's a good man.

C: Oh, my God!

HMJr: He's a good man.

C: He's one of the sorriest I've ever had to deal with down there.

HMJr: Well, let me have another look at it, will you?

C: Well, now, I'm not at all satisfied with anything that Charlie Bell does, now.

HMJr: Well

C: Because I've never had any satisfactory dealings with him. He's the bird, you know, that messed this thing up before when I took it up with you in person, and had a letter written to me and -- a formal brush-off like there didn't anybody know I was even in Congress.

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HMJr: Yeah.

C: I took it up with you in person and you straightened it out.

HMJr: Yeah.

C: That's because you had to take your time and go to the trouble of straightening it out then because he messed it up.

HMJr: Well, I

C: I won't be at all satisfied with any action Charlie Bell takes. I'm frank to tell you that.

HMJr: Well

C: I don't think much of him.

HMJr: Well, you leave this to me. Give -- I'm going away this afternoon to Minneapolis, but I'll be back early in the week. See?

C: All right.

HMJr: And I'll take it up the first thing when I get back.

C: Well, all right. Like I told you yesterday, all I want is your word, and that's what you gave me, and that's all you've ever asked of me. So we're all right.

HMJr: Well, I -- I -- did I say I would do it yesterday?

C: Yes, sir. You said, "Leave it to me. I'll do it. I'm just glad you didn't call on me to do anything any harder than this." That's what you told me.

HMJr: Well, I did

C: So I assumed that settled it.

HMJr: Well, I just -- I was under the impression that I said I'd look into it, but if you say I gave my word, that does settle it.

C: Yeah, well, that's right, Henry. That certainly is right.

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HMJr: Did you walk out of here thinking I gave my word?
C: Why, absolutely. There wasn't any doubt in my mind at all.
HMJr: Well, if that's your -- if that's your impression, then, I don't know how I'll do, but I'll do it.
C: Well, I appreciate that now.
HMJr: I don't know how, but
C: Well, I appreciate it so much, but don't -- don't let the thing rest with Charlie Bell.
HMJr: No, no.
C: Because I'd like for you
HMJr: If you walked out of here thinking I'd given my word, that ends it.
C: Well, I appreciate that, and that's certainly true.
HMJr: Well, I don't know how I'll do it, but you consider it's done.
C: Well, all right. Thank you, Henry.
HMJr: Right.
C: I appreciate your kindness.
HMJr: Right.
C: Bye the way, Joe O'Connell called me and said that you had told him that we had talked a little bit about the Bretton Woods matter and he wants to bring one or two, or have me come down there, or he come up here, and go into that further, and I told him that I'd be glad to do it, that I wanted to help all I could, and I'm a little bit in a jam right now. Of course, we were busy all day yesterday on the debt limit, you know. We got that through in fine shape, you know -- only four votes against it.
HMJr: I know.

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C: And then we got up the Commodity Credit Corporation today, which is of great interest to my people -- agricultural section, you know.
HMJr: Yes.
C: And unfortunately my secretary was called home early yesterday morning on account of the critical illness of her mother, so I'm a little bit in a jam for a few days, but I told Joe I'd call him in the next day or two so we could get together.
HMJr: Well, don't get Charlie Bell wrong. He just does what he's hired to do.
C: Well, I -- I've been very much disappointed. You know of all my relations with the Treasury boys -- you know how I've worked with them all, from you clear on down the line.
HMJr: Yeah.
C: My relations with him have been the most unsatisfactory of anybody there.
HMJr: I'm sorry.
C: I'm just honest enough to tell you about it. You know that.
HMJr: Well, as I repeat, the only thing I've got in the world that's any good is my word.
C: I know that.
HMJr: And if you got that impression, I don't know how I'll do it, but it's done.
C: Well, thank you so much, Henry. I appreciate your kindness.
HMJr: Thank you.
C: All right.
HMJr: Bye.
C: Bye.

220
March 9, 1945
1:52 p.m.

Ed
Russell: Yes.

HMJr: I just got something that came over the ticker --
UP ticker -- about We're supposed to have a plan
on Japan. Hello?

F: Yes.

HMJr: How to deal with Japan -- I've got no plan on
Japan. See?

F: Yeah.

HMJr: You can just throw the story down.

F: Yeah. Without the question being asked? Wait
for the question to be asked or

HMJr: Wait for the question to be asked.

F: Uh huh.

HMJr: Wait for the question to be asked and then I
don't want it in direct quotes. Just say high
Treasury official says:

F: Uh huh.

HMJr: See?

F: No plan on Japan.

HMJr: No.

F: Yeah.

HMJr: So don't you think we ought to throw it down?

F: Yes.

HMJr: I've got none. I'm not even working on any.

F: Uh huh. Okay. I'll govern myself

HMJr: I'll send it in to you.

F: All right.

HMJr: I'll send it in.

F: Thank you.

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March 9, 1945
3:55 p.m.

BRETTON WOODS

Present: Mr. D. W. Nell
Mr. Gaston
Mr. White
Mr. O'Connell
Mr. Luxford
Mr. Feltus
Mr. Russell
Mrs. Klotz

H.M.Jr: On ahead. Let's talk fast on Bretton Woods.

MR. O'CONNELL: I saw Ball and Shipstead. Neither knew
you were going out to Minnesota. You know you asked me this
morning to talk to them.

MR. FELTUS: They were supposed to have been invited.

MR. O'CONNELL: They have not been and knew nothing
about it. Neither had they made any preparations to go
and don't intend to go. Senator Ball thought--one illuminating
thing that Ball told me was he had been pretty much sold by
Burgess that we were all wet on the Fund. There were a lot of
defects in the portion of the program involving the Fund. I
made arrangements to talk with him on Monday at two-thirty
with Harry or whoever we can have to go down and talk to him,
but it is an indication as to what extent the bankers have
worked on the Senate side. They seem to have concentrated
their activities there.

MR. LUXFORD: Tobey told me Burgess has seen every Senator.

MR. O'CONNELL: Shipstead, of course, who was someone I
would have expected not to be with us anyway was willing to
be talked to at some convenient time, but he is pretty close-
minded on it.

H.M.Jr: The whole point is to get this thing.

MR. FELTUS: Gamble said the last time he was here that
both had been invited.

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H.W.Jr: Yes.

MR. O'CONNELL: Neither knew.

MR. FELTUS: When was this? Today?

MR. O'CONNELL: Oh yes.

(Mr. Gaston enters the conference.)

MR. O'CONNELL: I saw Ball at twelve o'clock and Shipstead at one.

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

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March 9, 1945
3:58 p.m.

H.W.Jr: Ted.

Ted
Gamble: Yes.

H.W.Jr: I'm very much disturbed. I had O'Connell go up and see both Senator Ball and Senator Shipstead and neither of them -- this was at noon today -- knew that I was going to Minneapolis, and neither of them had received an invitation to come out there.

G: Well, I have a call in for Arnold now to find out about that.

H.W.Jr: Well, it is just inexcusable.

G: Well, I was told day before yesterday, Mr. Secretary, that an invitation had gone to Ball.

H.W.Jr: Well, it's just inexcusable. After all, the whole purpose is to go out there and to get a couple of Senatorial voice and these fellows don't even know as of noon today that I'm going.

G: Did O'Connell talk to them personally?

H.W.Jr: O'Connell called on Ball and -- he's here -- [Talks aside: Did you call on Ball himself? He was with Ball at twelve and Shipstead at twelve-thirty.

G: Yes. Personally?

H.W.Jr: Personally.

G: Yes. Well, I'll talk to Arnold and find out, because that is inexcusable, and I agree with you.

H.W.Jr: Yeah.

G: Because I had been told

H.W.Jr: Now, you see, if I go out there without their knowing it, instead of making a friend out of them, then they're sore.

G: Yes. Well, that's not right, and I quite agree with you, sir.

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HMJr: Yeah.

G: I can't understand that because Arnold has apparently done such a good job with all our details.

HMJr: What?

G: I say I can't understand it because Arnold has apparently done such a good job with all these details, and the press, I understand, has been very good....

HMJr: Yeah.

G: in Minneapolis on it.

HMJr: But you see, you can elaborate -- you're not on the loud speaker, but I mean

G: No.

HMJr: Well, I don't know what I'm going to do going out there -- they'll have to somehow or other do something.

G: Well, I think they ought to call them on the phone this afternoon....

HMJr: Yeah.

G: to supplement the invitation.

HMJr: Yeah.

G: Because the invitations must have gone forward, Mr. Secretary. They may have sent them by mail instead of wire, which they should not have done.

HMJr: Well, will you get on it?

G: Yes, sir.

HMJr: I'm really upset.

G: Well, I wanted to talk to you about this other matter.

HMJr: Yeah.

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G: These fellows from these states are not especially good people....

HMJr: They're not?

G: for this job.

HMJr: Do you mind if I put you on the speaker now?

G: No, not in the least.

HMJr: Just start on that once more.

G: All right.

HMJr: Go ahead.

G: Well, these bankers from those states, Minnesota, North Dakota, South Dakota, Milwaukee and Cedar Falls

HMJr: Yes.

G: With the exception of Milwaukee, who -- the man is Walter Kasten -- he also is the War Bond Chairman -- he's our War Finance Chairman there. With the exception of Kasten, they are not people that would be especially helpful. They're from small communities and they're not especially influential people. They're people that have been badly picked by the A.B.A. to represent them in those communities with respect to their war loan activities. I had a long talk with DuBois. DuBois says that he thinks it would be a mistake for him to get together a group of bankers; that he's going to be there himself and that he is happy to attend the meeting, but he says he thinks that his strength out there lies in the fact that they had made this decision independent of the Treasury, and really prior to the Treasury's starting any activities....

HMJr: I see.

G: in support of Bretton Woods. And he thinks he can do you a lot more good if it doesn't appear that he is being used, in a sense, by the Treasury or is in any way stooping for the operation. If he keeps that independent activity, and he -- he was quite firm in that opinion.

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HMJr: Well, I wouldn't argue with him.

G: He said he's been working hard on it, and was going to continue to work, because he believes very much in the philosophy of the Bretton Woods agreements.

HMJr: Yeah.

G: And that his people believe in it, and that they -- everyone knew that they had arrived at this decision independently -- that he himself had, and he thought he'd be much more useful to you and for the support of the program if he kept working in that direction.

HMJr: Yeah.

G: And he thought it might weaken rather than strengthen his position if he brought together a group of bankers for the purpose of enlisting their support officially on behalf of the Treasury.

HMJr: Just one minute, please.

(Pause)

HMJr: Hello.

G: Yes.

HMJr: Go ahead.

G: Well, that's the story, Mr. Secretary.

HMJr: All right.

G: And I've talked to him again today on it.

HMJr: Have you heard whether they've had many people going to come?

G: I talked to little a little while ago.

HMJr: Yes.

G: And he said the crowd looked like something in the neighborhood of three hundred.

HMJr: Yeah.

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G: Somewhere between three hundred and four hundred.

HMJr: I see.

G: Yes.

HMJr: All right.

G: Now, I'll talk to Arnold. Would you like for me to -- well, I'm going to talk to you in the morning, and I'll give you that story then.

HMJr: Will you do that?

G: Yes, sir.

HMJr: Okay. And -- well, that's all I've got.

G: All right, sir.

HMJr: Thank you very much.

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H.M.JR: You are going down with me.

Mr. White, is there anything you want to say?

MR. WHITE: No.

H.M.JR: How did it go this morning?

MR. WHITE: All right.

MR. INXFORD: He was wonderful, Mr. Secretary. He was very, very good.

H.M.JR: What did Mrs. White say?

MR. WHITE: She said I was wonderful. She said that when I married her.

MRS. KLOTZ: She said he was wonderful. (Laughter)

MR. BALL: Have you got a record? She hasn't changed her mind and made a record?

MR. WHITE: At least she hasn't told me.

MR. O'CONNELL: Ball mentioned one banker, Baird, from Minnesota. He said was a very regular fellow, but having talked with him, he too is very doubtful about the Fund. He's a fellow like Ball. I gathered from Ball that he is very sympathetic to the international operations of it generally, but is unsold on the Fund by virtue of the activities of the ABA, and he said he was quite sure you would see him out there because he is quite a prominent man in Minneapolis.

MR. GASTON: Is Ball unsold on the Fund?

MR. O'CONNELL: Unsold? Not completely.

MR. WHITE: Burgess can be very persuasive when he is there alone.

MR. O'CONNELL: Shipstead didn't think he was as persuasive as Leon Fraser.

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MR. WHITE: They are both very effective.

MR. O'CONNELL: Burgess hasn't left any stone unturned.

MR. FELTUS: Ball takes orders to a great extent on legislative matters from Taft. He always has.

MR. O'CONNELL: He mentioned Taft. He didn't say he did that, but he felt that unless we were willing to make very major concessions in the Fund agreement that we would not get Bretton Woods through the Senate. He mentioned Taft in that connection.

MR. FELTUS: Taft leads him around by his nose.

MR. O'CONNELL: Taft is going to be against you in the Committee and in the Senate.

H.M.JR: Well, let's worry about the House for the time being, but I am terribly disappointed. It was lucky I asked you to go up there. My idea was good.

MR. O'CONNELL: That's right. It was a good idea, but we have some hope that we have a chance on it on Monday.

H.M.JR: Who is going to take care of Green? Did you get my memos?

MR. WHITE: Joe and I will probably go up and see him.

MR. FELTUS: Other pressures can be brought on Ball through international groups through the B-2, H-2 crowd around the country last year.

H.M.JR: Excuse me. I am fighting time. Do you testify tomorrow?

MR. WHITE: No, Monday.

H.M.JR: Who testifies Monday?

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MR. WHITE: They asked me to come back Monday and didn't want Acheson then. They wanted me to finish.

H.M.JR: At Cabinet Vinson said he wanted some dope from somebody. He would like to say how the thing was run, how it was organized, and he thought he would say something about how I ran it, and so forth. So if somebody, Bernstein or somebody, can get in touch with him--

MR. O'CONNELL: I gave him some, but it is the wrong kind.

H.M.JR: No. And Crowley would like to go on.

MR. WHITE: We are waiting to let Crowley know as soon as we know more definitely what the schedule is, and Acheson, of course.

MR. O'CONNELL: What about Wayne Taylor?

MR. WHITE: He would be very happy to testify, he said.

MR. O'CONNELL: I don't know whether he will be Under Secretary of Commerce that long, and I assume the Secretary of Commerce doesn't know anything about it.

H.M.JR: Can I be excused? Have you got your coat?

MR. GASTON: It's right here. Have we got the speech?

MRS. KLOTA: Mrs. McHugh has it.

MR. WHITE: Do we have to let Wallace know if Wayne Taylor testifies?

H.M.JR: Yes. All right. I'm delighted, Harry.

MR. WHITE: Thank you.

MR. FELTUS: You might be interested in knowing Leon Fraser is coming out in the open. He is accepting a place on the Blue Network opposing us.

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H.M.JR: Wonderful!

MR. FELTUS: I think it is good to have him out in the open.

H.M.JR: Wonderful!

MR. LUXFORD: They are making a mistake. When Wall Street gets out in the open they are making a mistake.

MR. FELTUS: Get a copy of the latest News and read Tom Stokes' column.

MR. LUXFORD: Stokes is very good. I'll get it for you.

H.M.JR: Thank you. That's a dividend.

MAR 9 1945

Dear Mr. Clayton:

Pursuant to your request, this Department has reviewed the proposed lend-lease agreements with Belgium. These documents consist of (1) a draft 3(c) agreement, (2) a draft memorandum explaining the reservation on the part of the United States to re-examine the program and directing attention to certain payments which we expect from Belgium, and (3) a draft of a proposed note from Belgium on reciprocal aid. The first two documents were submitted by Mr. Alfred E. Davidson of Foreign Economic Administration on February 17, 1945. The third document was drafted in Foreign Economic Administration and was submitted by Mr. Vetter of your Department on February 22, 1945. These three documents parallel three similar documents agreed upon with the French as supplementary to the master lend-lease agreement.

We have just received a memorandum from Baron Boel giving information on the foreign exchange position of Belgium and some estimates of items involved in the international balance of payments for the coming year. A copy of this memorandum is attached. On the basis of the figures presented to us by Baron Boel and other information available to us, the Belgians have adequate foreign exchange resources to pay for their civilian supplies. We understand, however, that you feel that for political reasons it is necessary to provide Belgium with a lend-lease agreement along the same general outlines as the agreement concluded with the French.

As a general matter, it seems to me we should not feel bound by the approval of the French agreement to grant the same terms to all of our Allies. The French terms were finally agreed upon in the light of the French foreign exchange position as well as the French needs in order to enable her to participate both militarily and as a source of supply in the war. Belgium, on a per capita basis, is in a substantially better foreign exchange position than France, and has probably suffered less physical destruction from military operations.

In the light of these considerations, I feel that caution must be exercised to avoid the possibility that Belgium will be increasing her holdings of foreign exchange during the period of the agreement. The terms of the agreement with Belgium should, on the other hand, contemplate a substantial reduction by Belgium of its foreign exchange holdings. To accomplish this objective I would suggest:

1. That the credit terms be on the basis of a shorter period, say 10 years, rather than the 30 years granted to the French.

2. That a larger cash payment be required on the Schedule 2 item, say 30% as against the 20% required of the French.

3. That the reciprocal aid agreement in the case of Belgium include strategic supplies to be provided to the United States from the Belgian Congo and from Ruanda-Urundi.

4. That the second 5% deduction from U.S. contract prices be eliminated from Schedules 1 and 2 of the 3(c) draft agreement, even though they are already embodied in the French agreement.

It is suggested that further discussions be had between our technical representatives with a view to modifying the proposed Belgian documents along the foregoing lines.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Will Clayton,
Assistant Secretary of State,
Washington, D. C.

LC:meu
3/6/45

la
K-1 P.C.

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- 2 -

MAR 9 1945

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We have just received a memorandum from Aaron Steel giving information on the foreign exchange position of Belgium and some estimates of items involved in the international balance of payments for the coming year. A copy of this memorandum is attached. On the basis of the figures presented to us by Aaron Steel and other information available to us, the Belgians have adequate foreign exchange resources to pay for their civilian supplies. We understand, however, that you feel that for political reasons it is necessary to provide Belgium with a lend-lease agreement along the same general outline as the agreement concluded with the French.

As a general matter, it seems to me we should not feel bound by the approval of the French agreement to grant the same terms to all of our allies. The French terms were finally agreed upon in the light of the French foreign exchange position as well as the French needs in order to enable her to participate both militarily and as a source of supply in the war. Belgium, on a per capita basis, is in a substantially better foreign exchange position than France, and has probably suffered less physical destruction from military operations.

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(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Will Clayton,
Assistant Secretary of State,
Washington, D. C.

LC:mcu
3/9/45

MAR 9 1945

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We have just received a memorandum from Karen Doel giving information on the foreign exchange position of Belgium and some estimates of items involved in the international balance of payments for the coming year. A copy of this memorandum is attached. On the basis of the figures presented to us by Karen Doel and other information available to us, the Belgians have adequate foreign exchange resources to pay for their civilian supplies. We understand, however, that you feel that for political reasons it is necessary to provide Belgium with a lend-lease agreement along the same general outlines as the agreement concluded with the French.

As a general matter, it seems to us we should not feel bound by the approval of the French agreement to grant the same terms to all of our allies. The French terms were finally agreed upon in the light of the French foreign exchange position as well as the French needs in order to enable her to participate both militarily and as a source of supply in the war. Belgium, on a per capita basis, is in a substantially better foreign exchange position than France, and has probably suffered less physical destruction from military operations.

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Very truly yours,

Abraham R. Morgenstern, Jr.

Secretary of the Treasury

Honorable Will Clayton,
Assistant Secretary of State,
Washington, D. C.

LCA:neu
3/2/45

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CHICAGO SUN - March 9, 1946

Communists Win Voice in Aachen Rule

By Lawrence Wilkinson.

AACHEN, Germany, March 8. — NINE leading officials of the recently pro-Nazi government of Aachen will be dismissed and Social Democrats and Communists invited to replace them, following the visit to Aachen of Stephen Early, secretary to President Roosevelt.

Early's visit was not known to be directly connected with the changes in the government, but it is known that Washington was interested in the Aachen government.

High army quarters also have concluded that Aachen, the first large German city to be captured, could be a proving ground for experiment in military government.

THE personnel manager for the civil government was among those to be discharged, as was one of the burgomasters. The city's mayor, Franz Oppenhoff, thus will lose several men who were formerly close to him when he was director of the Veltrup Aluminums firm which manufactured V-1 and V-2 parts.

The man who is hastily accepted as leader of the Social Democrats was unemployed during the Nazi regime and lived precariously on a small pension. He performed no notable act of opposition but, in one of the American officer's words, "just sat it out."

This man told me that "before true anti-Nazis agree to join the administration they want assurances that the purge of Nazi elements will be thorough and the rule of the mayor's clique broken."

WHEN all of us, Nazis and anti-Nazis alike, were in a refugee camp awaiting return home, the Social Democrat leader continued, "I suggested about 10 non-Nazi names for the government. Not one was accepted. Furthermore, I was subtly threatened with loss of livelihood."

"Later, I was refused permission to eat at the civil government restaurant in Aachen and told, 'You work for the Americans. Get them to feed you.'"

In August, when American columns first menaced Aachen, the Nazis began burning party records. Five burned for four weeks at party headquarters. The result is that scores of Nazis now walk the streets unharmed and are able to say, "You can never prove I belonged."

I have withheld the name of

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March 9, 1945

Thursday night I spoke to Sam Bell at ten minutes past eight and asked him if he had seen that the stock market sold off two to four points. He hadn't. I said I thought it was Morgenthau luck that had not yet priced our bonds for the Seventh War Loan, and I didn't see why we had to do it last Saturday. My thought was to sit back and wait until the market makes its bottom, and Bell thought I had an idea. The plan has been to price it Saturday afternoon after market closed. It seems to me that the thing to do is to wait a while. The reason given in the paper for the market going off was the crossing of the Rhine by the American Army.

MAR 9 1945

My dear Mr. President:

There is attached a report of Lend-Lease purchases made by the Treasury Procurement Division for the Soviet government, indicating the availability of cargo for March.

The inventory of material in storage as of March 1, 1945 was 187,672 tons or 27,864 tons more than the February 1st inventory. Production scheduled for March shows an increase of 7,716 tons as compared with February.

Faithfully yours,

/s/ Dew Bill

The President

The White House

WFBrennan:hsc
(3/8/45)

TRADING DEPARTMENT - U. S. S. R.
MATERIALS AVAILABLE FROM DEPOSIT AND PRODUCTION DURING MARCH, 1945
(IN 2000 LBS. TONS)

COMMODITY	STORAGE MARCH 1, 1945	PRODUCTION DURING MARCH	TOTAL AVAILABILITY	PRIORITY CARGOES FOR PORT AREAS SPECIFIED TO DATE FOR MARCH
AGRICULTURAL MACHINERY AND IMPLEMENTS		20	20	372
ALUMINUM	52		52	
BEARINGS	1,012	7,104	8,116	8,263
BRASS AND BRASS	2,602	2,516	5,118	1,698
CHEMICALS		419	419	
CLOTHING AND TEXTILES		5,877	5,877	
CONSTRUCTION MACHINERY	14,309	6,025	20,334	7,437
COPPER IN VARIOUS FORMS	69		69	168
FERRO-ALLOYS	262		262	3,360
GRAPHITE PRODUCTS		590	590	5,712
HAND AND CUTTING TOOLS		34,038	65,033	49,254*
INDUSTRIAL MACHINERY	30,995	225	202	459
NICKEL AND NICKEL PRODUCTS	54	3	28	22
NON-FERROUS METALS, OTHER	25	1,750	2,511	224
PAPER AND PAPER PRODUCTS	791	1,603	1,296	
PLASTICS	895	3,135	3,920	6,272
RUBBER	785	4,079	25,115	17,476
STEEL, ALLOY AND SPECIAL	21,036	17,500	51,799	13,658
STEEL, COMMON	33,999	6,967	33,029	13,111
STEEL, PIPE AND TUBING	26,062	29,500	51,984	21,840
STEEL, RAILS	52,444	8,222	6,724	260
TIE PLATE	2,192			
TOTAL	187,672	125,514	313,186	149,686

*In addition, all available tonnage applicable to the Oil Refinery Program is classed as priority cargo for prompt shipment to ports.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date

March 9 1945

TO Secretary Morgenthau
FROM Mr. O'Connell

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A/H

Apropos of my suggestion that you call Murray, Green, and Whitney, the morning paper carries a report that the CIO last night approved the Bretton Woods agreements in an 800-word letter to Chairman Spence. Attached is an article on the subject from the Washington Post.

I am sure you will also be interested in the portion of the article which refers to Dean Acheson's testimony. It is highly laudatory.

You may also be interested to know that yesterday afternoon on the floor of the House Congressman Crawford (Republican) indicated that "The Congress will unquestionably go along with the Bretton Woods proposal". A little earlier he also said that "Certainly within due course, 60, 90, or 120 days, it [the Bretton Woods legislation] will have passed on through the legislative machinery".

Attachement

James J. O'Connell Jr

Washington Post
March 7, 1945

CIO Approves Bretton Woods As Stability Aid

By James E. Chinn

Philip Murray's powerful CIO last night approved the Bretton Woods plan for international monetary stabilization and a world bank, and recommended to Congress that it be "quickly and wholeheartedly" ratified without alterations.

The CIO support was pledged in an 800-word letter President Murray wrote to Representative Bruce Spence (D., Ky.), chairman of the House Banking and Currency Committee, which has under critical scrutiny legislation that would commit the United States to the Bretton Woods program.

"The Bretton Woods agreements," he said, "represent a major step toward world economic stability in the eyes of our members. The opportunity is here to demonstrate to the world that the United States is ready and willing to play its full part in securing the world stability and prosperity we must have to avert another crisis and a third world war."

Murray's endorsement of the plan reached Spence after his committee heard Dean Acheson, Assistant Secretary of State, sketch a dark picture of the postwar world, with many nations fighting for economic survival unless the Bretton Woods program is administered to preclude such disaster.

Acheson, a Calumetite

Instead of reading a prepared statement, the well-tailored, moustached diplomat, tossed it into the record of the committee's hearings, and outlined in understandable English the functions of the proposed global monetary agencies—the International bank and the world reconstruction and development fund.

A calm, tempered, fast-working discussion of the complex Bretton Woods program followed—in sharp contrast with the opening blow up the day before—with committee members firing questions at Acheson as diplomatically as he returned the answers.

"This was the most orderly and constructive committee meeting I ever witnessed," remarked Representative Jesse P. Weldon (R., Mich.), veteran of 13 years in the House and a delegate to the Bretton Woods conference last summer.

Only one Republican—Representative Frederick C. Smith of Ohio—an outspoken critic of the international monetary program showed hostility to the legislation which would definitely commit the United States to it.

"Tragic" Threat of Economic War

Appealing for early action on the Bretton Woods plan, Acheson warned that the world faces only "tragic war" if nations are permitted after the war to slip into a new wave of economic warfare.

"The peoples of the world in the midst of an accumulation of woes such as we have never seen before," he declared, "expect and demand relief."

Unless a system of collaboration like that arranged at Bretton Woods is instituted quickly to assure reconstruction, resumption of world commerce and expansion of production, he added, the nations will drive their countries into painful economic warfare in an attempt to alleviate pain and despair and the result could only be endless woes and war for mankind.

"In considering the Bretton Woods proposals," said Acheson, "we must realize how great an issue is involved. It is the same issue with which the United Nations will be faced at San Francisco."

"Shall we and the other nations go forward to construct a system of collective security in a world organized for peace, or shall each nation use its power and resources at the expense of other nations in a struggle for survival? The response of all sections and groups to the security to the Donahoe-Oaks proposals make it clear that they are determined to meet resolutely the tasks and responsibilities of international collaboration."

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 9, 1945

TO Secretary Morgenthau - For Your Information

FROM Messrs. Coo and Aarons *lra FC*

SUBJECT: Currie Mission

It appears from the latest reports received from Currie that, in getting Swiss agreement to take steps implementing many of our Nefehaven objectives, his mission has achieved a large measure of success in that important field. The text of the Swiss commitment will be cabled by Currie. Their concurrence was obtained after the strongest pressure had been exerted by our mission and against great resistance.

Although final judgment must be reserved until the text of the Swiss commitment has been received, it seems that the Swiss have agreed to take the following actions, in addition to the blocking of German assets accomplished by the Decree of February 22, and the prohibition of import, export and dealing in foreign currencies decreed on March 2:

(1) The blocking of Rumania, Bulgaria and possible Finland. It appears that all European countries other than the neutrals will be blocked and all Axis countries other than Japan. The Swiss were not urged to block Japan in view of a possible Japanese reaction jeopardizing the treatment and even the lives of our nationals in Japanese hands.

(2) A complete census of all assets held in or through Switzerland, not only by Germany but by all countries covered by blocking decree.

(3) Measures to prevent receipt, concealment, or disposal of looted property and the facilitation of the return of any such assets to their dispossessed owners.

(4) Measures to prevent concealment, disposal or dissipation of assets falling under any blocking decree issued by Switzerland.

(5) Cessation of gold purchases from Germany except for the expenses of the German Legation, the Red Cross and prisoners of war.

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(6) Consultation with the governments of each blocked country before the relative blocking controls are relaxed or removed.

(7) Switzerland will be prepared at any time to discuss with the U. S., U. K. or France the financial questions raised during the present negotiations.

The effectiveness of the Swiss program will depend upon the administration of the machinery set up to carry out the purposes of the various decrees. Currie says that the Swiss will give favorable cooperation to any suggestions we may make.

The Currie mission has left Switzerland and is en route to this country. Schmidt will be able to clarify the exact nature of the Swiss commitment upon his return.

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MARCH 8, 1945

Dear Henry:

Your letter of March 6th came just as I was leaving for Minneapolis. I have turned this over to our tax people and I shall write you further upon my return.

Yours sincerely,

(Signed) Henry

The Honorable Henry A. Wallace,
Secretary of Commerce,
Department of Commerce,
Washington, D. C.



THE SECRETARY OF COMMERCE
WASHINGTON 25

March 5, 1945

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

Dear Secretary Morgenthau:

I have prepared an article on small business. In the course of this article I say the following with regard to tax relief:

"My last point is tax relief.

"The Senate Committee on Small Business recently reported as follows:

"The war-time tax structure falls relatively more heavily on new and small businesses than on long-established large firms. This makes it very difficult for the new and small businesses to lay aside funds for reconversion to peace-time operations. It jeopardizes their survival."

"I add:

"Thousands of small business men who have grown suddenly from small size to medium size have had to pay over ninety per cent of their annual profits in taxation. Many a small business, honestly capitalized, cannot prepare for sound peace-time expansion because the tax-gatherer hurts the little man with a big idea more than he hurts the big man with no idea."

"I suggest:

"1. The excess profits tax should be abolished as soon as possible after the war.

"2. Every business should be permitted each year to write off twenty per cent of its investment, provided it spends that amount within a given time on new facilities."

"3. All capital invested in a genuinely new enterprise should be entirely income-tax free for a period of five years



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or until the capital has been received back in the form of profit, provided that two-thirds of the capital is spent on labor or materials.

"Tax-freeness is no new idea. Many a large thriving enterprise is today the center of its local community because that local community gave it tax-exemption until it could get started. In this matter, as, I fear, in many other matters, I am not the glamorous revolutionary innovator that some hostile commentators seem to be trying to persuade me that I am. Here, as usual, I am simply adapting old American practices to new American national problems."

Now that I am a member of the team, I don't want to make any statement in the Treasury field which is not agreeable to the Treasury Department. I would appreciate it, therefore, if you would turn this statement over to Harry White and ask him how the statement might be rephrased so that it would not be embarrassing in any way to the Treasury Department.

Hoping to see you in the near future, I am

Sincerely yours,

H A Wallace

Also I am enclosing
a chapter on "The City of Full Employment"

I also am enclosing herewith
a first draft of a chapter on Tax Policy
as a part of my forthcoming booklet
on 60 million jobs. In my Preface
to this booklet I shall have a
disclaimer saying
"Most of this booklet was written
in February of 1945 when I was
not connected with the Government. The
views set forth herein should not therefore
be looked on as official."
just the same I want to play ball in every
way with the other members
of the team.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 9, 1945

TO Secretary Morgenthau
FROM Charles S. Bell

The National Labor Relations Board has asked, through the Bureau of the Budget, for the loan of 35 automobiles in the Cincinnati and Pittsburgh areas. The cars are to be used for two weeks, starting March 12, to set up the strike vote machinery in coal mines.

If you approve, we will try to supply some from Procurement surplus stocks, and release a few from our law enforcement agencies. I feel we should assist as far as possible.

OK.
pmh

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March 9, 1945

Secretary Morgenthau
Charles S. Bell

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JRS:eg

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MEMORANDUM FOR THE SECRETARY.

March 2, 1945.

Mail Report

Mail fell back on all fronts this week, losing particularly the vigor of last week's discussions. The few additional comments on the proposal of the Federal Reserve Bank to tax stock profits were uniformly against the idea, and also there was more than usual objection to the burdensomeness of individual income taxes. Fully as many of these complaints against present tax rates were referred to the Treasury by the White House as were received directly in this office. Demands for tax refunds now reach us irregularly, 5 arriving one day and only 3 the rest of the week.

News that the Seventh Drive would begin in May led to a number of promotional ideas, with the picture of the Marines raising the flag on Iwo, by all odds, the most popular suggestion for a poster. The dozen reports from families of service men whose bonds have not been received indicated that this situation at least remains at a standstill, neither increasing nor diminishing.

Correspondence about the Bretton Woods plan was again limited almost entirely to requests for further information. Other mail touched on a number of subjects, including surplus property disposal, transactions with countries freed from the enemy, and occasionally the recent broadcasts from St. Louis, New York, and Detroit. But by and large, there was no new topic introduced and little light cast on past subjects for discussion.

J. F. Forchuck

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General Comments

Anna M. Hintz, Chicago, Illinois. I wish to comment on your speech. You and Mr. Truman both followed the strategy of the "Union Now", Carnegie and accessory agents, in cooperation with Communists and international bankers. * * * Your speech and that of Mr. Truman on Washington's Birthday created discouragement, disgust, opposition and great resentment. * * *

The Reverend A. J. Ziskovsky, Shakopee, Minnesota. Report was out that Mr. Morgenthau had addressed a Russian meeting on the anniversary of Russia's Army and that happened to be Washington's Birthday. We are in the War and George had an Army of his own and our American boys like a bone too.

Mrs. C. R. Whisler, Coon Rapids, Iowa. I would like a copy of the speech you made in Detroit, February 26, concerning the Bretton Woods Monetary Agreement, and of any other speeches you have made concerning it -- if it is possible to obtain them -- and would also like a copy of the Agreement. I feel that this Agreement almost transcends any peace agreement. I belong to a study club and on March 28, I have chosen that for my subject for discussion. I heard your broadcast from Detroit and felt if every one could have listened to it, it doesn't seem so complicated. * * *

Harry A. Baum, Miami, Florida. The one big fault with our Revenue Acts are that they continually change from year to year. This causes confusion, bitterness, and inability for business to plan their affairs. If and when you are foolish enough to start disturbing

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the present capital gains provisions of the Act, please consider first the inflationary aspects of any larger tax. The present capital gains provisions have brought revenue into the Treasury. The sensible holding period and comparatively moderate tax have encouraged selling and held down what otherwise might have been a runaway market. If a punitive tax is ever placed whereby selling will be at a penalty - please note from all world history - sellers will disappear and another terrible market and land boom will ensue.

Charles C. Kelley, Springfield, Massachusetts. How about a Treasury ruling allowing us to deduct losses from "Wash Sales" of securities caused by the recent ultra drastic ruling of Stock Exchange pertaining to old margin accounts? Especially since this drastic ruling was no doubt inspired by your Department to discourage speculation. This bang over the head just when we were beginning to see light isn't easy to take, particularly when there was little need of it. * * * We entered this war in a very bad financial way and now you want us to face peacetime in just as bad a condition. Do you want us to engage in activity at no profit? That's just about the state of affairs in many instances. War is no time to lay down on any job. War must be prosecuted and materials must be supplied. If half the employees on Government payroll were back home in their own communities producing goods for war and essential civilian needs, and many Government contracts were put on a straight piece basis, there would be less time for Government employees to think up excuses for holding their jobs and less danger of inflation. * * * I do not intend to let my capital assets go at a loss as they represent 15 years of patient accumulation during very depressed conditions. If I must let anything go, it will be my War Bonds because the Government that has been responsible for such drastic crackdowns has been too wasteful and extravagant to suit me. The issuance

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of War Bonds has of itself been inflationary, and likewise, these small bonds with their interest and tax on interest is a nuisance that is unnecessary.
* * *

Senator Tom Connally sends the following letter he has received from W. R. Cousins, Jr., Member of the House of Representatives, State of Texas, Austin, Texas:
"I received your letter of February 20, together with the enclosed copy of Mr. Pehle's letter concerning surplus commodity disposal by the Treasury. * * * I can appreciate the reasons behind having these surplus commodities sold to dealers. Of course this promotes free trade and keeps these men in business during the period when they have nothing to sell in the way of new goods. But the returning veterans want to get back into their own businesses, and if you allow these dealers to get the 1945 price on this stuff, you are going to eat up the discharge pay, together with the Government loans on this equipment. * * * My own personal experience was that when I entered the Army, I had to sell my pickup truck for \$325.00. After discharge, I have tried to replace that truck which I used to service my ranch in East Texas, and these dealers want \$1,000.00 for a comparable piece of equipment. Mr. Pehle is wrong when he says that the automobile dealers are in better shape to service the vehicles. The trucks sold at Brownwood last month, for the most part, had about twenty thousand miles on them; certain parts of them were worn out. But the increase in price placed on the trucks by the dealers doubled and tripled the cost of repairs. * * * The buyers of these trucks, in most instances, never even look to the dealers for any kind of service on the vehicle. * * * The mechanics employed by the dealers are no more skillful than those employed by the average garage, and I simply do not feel that the situation merits the regulations laid down by the Treasury, particularly in view of the fact that the law provides

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that veterans shall have preference in establishing and maintaining their own businesses. We definitely have not received preference in any manner. It is the men who have made big money because of this war that are in a position to buy this equipment, and continue to make big money at the expense of the returned veteran. * * * Under the law, the Treasury Department can render justice in this situation. They have not as yet seen fit to do so. These veterans need the trucks now, not after the war is over. * * * Each day's delay is hurting the individual veteran just that much. I think that a few years after the war, when the veterans come up for their inevitable bonuses and pensions, that the people of the United States are going to pay heavily for the lack of consideration shown at this time. Each veteran who can get started in his own business at this time will be one veteran that will not be on the dole five years from now."

Lucinda Mooman, Whittier, California. Enclosed find check of \$30.00, my obligation for defense effort; pay \$5.00 a month in advance, up 'til September 1945, from my pension. Only wish it was more but am doing my best efforts in various ways. Am in the class where my income is frozen. Do not complain. Thank God I am an American -- a good one at that. Ninety-two years first of April. Have bought several bonds.

Marguerite D. Lynott, Lynott's Coffee Shop, Portland, Oregon. (Sending in two original U. S. Army meal tickets.) Somehow I cannot turn these two receipts in for money I could collect. I wouldn't feel like a good American. These men are fighting for my cause. A meal or two is poor payment indeed. Please destroy these meal tickets. My cashier accepted them. I would not have done so. These men would have been my guests.

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Favorable Comments on Bonds

J. H. Jones, Treasurer, W. P. Fuller and Company, San Francisco, California. We recently received some advance data on the 7th War Loan Drive with respect to payroll quotas. Included in this matter was a little booklet entitled, "How to Get There", and on the inside front page of this booklet is reproduced a letter over your signature addressed, "To the Owners of War Bonds", the fourth paragraph of which letter pledges the Government's fulfillment of its obligation with respect to its War Bonds, which we think is quite timely and should prove very effective. We believe there is a considerable feeling among many individuals that the War Loan Bonds may be subject to depreciation or deferment in some manner, so we write to suggest that more publicity be given to the Government's intention in this respect as was stated in the fourth paragraph of the referred to letter signed by you. * * *

John M. Terwilliger, Grand Rapids, Michigan. Ten years ago this month we bought two \$1,000 Bonds, Nos. M-2709 and M-2710, paying \$750 for each. Today we deposited them in a local bank, to be invested in new bonds during the 7th loan campaign. This first purchase of U. S. Bonds gave us a sort of itch to add to this kind of investment and through the past ten years we have consistently invested all our savings and now have a comfortable competence falling due each succeeding year. These are the first bonds we have cashed, and that because of maturity. The Cashier of my bank today advised me that he considers United States ten-year bonds pay the highest rate of interest obtainable, quality of security considered.

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Unfavorable Comments on Bonds

Congressman Augustus W. Bennet, 29th District of New York. I am quoting from a letter from one of the National Banks in my District regarding the nature of the proof of death required in connection with the redemption of War Bonds. * * * * * Sergeant Lemn met death in the Air Corps in China some months ago and the bonds were presented for redemption by his mother, Mrs. Carrie M. Lemn, as beneficiary. The bonds were duly signed by Mrs. Lemn, certified by an authorized officer of this bank and forwarded to the Federal Reserve Bank of New York, together with a photostatic copy of a letter written to Mrs. Lemn by the War Department notifying her of the death of her son. The Federal Reserve Bank of New York advised that the Treasury Department will not accept the photostatic copy of the letter from the War Department, but require the original letter. We have mailed the original letter, but Mrs. Lemn loaned it very reluctantly and we see no reason why one branch of the Government will not accept a photostatic copy of a letter written by another branch in such cases. Relatives of deceased veterans certainly should not be asked to give up even temporarily their original notification of death. Would not the Treasury Department be safe in accepting a photostatic copy of such letters, especially if they were authenticated by an officer of a bank authorized to certify the signature on War Bonds? * * * *

Clara Mae Maurer, Oelwein, Iowa. Enclosed you will find a check (dated March 2, 1944) for the balance on the War Bonds my husband took out. * * * My husband was killed in action December 12, 1944. They told me at the Post Office when I received it, to have him sign it. * * * Wanted to put it on a War Bond but they said I couldn't unless it was put in his name and no beneficiary on it, so its no use to do anything about

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it, and he told me to save it until he came home, and I did. Please let me hear from you. I would like very much to know what to do about it.

Senator Francis J. Myers (Pennsylvania) transmits the following letter he has received from Clarence W. Tabler, Middle City Post Office, Philadelphia, Pennsylvania: "May I call your attention to the following rank injustice placed upon holders of U. S. War Bonds? I have three \$10,000-12 year bonds and wish to change the name of the beneficiary. The Federal Reserve Bank here has ruled that the only way this may be done is to cash the bonds, which I do not want to do. To cash these bonds means to take a depreciation of about \$1,340.00. I am then supposed to buy new bonds and lose the benefit of the three years they already have run. Is there any sense or justice or common sense in this? It is not the law but the ruling of some bookkeeping mind in the Treasury Department to save bookkeeping. This compels me to do just what the Government does not want -- cash the bonds. If such is the case, I certainly shall not buy any more bonds. * * * "

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Unfavorable Comments on Taxation

Charles J. Rich, Boston Offset Company, Lithographers, Boston, Massachusetts. In 1939 circumstances forced my son and myself to consider going into business. From the presidential campaign which was going on at that time, we got the impression that there would be no war for the United States and on January 4, 1940, we started in. We have a very fine business and in a small way, it is making money. The writer put his life savings into it; another person put in the balance on demand notes against the business. Now, the other gentleman wishes his money at once. * * * There has been enacted, since January 1, 1940, a tax law which prevents us retaining enough of our earnings to pay him off; although we were earning enough to do so without any hardship. In fact, under this law we can retain so little that we doubt if we could survive if any sudden demand for money was made on the business, such as a new machine, etc. We are very proud of the business because through the Army Map Service we have contributed to the war effort by lithographing thousands of invasion maps. It seems that our tax penalty is the same as that of the firm who went into business to secure and do war work only. Our first war job was secured in May 1944. I venture to ask you whether there is any way in which we can pay the individual who wants his money now. If not, we are afraid we shall have to liquidate to do so and I do not believe our Government wants that. I dislike also the thoughts of telling my son, who volunteered for the service and has been a Flotilla Commander in the Mine Warfare Service before "D" Day, during "D" Day, and since, that the Government for which he has done his best has taken away in his absence, the business opportunity he had when he left. There must be some answer to a situation of this sort and you will be very kind if you give it to me. * * *

Arthur Rathaus, Newman, California. * * * I was called into the armed forces on November 18, 1942. My 1942 income was all wages. In 1943 I filed an income tax return. In May 1943 I was put into the enlisted Reserve Corps, and was called again to active duty on October 21, 1943. My income for 1943 was all wages, amounting to \$1,508.66, on which I paid \$172.60 taxes. While in the armed forces, in March 1944 my wife filled out a return which I signed and forwarded to the Collector in San Francisco. This return showed an indebtedness of \$179.34. This tax statement I amended on an Army form which I received after March 15. In the first form I took my 1942 tax as basis, not knowing at that time that it was forgiven. My income in 1942 and 1943 was all wages. I served in both years in the Army. I wrote the Collector at that time to acknowledge the receipt of the amended return but I never received an answer. * * * After I was honorably discharged in November 1944, I asked the Collector in San Francisco to verify my tax status. I received a statement -- I owe \$179.34 which was to be paid within 10 days or I have to pay interest. I wrote back asking him to look up my case, original and amended statement, and inform me about my standing. I have no answer yet. I feel I am entitled to my credit. I am married, 44 years old, have a son fighting overseas, and did my share in an armored division.

Pascal V. Carraux, Wilkesburg, Pennsylvania. I hate to forward you this very brief and respectful inquiry: I received at the eve of Christmas from the Rust Eng. Co., Treasury a distinguished Christmas greeting with the gratification of \$100 bonus, subject to your approval or that is subject to the approval of the Treasury Salary Stabilization Division in Washington, D. C. Over two months have elapsed since Christmas and I wonder if you have not possibly forgotten this for me, so dear, anxiously expected approval. The

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respective amount is rather infinitesimal, among the astronomic figures, incoming and outgoing, that your authority is daily called upon to approve.

John Wittman, Hammond, Indiana. (Letter addressed to the President and referred to the Treasury for handling.) I am in trouble again with my 1943 income tax. These income tax Collectors of Indianapolis, Indiana, are sure running a racket here. I filed my 1943 income in the early part of March 1944 in two different places - at the Calumet Avenue Bank and at the Post Office. They both figured it exactly the same. I owed \$106.44. They told me to pay \$84.04 and pay the balance in 1945, so I paid \$84.04 right there at the Post Office. About five months later they send me a notice to pay that \$84.04 with 6 percent interest so I wrote and told them that I sent it in on March 7, 1944, a week before the deadline. * * * They asked me for my Victory tax statement, so I sent it to them and asked them to return it but they never did, they kept it, so about 7 weeks ago one of the income tax collectors came to the Post Office here in Hammond and he wrote me to come to the Post Office and bring all my income statements. So I did go to see him and took all my income statements and I also took my money order receipt for the \$84.04 I paid. He figured up everything and said I owe \$18.00 more. He said where I filed it they figured it wrong and he made me sign another sheet -- he was threatening me. * * * I am not going to pay anything until they come to the right figures. I have always paid up what I owe and I have a good record here too. I wish and hope you will look into this matter. It may save a lot of innocent people from being robbed. People are getting disgusted. They don't want to buy any more War Bonds and it causes a lot of trouble. * * *

Albert L. Jacobsen, Mastic Beach Property Owners Association, Mastic Beach, New York. (Letter addressed to the President and referred to the Treasury for handling.) * * * I am past 71 years of age now. I am and have been honest all my life, always worked and

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never travelled in bad company. * * * My trouble is the income tax. I am told I must pay \$120.72 to the Internal Revenue Department, 210 Livingston Street, Brooklyn, New York, by March 15, 1945, and \$30.00 each quarter of 1946. I have no money, absolutely, only my annuity and no money in the bank. I guess being a good citizen, because I cannot pay this \$120.72 by March 15, I must go to jail. I have been paying my income tax each year on the quarterly basis. I am living all alone and I find it very hard to make ends meet. I live mostly on bread and eggs and coffee. I received my check for \$100.00 on Friday, the 2nd, and after paying my just bills, I now have less than \$25.00 left. (March 5th) * * * I pray dear President that you will give me a little encouragement and help. I am desperate. Sometimes I feel like going down to the Bay, throw myself in and end it all. I cannot call on anyone for help. * * *

Duff S. Hansen, Executor, Estate of Hans Hansen, Claremont, California. On January 17 in the Estate of Hans Hansen I as an executor issued a check for some additional income tax as requested by the Department. With the check I sent a request for a receipt covering this payment as such a receipt is necessary to file in the Probate Court in this Estate. Similar receipts have been issued by the Los Angeles office on three previous occasions, as well as at the time of regular payment of taxes -- totalling some 12 times by now. This year, instead of a receipt, comes a letter over the signature of Harry C. Westover, Collector, refusing to issue such receipt saying same are issued only for cash over the counter. I feel that a taxpayer is entitled to a receipt any time they request same, and that such impertinent refusals from those in some authority should not go unnoticed by their superiors. * * *

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- 12 -

A. C. Penry, Erwin, Tenn. * * * In your propaganda promoting the sale of Defense Bonds you continually urge that a purchaser should hold on to the bonds purchased. I happen to be, speaking from a tax standpoint, a forgotten white-collar worker with a daughter in college, and I am buying bonds regularly through the payroll deduction plan. * * * Through withholding tax I overpaid my taxes for 1944 (\$49.40) and knowing that I owed the 50% of unforgiven 1943 taxes, and not having any instructions to the contrary, and after reading the 1944 Act, I applied the 1943 liability against the overpayment in 1944. Several days after I had filed my return, I received the mimeographed statement enclosed. (Not permitted to do this.) * * * May I suggest that the U. S. Government now has \$49.40 that belongs to me, and I will be lucky if I get it returned to me within a year? Then under the name of high heaven what is fair and equitable in the demand that I pay my 1943 tax liability in the amount of \$39.44 on or before March 15! If I must acquiesce to the demands of this miniature dictator, some bonds must be turned in. I shall appreciate your consideration and advice.

266

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 9, 1945

TO: Secretary Morgenthau

FROM: Ted R. Gamble



Herewith is a suggestion submitted by Bert Sarazan for the V-mail gift bond in accordance with your wishes. We think it is very good and, with a slight change in the lettering, can also be used by the Army and Navy when boys wish to send bonds to their parents in this country. The Army and Navy have already indicated their interest in this type of promotion.

*Altogether returned
to Mr. Gamble 3/14*

257

March 9, 1945

FROM: SECRETARY MORGENTHAU
TO: MR. O'CONNELL

The Attorney General brought up the following question and said he would discuss it after Cabinet with Jimmie Byrnes.

It seems that the ODT took over a number of trucking companies sometime ago and these companies have not been paying their state taxes. Is there something we should get in on? The Attorney General seemed to think that these companies should pay their taxes.

*Attorney General's letter to the President
of 1944, but I don't know if
it's for him or for the day*

258

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 9, 1945

TO: Secretary Morgenthau
FROM: Ted R. Gamble

With reference to your memorandum regarding Vice President Truman being invited to Indianapolis. Please be advised that this is a most important meeting and the Vice President should accept the invitation. It's a state-wide affair and with Pulliam's business connections with NBC, nationwide time would be provided for broadcast of the affair.

The Vice President's office has been in touch with us about the invitation and have indicated that the Vice President would prefer an evening meeting to the noontime meeting that had been scheduled (I think he was just looking for the nighttime radio audience). We are talking to Pulliam to see if the meeting can be shifted to evening, but, in any event, the Vice President should accept the invitation because they have made a great national affair of their launching and have had Green, Murray and Wickard on previous launching programs. It will be one of the most important, if not the most important, program originating in any of the states, so, if I may be so bold, I think you should tell the Vice President that he should attend the meeting and accommodate himself to which ever schedule makes for the best program from the Indianapolis people's point of view.

250

MARCH 3, 1945

FROM: SECRETARY MORCHENTHAU
TO: MR. CABLE

The Vice President, the new one, had been invited by one of the Indianapolis staff to come and speak there in May on War Bonds and the Vice President said he would do anything that I wanted him to do, so I said we would inquire; that we only wanted him to go to really important meetings, and that I would get in touch with him.

Please give me a memorandum so I can get in touch with the Vice President on Tuesday. I would like to handle it myself.

Lawrence M. 2/3/45

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

March 9, 1945

8 p.m.

AMLEGATION

RENN

998

The following for McClelland from O'Dwyer is WFB 436.

Reference your No. 1217 of February 24, and No. 1345 of March 2, 1945, and Department's No. 819 of February 23, 1945.

1. The Board regards as most urgent that all possible steps be taken at once for the delivery of War Refugee Board food parcels to intended beneficiaries in enemy territory. Accordingly, you are hereby authorized to procure the necessary transportation, including trucking facilities, gasoline, tires, oil, etc., from any source to be made available to the International Red Cross for (a) the delivery of War Refugee Board food packages and (b) for the evacuation of physically unfit detainees from enemy territory to Switzerland. The Board urges haste in this program.

2. The War Department today has cabled General Eisenhower recommending the release of 50 tons of trucking capacity with 1500 to 2000 gallons of gasoline per week and necessary lubricating oil for delivery to the International

-2- 998, March 9, 1945, 8 p.m. to Bern

Red Cross in Switzerland earmarked for War Refugee Board operations. G-4 at Paris has been instructed by the War Department to expect your arrival in Paris and you are hereby directed to proceed to Paris at once to work out necessary details.

3. You should, of course, continue to make every effort to obtain transportation equipment from other sources including Swiss Government and private sources in Switzerland, since ultimate transportation needs may require more than 50 tons of trucking capacity.

For your information, the Swiss Minister in Washington has advised me that he has recommended to his government that adequate trucking facilities be released by the Swiss for this urgent War Refugee Board work.

Use your best judgment in handling complications which may arise. Please keep Board advised of all developments.

GWEN
(ACTING)
(GHW)

WFB:MMW:BN
3/9/45

WE

SWP

WD

271

272
MS
Distribution of true
reading only by special
arrangement. (SECRET W)

March 9, 1945
5 p.m.

AMLEGATION

HEEN

995

The following for McClelland is WFB 439.

The Vaad Hahatzala has requested Board to recommend to Treasury Department issuance of a license permitting the remittance of \$100,000 to Sternbuch for operations under license No. W-2117. Board would appreciate having your views and recommendation at once with respect to this request.

GREEN
(Acting)
(GHW)

WFB:MMV:BN
3/9/45

273
SG
Distribution of true
reading only by special
arrangement. (SECRET-W)

March 9, 1945
5 p.m.

AMLEGATION

STOCKHOLM

450

The following for Johnson and Olsen is WFB 322.

Please convey to Von Post this Government's appreciation of Swedish efforts reported in your 696 of February 23. Keep WFB advised of any further progress in this matter.

GREEN
(ACTING)
(GLN)

WFB:MMV:BN
3/9/45

MOE

274

Bern

Dated March 9, 1945

Rec'd 6:29 p.m.

Secretary of State,

Washington

1509, March 9, 4 p.m.

WEB FROM MCKILLANT. FROM RIEHNER TO GROSSMANN.

Re Leopold Lindenbaum. I have returned the 15,000 francs since amount was remitted in blocked dollars. Maata Marcus, however, urgently needs this amount for Lindenbaum's rescue but must have it in liquid form. Please retransmit it accordingly to Congress office. Lindenbaum has not yet arrived but we are hopeful.

HARRISON

LMS

NOT TO BE RE-TRANSMITTED

COPY NO. 4

275

SECRETOPTTEL No. 78

Information received up to 10 a.m., 9th March, 1945.

NAVAL

1. ENEMY ATTACK ON SHIPPING. 8th. A 4934 ton ship in outbound convoy sunk by U-boat off Beachy Head.

MILITARY

2. WESTERN FRONT.
South Central Sector: Excellent progress made by 3rd and 1st U.S. Armies north of River Moselle where thrusts to Rhine still further developed. By nightfall 7th armoured column 1st U.S. Army captured railway bridge spanning Rhine at Remagen and secured bridge-head across River. This since expanded and entire Infantry Division with elements armour have crossed over while pontoon bridge also built. Further north troops of same Army have closed to Rhine north of Bonn.

Northern Sector: Strong attack launched yesterday N.W. Xanten and practically whole town now captured.

3. BURMA.
Coastal Sector: Our troops established four-company road block six miles N.W. of An where three 105 mm guns and 1 light tank already ambushed and destroyed while other troops moving down from north are engaged in heavy fighting against enemy rearguards.

Central Sector: 4th Corps Front: Mopping up Meiktila area continues (now estimated 3,000 enemy killed), while armoured column with strong artillery support advanced 10 miles N.E. from Meiktila. Further north on 33 Corps Front leading elements of Indian Division reported on outskirts Mandalay after very rapid advance.

Northern Sector: Lashio town and airfield occupied by Chinese troops without opposition and further gains made to S.W. of town.

AIR

4. WESTERN FRONT.
7th/8th (night). 1261 Bomber Command aircraft despatched (39 missing), 528 Dessau (1708 tons) 282 oil refineries Heide (724 tons) 241 oil refinery Harburg (1021 tons) 74 Berlin, 20 sea mining and 116 other missions, while Coastal Command aircraft attacking shipping Skagerrak and Kattegat left 3,000 ton vessel on fire.

8th. 1217 escorted U.S. heavy bombers (1 bomber, 2 fighters missing) attacked 7 oil targets (1711 tons) 6 railway centres (1169 tons) and aircraft component factory (378 tons) all in Western Germany where bombing through cloud with unobserved results.

SHAEF (Air). 328 medium bombers attacked communication targets central battle sector dropping 535 tons with mainly unobserved results. Coastal Command aircraft attacked coaster off Helligoland which left sinking while others set two medium sized vessels on fire off Norway.

5. MEDITERRANEAN. 7th. 925 medium and fighter-bombers and fighters (7 fighters missing) successfully attacked railway targets Brenner route and North Italy and communications North Italy, South Austria and Yugoslavia where railways cut in 79 places.

HOME SECURITY (Up to 7 a.m. 9th)

6. FLYING BOMBS. 8th. 2 plotted and both shot down.
7. ROCKETS. 8th. 4 incidents reported.
8th/9th (night). 8 incidents reported.