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October 18, 1944
12:25 p.m.

HMJr: Hello.

Operator: Secretary Forrestal, and he's on his White House line. They asked me to call him that way.

HMJr: All right. Hello.

Operator: There you are.

HMJr: Henry talking.

Secretary Forrestal: Yes, Henry.

HMJr: Jim, I, yesterday, received from the British their requirements for the first year of Stage Two. Hello?

F: Yes.

HMJr: You know about this committee which the President set up in Quebec -- I think I wrote you about it.

F: Yes.

HMJr: Now, in this thing, I mean, are certain Navy requirements. I have scheduled a meeting at my office tomorrow with Stettinius, Patterson and Crowley for nine-fifteen. Your -- the things that they want from the Navy are -- well, they'd come under the heading of, say, "modest". How much do you want to take part in this, or have your Department take part in this, from the beginning?

F: Well, I -- I would just -- I would like to know what the -- I'd like to know

HMJr: What they want?

F: Yeah, so we can make our plans accordingly. I mean there are certain things like planes, for example, that we might

HMJr: Well, suppose

F: that would have a very definite effect on our schedules.

HMJr: Well, supposing I send over to you two copies.
Hello?

F: Yes.

HMJr: If you need more, you can let me know.

F: Yes.

HMJr: And they have sent a special Admiral over here --
I can't give you the name for the moment -- to
contact you on this.

F: Yes.

HMJr: And after -- sometime after tomorrow I imagine
he'll want to call on you.

F: Yes.

HMJr: And then as we go along will you keep me advised?

F: Yes. Do you want somebody at your meeting
tomorrow?

HMJr: Well, I think it would be nice if you could
send somebody who has -- who would correspond
to either Stettinius or Patterson.

F: Yeah. All right. I think -- most of it I suspect
will be in small planes so I think I may ask Guy
Gates to go.

HMJr: Well, any way but I think it would be better than
trying to do it over the phone.

F: I think so.

HMJr: Then you'd get the -- he'd get the flavor of the
thing.

F: That's right.

HMJr: What?

F: Yep, I think much better, Henry.

HMJr: Who is in charge of production? Who does what
you used to do?

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F: Well, I'm still doing it, as a matter of fact, but I -- I think what I would have -- would have Guy and Admiral Robinson or Horn go with him.

HMJr: Well, if you would have your office let mine know -- and it's nine-fifteen.

F: Right.

HMJr: And I'll look for them, and in the meantime I'll have this thing -- two copies over to you and if you need more, you let me know.

F: I will. Thank you.

HMJr: Thank you.

October 18, 1944

SECRET

Dear Jim:

I am sending you herewith two highly secret copies of "British Requirements for the First Year of Stage II". If you need additional copies, I will be glad to furnish them to you.

Yours sincerely,

(Signed) Henry

Honorable James V. Forrestal,
Secretary of the Navy,
Washington, D.C.

Delivered by Secret Service -

October 18, 1944
2:30 p.m.

HMJr: Hello.

Robert
Patterson: How are you?

HMJr: Bob, I feel I know you well enough that I can
say something to you that won't be repeated.

P: That's right.

HMJr: Last night McCloy called me up on some matter
about -- what he really was calling me up
about was that he'd heard that I'd sent this
stuff to you. You see?

P: Yeah.

HMJr: So I said that -- that you would clear it with
Mr. Stimson and all that.

P: That's right.

HMJr: And so he kept -- you know -- crying and sort
of -- he'd handle this sort of thing and that
sort of thing.

P: Yep.

HMJr: Now, what I wanted to say to you is this: I
don't know whether -- I don't want to raise an
issue over there, but if it will be at all helpful,
Stettinius is bringing Acheson.

P: Yes.

HMJr: So there'll be two of them. Well, I just thought
I'd pass that along to you for whatever it was
worth.

P: What I wanted to do, Henry, was to bring along
General Somervell and Clay on the Ground Force
equipment.

HMJr: Yeah.

P: And Lovett and Arnold on the Air Force equipment.

HMJr: Fine.

P: Isn't that adequate?

HMJr: Plenty as far as I -- it's all right as far as I am concerned.

P: The Secretary said that as far as the War Department is concerned he'd be glad to have that arranged.

HMJr: Oh, you've taken it up with him?

P: I did, yes.

HMJr: Yeah. Well, I didn't realize how much McCloy has been in it and so he seemed to feel badly but anyway -- anyway it's all right with me.

P: Yep.

HMJr: See?

P: Henry.

HMJr: Yeah.

P: Do you think -- do you think it would aid any if on the details, a -- a sub-committee on these military items, British and American military men -- uh -- came to an agreement on them?

HMJr: Oh, definitely. Now, what's going to happen is I've fixed it so that we can talk together for a half an hour first....

P: Yep.

HMJr: before we see the English.

P: Yep.

HMJr: Now, they have -- they've brought over a whole new crowd. It's a new deal.

P: Yep.

HMJr: There's some General, and as soon as this meeting is over he's going to call on you.

P: General Weeks isn't it?

HMJr: That's right.

P: Yeah.

HMJr: But they've been waiting. They've been very good this time. They've rung no back-door bells, you see?

P: Yep. That's right.

HMJr: And it's the first time it's ever happened.

P: Yeah.

HMJr: So right after this meeting, I told them -- they asked me about it -- that this General Weeks will come and call on you formally.

P: Yep.

HMJr: With the hope that you would arrange that he could meet with your people.

P: Yep.

HMJr: Then after they got together my thought was that if the rest of the committee approved then they would report back to the top committee.

P: I think from such examination as I was able to make

HMJr: Yeah.

P: of the items hastily

HMJr: Yes.

P: I would say, in a tentative way, that their demands for military weapons

HMJr: Yes.

P: were not bad.

HMJr: Yes.

P: They -- they -- there'll have to be a little ironing out

HMJr: Yes.

P: of a few items.

HMJr: Yes.

P: But in the main, after talking to Somervell and also to Lovett

HMJr: Yes.

P: they said that they thought the British could probably show a need

HMJr: Yeah.

P: for most of their stuff in approved military operations in Asia.

HMJr: Wonderful.

P: For most of it.

HMJr: I understand.

P: The -- the tighter things, the harder job is your job.

HMJr: Yeah.

P: General economics.

HMJr: Yeah.

P: The -- I read the first few pages of their book....

HMJr: Yeah.

P: before I distributed the copies for closer study by people who know more about them than I do, and they've got some economic matters there that

HMJr: That are tough.

P: That are tough. But military items ought not to be tough and I don't think we'll give you much trouble.

HMJr: Well, that's what they were worrying about the most.

P: The military?

HMJr: Yeah.

P: Really?

HMJr: Yeah.

P: Well, they aggregate so far as the Army is concerned about Two Billion, Six.

HMJr: Yeah.

P: The Navy, I think, around Four Hundred Million.

HMJr: Yeah.

P: And, or say Three Billion over-all for military weapons.

HMJr: Yeah.

P: Air, ground and water.

HMJr: Yeah.

P: And in the main that doesn't look bad to us. We may make them come down on some items that we don't think they can justify but over-all it's -- you're off to a good start I think. I think it's a good way to handle it.

HMJr: Good.

PL They want it though, Henry, what they call protocol.

HMJr: Yeah.

P: Like we do with the Russians.

HMJr: Yeah.

P: Firm.

HMJr: A firm commitment.

P: Firm.

HMJr: Yes.

P: And no more Munitions Assignment Board monthly distributions.

HMJr: Oh. Well, I wasn't

P: Well, that -- though I don't think is -- I'd just as soon see it all firm.

HMJr: Yeah.

P: In one piece of paper rather than month by month.

HMJr: Yeah.

P: But I think as the stuff comes out we are -- we must send it to the Munitions Assignment Board for distribution because otherwise we might be depriving our own forces of something. I mean in -- they've got to take pot-luck with us depending on what production is.

HMJr: Yeah.

P: That's no more than fair.

HMJr: Well

P: But I don't think they'll kick on that.

HMJr: Yeah. Well, now, there's one thing which I -- I had Hopkins here for lunch today and I was talking to him about it and he said this, that he thought if it would help us any that the President might be willing to fix this date to start this second phase as of April 1st instead of January 1st.

P: Huh.

HMJr: And that he didn't think that the English would want very much more if we did, but -- but that gets down to the question of "how long is the war going to last?" and that is something that -- I'm just putting it into your head -- I don't know whether it's something or whether we'd better just stick to what the English have put up to us.

P: Huh!

HMJr: See?

P: It seems to me that if we come over there tomorrow at nine-fifteen

HMJr: Yes.

P: and have half an hour before the British come in

HMJr: Yeah.

P: that we can go over the thing with them

HMJr: Yeah.

P: in a general way and then you can, if you like and think best, say, "Well, you don't seem to be very far apart on this stuff; suppose a little sub-committee"

HMJr: Yeah.

P: " of the military men, British and American, see if they can't agree upon it item for item."

HMJr: Yeah.

P: "And report back."

HMJr: Right.

P: Don't you think that's good

HMJr: That was my idea if it was agreeable to the rest of you.

P: Yeah, I think that's the best idea.

HMJr: Righto.

P: Thank you, Henry.

HMJr: Thank you.

P: Good bye.

12
October 18, 1944
2:45 p.m.

HMJr: Hello.

Operator: Mr. Baruch.

HMJr: Thank you.

Operator: All right. There you are.

HMJr: Hello. Hello.

B. M.
Baruch: Yes.

HMJr: This is Henry talking.

B: Yeah, Henry, Bernie.

HMJr: How are you?

B: All right. I'm sitting up here in my room just snoozing this afternoon.

HMJr: You've been doing what?

B: Snoozing.

HMJr: I'm very jealous of you.

B: Well, I cheat a little. You can't.

HMJr: Well, I got a message that you called me and this is in answer to yours.

B: Oh, that was some time ago. Oh, yes, yes.

HMJr: It was a couple of days ago.

B: Yeah, I was -- thought that if I came down and you were there -- I don't know whether I'll get down this week -- I'd -- I'd want to talk to you a little bit about that -- that German reparation.

HMJr: I'd love to talk to you.

B: The -- I -- I've said a little to the President about it and -- but I want to talk to you. I'll give you some ideas I had and see how they fit in with yours.

HMJr: Well, uh

B: We can't -- Henry, we won't let the Germans get away with anything this time.

HMJr: Well, they won't if I have anything to do with it.

B: Well, I'll be right there behind you.

HMJr: Wonderful.

B: Well, now, I'll tell you one thing I didn't like to see the President and Dewey talking about the Italians the way they did because they were just as bad, you know.

HMJr: I know.

B: But the -- I'm going to -- I think I can show you how to meet the English situation as the President's got it and explained it to me.

HMJr: Yeah.

B: Because they -- exactly what they did the last time.

HMJr: Yeah.

B: What they were going to lose and all that kind of thing, but I think I can show you how we can have our cake and eat it and satisfy them and work out along the lines that you wanted.

HMJr: Well, if you'll just give me a day's notice any time that you're coming down, well, we'll have lunch together.

B: Okay. Well, are you going to be there all this week?

HMJr: No, I'm going to leave Friday afternoon.

B: Well, are you coming up with him?

HMJr: I'm going home for one day and then come down and hear him speak Saturday night.

B: Yeah. I was going to go and talk -- going to go and Mrs. Roosevelt asked me to sit with them but I'll tell you I don't like to sit in a big crowd. Everybody comes up and talks to you and they cough in your face.

HMJr: Well, I'm going to sit with Mrs. Roosevelt.

B: Well, she asked -- she was good enough to ask me but you've got to sit there and listen to all the people that come before, you know.

HMJr: Yeah.

B: And I get colds too easily.

HMJr: I see.

B: And I might -- I might take and come in just before he speaks.

HMJr: I see.

B: And -- but -- well, I won't see you then -- if I'm there I'll see you then, but anyhow, I want to talk to you about this other thing.

HMJr: Well, we ought to set aside an hour or two for that.

B: All right, sir.

HMJr: I -- I have the time any time you're ready.

B: All right, old boy. Glad to hear from you.

HMJr: Thank you.

B: Things are looking pretty good.

HMJr: Pretty

B: We've got to just get our votes out and keep the boys from getting rattled.

HMJr: That's right.

B: They're getting -- they got pretty well rattled.

HMJr: Yeah, I think they're better now.

B: Yeah. Yeah. And -- and I think -- I think that we're all right now. Everything has steadied up a bit.

HMJr: Well, I think the New York Times helped.

B: Yeah. Yeah. Somebody did a good job on them.

HMJr: Yeah.

B: All right, Henry, I'll be seeing you.

HMJr: Thank you.

B: Good bye.

October 18, 1944
3:13 p.m.

HMJr: Hello.

Operator: Admiral Leahy calling you.

HMJr: Right.

Operator: Go ahead.

HMJr: Yes. Hello.

Admiral
Leahy: Hello, Mr. Secretary.

HMJr: Talking.

L: Admiral Leahy speaking.

HMJr: Good afternoon.

L: Good afternoon, sir. I'm coming over to
lunch with you tomorrow, I believe.

HMJr: I hope so.

L: Fine, I will. I wanted to take up something
with you that has been brought to my attention
by the Chiefs of Staff.

HMJr: Please.

L: It's in a matter of Lend-Lease.

HMJr: Yes.

L: And this is the story.

HMJr: Yes.

L: There is a British officer, Air Marshal -- Chief
Air Marshal Courtney

HMJr: Yes.

L: who is here with -- on the Lend-Lease
business....

HMJr: Yes.

L: for Great Britain.

HMJr: Yes.

L: And the -- the Staff is informed that they're endeavoring to put that on a protocol basis which takes it completely out of the hands of the Chiefs of Staff, and it is the opinion of the Chiefs of Staff that they should be required to bring their demands as heretofore to the Chiefs of Staff through the Munitions Assignment Board and then we will give them what they need. And we've been very liberal about it in the past but we will have our own shirts left after we do that.

HMJr: Well, now, can I bring you up to date the way the matter stands?

L: Yes, if you like; it would be nice.

HMJr: Yesterday afternoon, for the first time, I got copies given to me of what is called "British Requirements for the First Year of Stage Two."

L: Yeah.

HMJr: I immediately sent copies to Mr. Patterson, Mr. Stettinius and Mr. Forrestal and Mr. Crowley.

L: Yes.

HMJr: And asked them to study it and whether they would meet with me tomorrow morning at nine-fifteen.

L: Uh huh.

HMJr: Which they've agreed to do.

L: Uh huh.

HMJr: A little while ago I talked to Mr. Patterson and he brought up, amongst other things, this very thing about the protocol.

L: Yes.

HMJr: And he said that the way they were thinking over there that they thought it was better to come to an agreement and then route the thing through the Munitions Assignment Board as they had before.

L: And would not have protocol?

HMJr: And not have protocol. And so I said I would be largely guided by whatever advice he gave me.

L: Uh huh.

HMJr: So that's the way the matter stands.

L: Well, that -- that's fine, Mr. Secretary. The point is that the demands are very heavy, you see, and if we get a protocol -- I didn't know what that word "protocol" meant until recently. In the last couple of days I've found out it meant that you make an agreement reaching into a year or two in advance.

HMJr: That's right.

L: And of course

HMJr: Well, I only learned recently. It's what they call a firm commitment.

L: Yes, it's a firm commitment -- that's what it means. Well, of course, the war is going to be over before a couple of years pass. It ought to be readjusted at that time, I should think -- at least as far as the military is concerned.

HMJr: Well, in my original suggestion to them before I got this -- my suggestion was that this thing should be reviewed every three months.

L: Oh, I think that's sound. That's perfectly sound.

HMJr: Now, another thing, they have brought over -- I mean the people on this this time are quite new as a result of the talks that I had in London and in Quebec. They're all new people.

L: Yes.

HMJr: And for the first time since I've been in Washington the English have not been going around to back-doors and ringing door bells.

L: Yes.

HMJr: And they've held this Air Marshal and an Admiral and somebody else back until our first meeting tomorrow

L: Yes.

HMJr: and then these people are going to make formal calls on Mr. Patterson and on Mr. Forrestal.

L: Well, that's fine.

HMJr: And that's the first time that's ever happened.

L: Well, that's a grand arrangement and I'm sure that so long as you don't let them get you to agree to a protocol without your knowing what it means, that everything will be lovely.

HMJr: Well, I'll say this, before I do approach any such agreement, I'll certainly discuss it with you first.

L: Well, that's fine. Then I can get -- I can get the Staff's reaction to it, you see, and then we can find out what it means.

HMJr: Now, I have sent two copies to Mr. Patterson. Do you want any copies of this?

L: No, not at the present, Mr. Secretary.

HMJr: You don't?

E: Let's wait until you find out what you're going to do and then if the Staff is sufficiently interested in it, I'll then ask you if we can have a copy of what you've done.

HMJr: Well, War is bringing over tomorrow General Somervell and General Arnold.

L: Well -- well, they'll tell us.

HMJr: What?

L: They'll give it all to us.

HMJr: Won't they?

L: Yes. Oh, yes.

HMJr: But anything you want on this or any advice you want to give me will be most welcome.

L: Thank you very much, sir.

HMJr: Thank you.

L: Good bye.

October 18, 1944
3:45 p.m.

HMJr: Hello.

Oscar
Cox: Hello.

HMJr: Oscar.

C: Yes.

HMJr: This is in reply to the call of yours.

C: All right. I'm sorry to bother you on such a petty matter but I wondered if it was all right if we got Sammy Klaus away from you.

HMJr: I sent you that message yesterday or the day before.

C: Oh, I

HMJr: I told Joe O'Connell to call you.

C: He did and I called him and he was out of town.

HMJr: Oh. Well, the answer was, "yes".

C: Okay.

HMJr: And I told him to let you know immediately in view of the fact -- 'till a letter got through.

C: All right. I appreciate it.

HMJr: Yeah.

C: See you tomorrow.

HMJr: Have you had a chance to do any studying on this?

C: I just started to look through it.

HMJr: Yeah.

C: And I hope to get finished before it gets dark.

HMJr: Well, you'd better hurry.

C: All right.

HMJr: Thank you.

C: Bye.

October 18, 1944
4:00 p.m.

BRITISH LEND-LEASE NEGOTIATIONS

Present: Mr. White
Mr. Casaday
Mrs. Klotz

H.M.JR: Harry, what he has done is what we have to do; he is bringing Mr. Frank Lee as Secretary.

Now, here is the point, and just relax a minute. There has been quite a lot happening, and I talked with Patterson. Patterson says as far as the Army is concerned they are going to be able to practically take this as it is.

MR. WHITE: They are satisfied?

H.M.JR: Practically, outside of a few things. You remember, that was the main thing they were afraid of, but Patterson said, "We don't like this protocol business, this firm commitment." They want to route it through the Munitions Assignment Board.

Well, Hopkins had lunch with me, and Leahy, Combined-Chiefs-of-Staff, called me. This has to go through the Munitions Assignment Board, so I said, "Well--

MR. WHITE: The hole was just what they wanted.

H.M.JR: The military--I mean, I said that Mr. Patterson spoke to me about it, and it sounds reasonable, and I would be advised by what he had to say, "But, I can promise

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you, Admiral Leahy, that I will make no decision without consulting with you."

And Patterson said that the argument is that they can't make a firm commitment for twelve months, "Because, supposing we get in a jam; we may have to keep it, that is all."

MR. WHITE: I don't see why we have to make firm commitments. It is not a contract.

H.M.JR: My original suggestion was that it be reviewed every few months.

Hopkins wants his finger in this thing. He is Chairman of the Munitions Board. He went to Leahy; it just a little palace politics.

MR. WHITE: Did Hopkins talk on this matter at lunch?

H.M.JR: I brought it up. He already knew about it. I invited him to come here tomorrow morning and tomorrow afternoon. I can't do any more than that.

Now, what I think is this--and I can't remember who said what to me--It was Patterson or Leahy--but I thought the military would see their military.

MR. WHITE: Yes.

H.M.JR: And the Navy would see their Navy. Then they would report back.

But they have things in here like food, and all these other things, and I think that we must have a first-class secretary for the American delegation, and I don't consider that that is you, because I can put you above that. I mean, I consider you a member. Do you see what I mean?

MR. WHITE: You don't mean in the sense of records?

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H.M.JR: No, that is Mrs. Dickinson's job.

MR. WHITE: That is what I thought.

H.M.JR: I don't know who this man is, Frank Lee, Secretary of the British Delegation.

MR. WHITE: He is a technician. He is the British Treasury man here who is next in charge.

H.M.JR: You told me it was this fellow out here (Casaday), and I don't think he is smart enough. Somebody has to devote his full time for me to see that these committees are functioning, because you have other things. This is a full-time job. It is terrific, and I need the ablest fellow I have.

MR. WHITE: I say pick one; we can easily add him on.

H.M.JR: I thought the ablest fellow around here was Glasser.

MR. WHITE: He is the ablest, but--well, let me put it this way, Mr. Secretary.

H.M.JR: Are you going to bargain with me?

MR. WHITE: Yes, I don't think it would be satisfactory for this reason: Glasser takes care of a whole area. If I take him off of that, it merely means I am the only one that can take over that work. And he will have to start from scratch on this. Do you see? There is a whole history.

Now, at least Casaday is familiar with a good deal of the background. Now, Mr. Secretary, I am afraid I will have to differ with you; I don't think he has to be that good because he cannot make decisions. Our work in this is relatively little. It consists in the Army, Navy, and FEA doing the work.

H.M.JR: But somebody has to ride herd on these people.

- 4 -

MR. WHITE: He can do that. Casaday is quite presentable.

H.M.JR: What about Frank Coe?

MR. WHITE: Yes.

H.M.JR: He did a very good job up at Bretton Woods.

MR. WHITE: Frank Coe can do a very excellent job, a better job than Casaday.

H.M.JR: I was very much impressed with Frank Coe.

MR. WHITE: He is a very excellent man.

H.M.JR: And if you would be satisfied--

MR. WHITE: I would rather have Coe than Glasser, because, in the first place, Coe is familiar with it. Coe used to work on it under me, and he works on it in FEA.

H.M.JR: It would be a nice gesture towards Crowley.

MR. WHITE: Yes, I would rather have Coe, much rather have Coe do it than anybody. Then Casaday can continue to do whatever I want. It isn't a question of following it, because this has such a long history, and the principles are all the same.

H.M.JR: He can then be assistant to you.

MR. WHITE: I can use Casaday the way I always do. He has to follow it for me. I used to have two people on it always, but it so happened Miss Kistler got sick.

H.M.JR: Sick! She had a baby.

MR. WHITE: And then she was ill.

H.M.JR: Oh, I didn't know that. She hasn't been here for almost a year.

- 5 -

Then we sent Friedman to the Far East. One fellow went to the Army, and the other fellow went to the Navy.

H.M.JR: Well, what would you think of that?

MR. WHITE: I would prefer to have Coe as secretary.

H.M.JR: Didn't you think he did a good job at Bretton Woods?

MR. WHITE: Oh, I have known Coe for many years. Yes, he did a good job.

H.M.JR: And don't you think it would be a nice gesture?

MR. WHITE: I do.

H.M.JR: Well, you know I don't trade with you. I wasn't suggesting this man and then saying I wanted Coe. I don't do that, you know.

MR. WHITE: Coe would be a good man, and that is where it ought to be, in the FEA, on the following-through level, because I think the decisions you have to make here are the over-all decisions after the other people have checked up on the details. What they need in food is not our business; it's FEA business. What they need in the Army, and what they need in the Navy is their business. But all that should be collected here, so it is quite all right for Coe.

H.M.JR: He would be loyal to us?

MR. WHITE: Oh, yes, yes.

H.M.JR: This thing just bows me down. My God, then they go back to 1941, to the Morgenthau agreements of '41, and they want to pick up thirty-eight million dollars for '41.

MR. WHITE: They are throwing in everything.

- 6 -

H.M.JR: I mean, the thing with Kung is going to be a pink tea party compared with this.

MR. WHITE: Well, this doesn't have to be hard. All you have to do is say no to some of the items.

H.M.JR: You know that song the girl sings in Oklahoma, "I Just Can't Say No!"

MR. WHITE: Well, I think there is one place where we can say no.

You see, Mr. Secretary, as I see this thing, they make a very excellent case for the position which they are in.

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

October 18, 1944
4:03 p.m.

HMJr: Hello.

Operator: Mr. Crowley.

HMJr: Leo.

Leo
Crowley: Yes.

HMJr: I've been working on this proposal of the
British.

C: Yeah.

HMJr: I'm bowed down.

C: (Laughs)

HMJr: They have a Secretary of their Delegation,
a Mr. Frank Lee, and I thought we ought to
have one also. Not because they have one
but -- hello?

C: Yeah.

HMJr: And I wondered if you'd be agreeable to the
American Delegation of having Frank Coe as
the Secretary.

C: Sure. Sure, Frank is a good man and he'll
work well with all the fellows and work well
with Harry.

HMJr: Because he did a swell job for us up at
Bretton Woods.

C: Fine. That would be very fine. I'd be very --
very glad to have Frank.

HMJr: And I should think that from your standpoint
he'd be good.

C: That's right. I'd be very happy to do that.

HMJr: Well, then would you bring him along tomorrow?

C: I'll get in touch with him and have him with
us in the morning at the quarter after nine
meeting.

HMJr: You got my message we'd have a half an hour
by ourselves?

C: That's right. That's right.

HMJr: Have you got into this thing yet?

C: No. I've got the fellows looking at it and
I'm going to talk with them tonight.

HMJr: Yeah.

C: And then be able to know something about it
when we meet in the morning.

HMJr: Okay. Then Frank Coe will be the Secretary.

C: Fine. Thanks.

HMJr: Bye.

- 7 -

H.M.JR: Now, do you want the other fellow to come in?

(Mr. Casaday enters the conference.)

H.M.JR: Well, the point is this, Harry: Have you got some tables for me yet?

MR. WHITE: They are being typed now. We had some, but they are trying to put them in better shape.

H.M.JR: Hello, Mr. Casaday.

MR. CASADAY: Hello, Mr. Secretary.

H.M.JR: Here are a couple of things I would like to know tonight when you come, Harry: I would like to have a table of these things combined, you see, comparing--well, they call it different things; they call it Lend-Lease number five.

MR. WHITE: Well, yes, there are two different bases which they use that complicate the matter. They have to have data that they don't possess elsewhere. They have a fiscal year instead of a calendar year. They have appropriation instead of delivery. We want to find out whether they are selecting the figures better for their purpose, or whether there aren't any available.

H.M.JR: I would like to have the figures for the calendar year of '44.

MR. WHITE: We are trying to get them for '43, '44, and what we call '45, which will be the first twelve months, but we are making a table first of what they have. Then we will compare that with other material which may be available, which we don't know.

H.M.JR: Could you come to the house about a quarter of seven and let me have that?

MR. WHITE: Yes, all right.

- 8 -

H.M.JR: May I just talk out loud a little bit? Different things have happened today. This is very confidential, highly confidential on account of its implications, but you have to know. Hopkins said he thought that if it would make it any easier for me, the President would be willing to make this thing--date it April 1 instead of January 1, and that the English wouldn't need much more. In other words, what he was saying was, you could throw the first three months of '44 in with the twelve months starting April 1.

Now, I mentioned that to somebody--oh, yes, to Patterson, but Patterson didn't seem to like it and wanted to leave it the way it was, particularly if we are going to throw the supervision of this munitions part into the Combined Munitions Board.

MR. WHITE: You are sure the January 1 figure, as they point out, presupposes the end of the German war by January 1.

H.M.JR: That is why I am saying it is highly confidential, because Hopkins was suggesting April 1.

MR. WHITE: I see. Well, has he been in touch with the Russians?

H.M.JR: Just with Eisenhower.

MR. WHITE: Well, it still may be January 1.

H.M.JR: Have you been in touch with the Russians?

MR. WHITE: Oh, I read the papers.

MR. CASADAY: If it doesn't end by January 1 on this basis, they can ask for more.

MR. WHITE: Yes, they can ask for the same rate which they have been asking in '44.

H.M.JR: Hopkins was implying--I wonder what he meant. He said, "If you make it April 1, it won't cost you any more."

- 9 -

But I don't think he is right, because they couldn't at the present rate.

MR. WHITE: Which is substantially higher.

H.M.JR: Now, they are asking the over-all figure here of six billion dollars. But there is no over-all figure for what they call the Lend-Lease five.

MR. CASADAY: No, just non-munitions.

H.M.JR: Isn't six billion the whole thing?

MR. WHITE: Exclusive of special items amounting to about six hundred million dollars.

H.M.JR: Exclusive.

MR. WHITE: They list a number of items like tobacco, ninety million, sugar, ninety million, and do you remember those airplanes, three hundred and fifty million? They are like an elephant; they forget nothing.

H.M.JR: Which is the three hundred million?

MR. WHITE: You remember two years ago almost now, or a year and a half ago, when they wanted us to buy back the planes.

H.M.JR: You know I read this stuff. Now, it is the funniest thing; I don't know whether it is a good mind or bad mind, but I remember the things as long as I need them, and then I kind of wash my brain out.

MR. WHITE: That is what happens.

H.M.JR: I can carry them as long as I need them, but when I don't need them any longer, I eliminate them. I couldn't remember the thirty-eight million.

MR. WHITE: Well, there is an awful lot of water that has passed over the dam. This letter will remind you. You might glance at that. They refer to that letter, too.

H.M.JR: This takes me back to pre-Pearl Harbor; there will be practically the same crowd in.

MR. WHITE: You remember that letter we drafted because we wanted a summary of what you had done up to a certain date?

H.M.JR: Yes.

MR. WHITE: What is the date?

H.M.JR: September 29, '42.

MR. WHITE: Just two years ago.

Now, I think in the discussion, Mr. Secretary, if you can steer clear of that Chapter Three for the time being-- anyway, Chapter Three is where they want--it is the beginning of page thirty-five.

H.M.JR: You know, an interesting thing is, they eliminate all iron and steel, but they come back for things like tobacco and that kind of stuff. It doesn't make sense.

MR. WHITE: It does, possibly for this reason, that tobacco is just for home consumption, and they thought that tobacco could be acceptable to the United States because we produce tobacco; they don't compete with them in exports, and so forth. Whereas, iron and steel would go into their exports and would raise all kinds of problems.

H.M.JR: I know what you are going to say. At least I think you are on Chapter Three; I think that is Treasury versus Treasury.

MR. WHITE: With the exception of sugar--off-shore sugar.

H.M.JR: Is there any chance of getting Bernstein home on account of his mother?

MR. WHITE: We did our best. Dan asked somebody in the Army to send a cable asking him to come. There must have been something in the way.

- 11 -

H.M.JR: Now, Chapter Three--

MR. WHITE: They will raise that, but as it looks to me at first blush, if you say the Army is satisfied with what they are asking, the Navy is likely to be satisfied, anyway - there is nothing left to bargain with. Some of these items are pretty doubtful - the tobacco and the sugar, possibly.

H.M.JR: I can say no.

MR. WHITE: They can be reserved for later. They want those items to build up their dollar balances. There is a lot of work we want to do about comparing the balance of payment, and so forth, but no matter how we come out in discussion, their picture is going to look much worse than ours.

H.M.JR: How do you mean, much worse?

MR. WHITE: They are worse off, so far as their international position is, than they were before the war, very substantially, and there is no disguising that fact. In my judgment they are not nearly as badly off as they make out, but even allowing for that fact, they still are worse off.

We, on the other hand, from the point of view of our international position, are no worse off and probably a little better off. Their attempt to get as much help as they can on that basis is very understandable, but there is no limit to what we can give them, and they can get along without a good deal of what they are asking.

H.M.JR: I had a lot of calls today. I had one from Baruch and he has seen the President on the German business. He wants me to know he is right behind me, and he wants to point out some things - that we mustn't let the Germans get away with anything. Then he got onto this thing - he said he thought he could help me on that. The English pulled the same thing after the last war, and that in order to help Germany--

- 12 -

MR. WHITE: Of course, that is another thing I had in mind, that what they are promising to deliver, which you remember was quid pro quo for this up in Quebec--

H.M.JR: What part?

MR. WHITE: Their attitude on Germany was, in your mind--

H.M.JR: That isn't what I told Stimson in your presence. He tried to make it quid pro quo, and I told Stimson that they came across on the German business before we agreed to this.

MR. WHITE: I didn't want to say anything, but that wasn't quite true. They did that before they signed the document, but the oral agreement was made before. But in any case, in your mind they were tied together.

H.M.JR: Are you sure now?

MR. WHITE: Yes.

H.M.JR: Can you prove that to me?

MR. WHITE: I will have to reconstruct my sequence of events.

H.M.JR: Didn't I go over that with you coming down in the plane?

MR. WHITE: You put special stress on when they signed the document, but if I may remind you, what Churchill said to the President when he was trying to get the President to agree on the document, you remember, he said, "What do you want me to do, stand up and beg like Fala?" And the document was signed on the Lend-Lease after, but there practically was an oral commitment before then. It was just to be put in writing.

H.M.JR: No, I think you are wrong, Harry.

- 13 -

MR. WHITE: I will go back over the reports.

H.M.JR: The very first day I came up there I had dinner that night with him and he was "agin" us.

The next morning Churchill was for us and we still hadn't taken up the Lend-Lease - the very next morning. He kept saying he wanted to take up the Lend-Lease and they wouldn't. But Churchill came across with a plan Wednesday morning, the first morning I was there. I don't know whether I got there Tuesday or Wednesday, but I had dinner the very first night I got there, and the next morning Churchill agreed.

MR. WHITE: Churchill changed his mind. You spoke to Cherwell and asked him to speak to him that night, and the next morning he changed his mind.

H.M.JR: And up to that time I had never discussed Lend Lease, and we did not discuss Lend Lease until Friday morning.

MR. WHITE: With him; you did discuss it with Cherwell.

H.M.JR: But not with him.

MR. WHITE: Cherwell doubtless passed it on.

H.M.JR: And the President shot the works by being ready to agree to the whole business. I said, "No, we have to have a Committee." I think you are a hundred percent wrong.

MR. WHITE: I may be wrong. I will go over the details.

H.M.JR: Harry, I am going to do it once more. The first night I got up there I had dinner; Churchill was opposed; the next morning he came around, but Mr. Roosevelt wouldn't discuss the Lend-Lease thing until the second morning.

MR. WHITE: Now can I go over the events as I see them?

- 14 -

Do you remember when the President said that you were to discuss the German matter and the Lend-Lease, and Churchill said, "Why not discuss them now?" - or rather, the President said, "Why not discuss the German thing now? The Secretary is here; let him talk with Lord Cherwell."

Lord Cherwell came with two things, you remember - he came with two things up to your office and you said, "Which of the two do you want to begin discussing first? Shall we discuss the German thing first, or the Lend-Lease?"

Then he said, "Well, let's discuss the Lend-Lease, because I think we can dispose of that more quickly."

Then he spent some time discussing with you the Lend-Lease, and then you went on to Germany.

H.M.JR: I can't remember now.

MR. WHITE: That part I definitely remember.

H.M.JR: You made notes, and I dictated a lot of stuff.

MR. WHITE: But in any case, the more significant thing in my mind is that you tied them both up together.

H.M.JR: Yes, but the statement I made to Stimson was correct.

MR. WHITE: Yes, it was correct because it was specifically correct. You said that he agreed to that document after--

H.M.JR: Yes, I think my statement was correct - specifically correct.

MR. WHITE: He signed that document before the Lend-Lease document was prepared.

H.M.JR: There is no question in their mind, because Churchill said that that is what he really came for.

- 15 -

Anyway, don't let's argue. But I think what I said was true, the matter of signing. Now what you want to do is hold them.

MR. WHITE: The important thing in your mind now is that in their mind this thing was tied up on that. Now, whether they will deliver on the other thing remains to be seen, so we shouldn't deliver on this wholly without any chance to--

H.M.JR: Dear Harry, the old man was doing a little bargaining last night when he brought this German Directive to their attention and said, "I should please like to see it." And I am going to keep doing this thing while this is before me. What did you think I was doing last night?

MR. WHITE: Yes, that is right.

H.M.JR: We are together, all right.

Dinner at the Secretary's Home
October 18, 1944, 7:00 p.m.

Present: Secretary Morgenthau
Lord Keynes
Lord Cherwell
Mr. White

The Secretary asked Cherwell and Keynes whether they would mind discussing shop while eating dinner. Keynes said he preferred to do that and so Cherwell and Keynes alternately set forth what in effect was an elaboration and repetition of the material contained in Chapter 3 of the British lend-lease document for Phase 2.

After dinner the discussion continued and the Secretary questioned about the British blocked balances and their significance. Keynes' answer revealed his view that they could handle those balances without bringing undue pressure on current balance of payments of England in the next decade. It was going to be a tough problem, he said, but he thought that they could handle it. In the conversation the Secretary stressed the fact that the program for Phase 2 suggested by the British was not going to solve the long-run balance of payments problem confronting England. Keynes agreed that that was so.

Altogether the meeting brought no new points to light but gave Keynes and Cherwell an opportunity to further explain the British financial prospects, international financial prospects, and the reasons for the various requests. Cherwell remained behind to discuss with the Secretary some matters concerning German directives.

H. D. White

OCT 18 1944

Dear Harry:

I was delighted to learn from your letter of October 11 that arrangements had already been completed for representatives of the War Department and the Service Commands to attend the recent Regional Meetings of the War Finance Division.

It was also very pleasant to learn that action has already been taken to issue a War Department Circular similar to that issued in previous War Loan Campaigns, and to have liaison officers assigned for the War Department and the Service Commands.

Our people in Washington and the field have been grateful for the cooperation they have received from the Army in the past, and are certain that this close cooperation will continue in the Sixth War Loan Drive.

Sincerely,

(Signed) Henry

Honorable Henry L. Stimson
Secretary of War
Washington, D. C.

HM:mes

WAR DEPARTMENT
WASHINGTON

*Photostat
to Mr. Gamble
10-12-44*

OCT 11 1944

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

Dear Mr. Secretary:

You will be glad to learn that, even before your letter of 4 October 1944 was received, asking the War Department to set up liaison for the Sixth War Loan Campaign, arrangements had been made to have representatives of the War Department and the Service Commands meet with representatives of your War Finance Division at regional meetings in Atlantic City, Chicago, Houston and Los Angeles.

Action already has been taken to have issued a War Department circular similar to that issued in previous War Loan Campaigns, and to have liaison officers assigned for the War Department and the Service Commands. Copies of the new circular and a list of the liaison officers will be forwarded to the national director of the Treasury Department War Finance Division.

I am pleased that your War Finance Committees received good cooperation from the Army in the past and I am certain that the cooperation will continue in the Sixth War Loan Campaign, to the end that we all may share in a speedy victory.

Sincerely yours,

Henry L. Stimson
Secretary of War

WAR DEPT. IS. W. 8 45

SECRETARY OF THE TREASURY
OFFICE

OCT 18 1944

Dear Jim:

It was very reassuring to learn that you agree with our approach to the Sixth War Loan, and that we can count on the whole-hearted cooperation of the Navy. I think your directive is excellent and will insure the cooperation we need.

In appointing Lieutenant Commander Frank J. Courtney, USNH, to act as liaison officer between the Navy and the War Finance Division, and liaison officers in each of the Naval Districts, you are making the task of the State and Local War Finance Committees a lot easier and are contributing to the success of the Sixth War Loan Drive.

Sincerely,

(Signed) Henry

Honorable James V. Forrestal
Secretary of the Navy
Washington, D. C.

HN:mes

THE SECRETARY OF THE NAVY
WASHINGTON

-44
photostat
to Mr Gimble
10-12-44

OCT 11 1944

Dear Henry:

I fully appreciate the tremendous task confronting the Treasury in bringing off the Sixth War Loan. It seems to me that your decision to slant the entire campaign toward the war in the Pacific is most judicious, and I pledge you whole-hearted cooperation on the part of the Navy.

With all this in mind, I propose to issue the following directive to the Chiefs of Bureaus, the Commandants of Naval Districts and the Commanding Officers of Major and Minor Shore Stations in continental United States:

THE SIXTH WAR LOAN DRIVE BEGINNING 20 NOVEMBER AND CONTINUING THROUGH 16 DECEMBER WILL BE DIRECTED TOWARD THE WAR IN THE PACIFIC. FOR THIS REASON, IT IS IMPERATIVE THAT ADDRESSEES GIVE FULLEST COOPERATION TO WAR FINANCE DIVISION, TREASURY DEPARTMENT, AND THAT REQUESTS FOR NAVAL PERSONNEL AND MATERIAL/FOR USE IN THE SIXTH WAR LOAN BE GRANTED EXCEPT WHERE SUCH ACTION WOULD MATERIALLY IMPEDE THE WAR EFFORT.

I have again appointed Lieutenant Commander Frank J. Courtney, USNR, to act as liaison officer between the Navy and the War Finance Division, and I shall see to it that liaison officers are appointed in each of the Naval Districts to expedite cooperation with state and local War Finance Committees.

Sincerely,

Jim

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE . Oct. 18, 1944

TO: Miss Chauncey

FROM: Harold Mager *HM*

Please bring this letter to the Secretary's attention as soon as possible. It will be reproduced in the Sixth War Loan booklet of the National Association of Mutual Savings Banks, entitled "How to Build a Bond Boom in the Sixth War Loan".

OCT 18 1944

Dear Mr. Bruere:

As liaison officer between the Treasury and the mutual savings banks, you can be of great assistance in enlisting the aid of the mutual savings banks for the Sixth War Loan Drive starting November 20.

In the Sixth War Loan, even more than in the five war loans to date, the mutual savings banks can be of great assistance by helping to sell their customers and others the idea that they should buy bonds to the limit of their abilities.

Mutual savings banks occupy a unique position of trust and confidence in their communities and I feel certain that it will be of tremendous assistance in the Sixth War Loan if every mutual savings bank, large and small, will do what many banks already have done--solicit every one of its larger depositors face to face. Experience has shown that the best way to sell bonds is to have folks ask other folks to buy them.

The job ahead of us in the Sixth War Loan is going to be tougher than ever before. In previous war loans, the mutual savings bankers of the nation worked hard and did a good job, for which the Treasury is duly grateful. Now that they have accepted sales quotas for themselves, we look forward to their turning in their greatest performance to date.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Henry Bruere
110 East 42nd Street
New York, New York

SWP:agd

THE BOWERY SAVINGS BANK

110 EAST 42ND STREET

NEW YORK

ROBERT W. SPARKS
VICE-PRESIDENT

October 10, 1944

Mr. Stanley W. Prenosil, Technical Assistant
War Finance Division
U. S. Treasury
Washington Building
Washington, D. C.

Dear Stan:

No doubt you are aware by this time that Ted Gamble has seen the dummy for the savings banks' 6th War Loan book and is enthusiastic about it. We will proceed along the general lines discussed with you when you were in New York last time.

The material that you sent to Mrs. French has been helpful as have been the many constructive suggestions you have made.

We are relying on you to see that we are supplied with a letter from the Secretary addressed to Mr. Bruere as Liaison Officer between the Treasury and the mutual savings banks. If you will be good enough to get this to us as soon as possible I will appreciate it.

With best wishes,

Sincerely yours,



Vice President

rws:fr



25

October 18, 1944.

Dear Spyros:

Thank you for your very kind telegram.

I appreciated what you said.

I want to thank you again for the pleasant evening you gave me on the lot at 20th Century Fox. I very much enjoyed the dinner and the opportunity for this interesting visit.

Sincerely,

[Signed] Henry Morgenthau, Jr.

Mr. Spyros Skouras,
20th Century Fox Film Corporation,
West Los Angeles, California.

Dear Spyros:

Thank you for your very kind telegram.

I again want to thank you for the most pleasant evening you gave me on the lot at 20th Century Fox.

With best regards,

Sincerely yours,

WESTERN UNION

1220

SYMBOLS	
DL	Day Letter
NL	Night Letter
LC	Deferred Cable
NLT	Cable Night Letter
	Ship Radiogram

K

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A. N. WILLIAMS
PRESIDENT

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SECRETARY HENRY MORGENTHAU JR=
 TREASUREY DEPARTMENT WASHDC=

DEAR MR. SECRETARY: I WANT YOU TO KNOW HOW HAPPY I WAS TO HAVE
 HAD PRIVILEGE AND HONOR OF SEEING YOU AND VISITING WITH YOU
 DURING YOUR RECENT TRIP TO CALIFORNIA. IT WAS GREAT THRILL
 FOR ME TO SIT WITH YOU AT LUNCHEON AT BILTMORE HOTEL AND TO
 HAVE HAD PLEASURE OF LISTENING TO YOUR CONSTRUCTIVE INFORMATIVE
 INSPIRING ADDRESS ON FORTHCOMING SIXTH WAR LOAN DRIVE.
 EVERYONE WITH WHOM I SPOKE AFTER YOUR TALK WAS IMPRESSED WITH
 YOUR REMARKS. ALL OF THE PEOPLE WHO WERE WITH US AT DINNER
 FRIDAY NIGHT ARE STILL TALKING ABOUT THE WONDERFUL EVENING
 THEY SPENT IN YOUR COMPANY. WITH BEST REGARDS ALWAYS I REMAIN
 SINCERELY=

SPYROS SKOURAS.

28

October 18, 1944.**Dear Ed:**

**Thank you for your letter of October 16,
which transmitted a copy of the specially
printed edition of the Dumbarton Oaks proposals.
I am glad to have this special edition of the
proposals and appreciate your thoughtfulness in
sending it to me.**

With best regards,

Sincerely yours,

(Signed) Henry

**Honorable Edward R. Stettinius, Jr.,
Under Secretary of State,
Washington, D. C.**

GEF/abs

THE UNDER SECRETARY OF STATE
WASHINGTON

October 16, 1944

Dear Henry,

You have already received one of the officially issued copies of the Dumbarton Oaks proposals, but I thought that it might also be useful for you to have a copy of the specially printed edition which has now been issued.

With best wishes,

Sincerely yours,



The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

DUMBARTON OAKS
DOCUMENTS
ON INTERNATIONAL
ORGANIZATION



DUMBARTON OAKS
DOCUMENTS ON
INTERNATIONAL
ORGANIZATION

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STATEMENT BY THE PRESIDENT OF THE UNITED STATES
REGARDING THE DUMBARTON OAKS PROPOSALS

I WISH to take this opportunity to refer to the work of the Dumbarton Oaks Conversations between the delegations of the United States, the United Kingdom, the Soviet Union, and China on the plans for an international organization for the maintenance of peace and security.

The conversations were completed Saturday, October 7, 1944, and proposals were submitted to the four Governments for their consideration. These proposals have been made public to permit full discussion by the people of this country prior to the convening of a wider conference on this all-important subject.

Although I have not yet been able to make a thorough study of these proposals, my first impression is one of extreme satisfaction, and even surprise, that so much could have been accomplished on so difficult a subject in so short a time. This achievement was largely due to the long and thorough preparations which were made by the Governments represented, and in our case, was the result of the untiring devotion and care which the Secretary of State has personally given to this work for more than two and a half years—indeed for many years.

The projected international organization has for its primary purpose the maintenance of international peace and security and the creation of the conditions that make for peace.

We now know the need for such an organization of the peace-loving peoples and the spirit of unity which will be required to maintain it. Aggressors like Hitler and the Japanese war lords organize for years for the day when they can launch their evil strength against weaker

nations devoted to their peaceful pursuits. This time we have been determined first to defeat the enemy, assure that he shall never again be in position to plunge the world into war, and then to so organize the peace-loving nations that they may through unity of desire, unity of will, and unity of strength be in position to assure that no other would-be aggressor or conqueror shall even get started. That is why from the very beginning of the war, and paralleling our military plans, we have begun to lay the foundations for the general organization for the maintenance of peace and security.

It represents, therefore, a major objective for which this war is being fought, and as such, it inspires the highest hopes of the millions of fathers and mothers whose sons and daughters are engaged in the terrible struggle and suffering of war.

The projected general organization may be regarded as the keystone of the arch and will include within its framework a number of specialized economic and social agencies now existing or to be established.

The task of planning the great design of security and peace has been well begun. It now remains for the nations to complete the structure in a spirit of constructive purpose and mutual confidence.

OCTOBER 9, 1944

STATEMENT BY THE SECRETARY OF STATE OF THE UNITED STATES

THE PROPOSALS for an international organization for the maintenance of international peace and security, upon which the representatives of the United States, the United Kingdom, the Soviet Union, and China have agreed during the conversations at Dumbarton Oaks, have been submitted to the four Governments and are today being made generally available to the people of this Nation and of the world.

All of us have every reason to be immensely gratified by the results achieved at these conversations. To be sure, the Proposals in their present form are neither complete nor final. Much work still remains to be done before a set of completed proposals can be placed before the peace-loving nations of the world as a basis of discussion at a formal conference to draft a charter of the projected organization for submission to the governments. But the document which has been prepared by the able representatives of the four participating nations and has been agreed to by them as their recommendation to their respective Governments is sufficiently detailed to indicate the kind of an international organization which, in their judgment, will meet the imperative need of providing for the maintenance of international peace and security.

These proposals are now being studied by the four Governments which were represented at the Washington Conversations and which will give their urgent attention to the next steps which will be necessary to reach the goal of achieving the establishment of an effective international organization.

These proposals are now available for full study and discussion by the peoples of all countries.

We in this country have spent many months in careful planning

and wide consultation in preparation for the conversations which have just been concluded. Those who represented the Government of the United States in these discussions were armed with the ideas and with the results of thinking contributed by numerous leaders of our national thought and opinion, without regard to political or other affiliations.

It is my earnest hope that, during the time which must elapse before the convocation of a full United Nations conference, discussions in the United States on this all-important subject will continue to be carried on in the same non-partisan spirit of devotion to our paramount national interest in peace and security which has characterized our previous consultations. I am certain that all of us will be constantly mindful of the high responsibility for us and for all peace-loving nations which attaches to this effort to make permanent a victory purchased at so heavy a cost in blood, in tragic suffering, and in treasure. We must be constantly mindful of the price which all of us will pay if we fail to measure up to this unprecedented responsibility.

It is, of course, inevitable that when many governments and peoples attempt to agree on a single plan the result will be in terms of the highest common denominator rather than of the plan of any one nation. The organization to be created must reflect the ideas and hopes of all the peace-loving nations which participate in its creation. The spirit of cooperation must manifest itself in mutual striving to attain the high goal by common agreement.

The road to the establishment of an international organization capable of effectively maintaining international peace and security will be long. At times it will be difficult. But we cannot hope to attain so great an objective without constant effort and unflinching determination that the sacrifices of this war shall not be in vain.

OCTOBER 9, 1944

REPORT TO THE SECRETARY OF STATE

SUBMITTED BY THE CHAIRMAN OF THE AMERICAN DELEGATION TO THE WASHINGTON CONVERSATIONS ON INTERNATIONAL ORGANIZATION

I TAKE great pleasure in submitting to you the results of the exploratory conversations on international organization held in Washington between representatives of the Governments of the United States, the United Kingdom, the Soviet Union, and China. The first phase of the conversations, between representatives of the United States, the United Kingdom, and the Soviet Union, took place from August 21 to September 28; the second phase, between representatives of the United States, the United Kingdom, and China, was held from September 29 to October 7. The results of the work accomplished in both phases are embodied in the following Proposals which each of the four delegations is transmitting to its respective Government as the unanimously agreed recommendations of the four delegations.

I am happy to report that the conversations throughout were characterized by a spirit of complete cooperation and great cordiality among all participants, the proof of which is evident in the wide area of agreement covered in the Proposals. The few questions which remain for further consideration, though important, are not in any sense insuperable, and I recommend that the necessary steps for obtaining agreement on these points be taken as soon as possible.

It is proper to emphasize, at the conclusion of these preliminary conversations, that the Proposals as they are now submitted to the four Governments comprise substantial contributions from each of the delegations. It is my own view, which I believe is shared by all the participants, that the agreed Proposals constitute an advance over the tentative and preliminary proposals presented by each delegation. This has resulted from a single-minded effort of all the delegations at Dum-

barton Oaks to reach a common understanding as to the most effective international organization capable of fulfilling the hopes of all peoples everywhere.

I wish to take this opportunity to express my grateful recognition of the contribution to the successful outcome of these conversations made by the members of the American delegation and to commend the advisers and the staff for their most helpful assistance. Above all, I wish to express my profound appreciation to the President and to you, Mr. Secretary, for the constant advice and guidance without which our work could not have been accomplished with such constructive and satisfactory results.

E. R. STETTINIUS, JR.

OCTOBER 7, 1944

STATEMENT ISSUED SIMULTANEOUSLY BY THE PARTICIPATING GOVERNMENTS

THE GOVERNMENT of the United States has now received the report of its delegation to the conversations held in Washington between August 21 and October 7, 1944, with the delegations of the United Kingdom, the Union of Soviet Socialist Republics, and the Republic of China on the subject of an international organization for the maintenance of peace and security.

There follows a statement of tentative proposals indicating in detail the wide range of subjects on which agreement has been reached at the conversations.

The Governments which were represented in the discussions in Washington have agreed that after further study of these proposals they will as soon as possible take the necessary steps with a view to the preparation of complete proposals which could then serve as a basis of discussion at a full United Nations conference.

OCTOBER 9, 1944

PROPOSALS
FOR THE ESTABLISHMENT OF
A GENERAL INTERNATIONAL ORGANIZATION

THERE should be established an international organization under the title of The United Nations, the Charter of which should contain provisions necessary to give effect to the proposals which follow.

CHAPTER I. PURPOSES

The purposes of the Organization should be:

1. To maintain international peace and security; and to that end to take effective collective measures for the prevention and removal of threats to the peace and the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means adjustment or settlement of international disputes which may lead to a breach of the peace;
2. To develop friendly relations among nations and to take other appropriate measures to strengthen universal peace;
3. To achieve international cooperation in the solution of international economic, social and other humanitarian problems; and
4. To afford a center for harmonizing the actions of nations in the achievement of these common ends.

CHAPTER II. PRINCIPLES

In pursuit of the purposes mentioned in Chapter I the Organization and its members should act in accordance with the following principles:

1. The Organization is based on the principle of the sovereign equality of all peace-loving states.

2. All members of the Organization undertake, in order to ensure to all of them the rights and benefits resulting from membership in the Organization, to fulfill the obligations assumed by them in accordance with the Charter.

3. All members of the Organization shall settle their disputes by peaceful means in such a manner that international peace and security are not endangered.

4. All members of the Organization shall refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the Organization.

5. All members of the Organization shall give every assistance to the Organization in any action undertaken by it in accordance with the provisions of the Charter.

6. All members of the Organization shall refrain from giving assistance to any state against which preventive or enforcement action is being undertaken by the Organization.

The Organization should ensure that states not members of the Organization act in accordance with these principles so far as may be necessary for the maintenance of international peace and security.

CHAPTER III. MEMBERSHIP

1. Membership of the Organization should be open to all peace-loving states.

CHAPTER IV. PRINCIPAL ORGANS

1. The Organization should have as its principal organs:
 - a. A General Assembly;
 - b. A Security Council;
 - c. An international court of justice; and
 - d. A Secretariat.

2. The Organization should have such subsidiary agencies as may be found necessary.

CHAPTER V. THE GENERAL ASSEMBLY

Section A. Composition

All members of the Organization should be members of the General Assembly and should have a number of representatives to be specified in the Charter.

Section B. Functions and Powers

1. The General Assembly should have the right to consider the general principles of cooperation in the maintenance of international peace and security, including the principles governing disarmament and the regulation of armaments; to discuss any questions relating to the maintenance of international peace and security brought before it by any member or members of the Organization or by the Security Council; and to make recommendations with regard to any such principles or questions. Any such questions on which action is necessary should be referred to the Security Council by the General Assembly either before or after discussion. The General Assembly should not on its own initiative make recommendations on any matter relating to the maintenance of international peace and security which is being dealt with by the Security Council.

2. The General Assembly should be empowered to admit new members to the Organization upon recommendation of the Security Council.

3. The General Assembly should, upon recommendation of the Security Council, be empowered to suspend from the exercise of any rights or privileges of membership any member of the Organization

against which preventive or enforcement action shall have been taken by the Security Council. The exercise of the rights and privileges thus suspended may be restored by decision of the Security Council. The General Assembly should be empowered, upon recommendation of the Security Council, to expel from the Organization any member of the Organization which persistently violates the principles contained in the Charter.

4. The General Assembly should elect the non-permanent members of the Security Council and the members of the Economic and Social Council provided for in Chapter IX. It should be empowered to elect, upon recommendation of the Security Council, the Secretary-General of the Organization. It should perform such functions in relation to the election of the judges of the international court of justice as may be conferred upon it by the statute of the court.

5. The General Assembly should apportion the expenses among the members of the Organization and should be empowered to approve the budgets of the Organization.

6. The General Assembly should initiate studies and make recommendations for the purpose of promoting international cooperation in political, economic and social fields and of adjusting situations likely to impair the general welfare.

7. The General Assembly should make recommendations for the coordination of the policies of international economic, social, and other specialized agencies brought into relation with the Organization in accordance with agreements between such agencies and the Organization.

8. The General Assembly should receive and consider annual and special reports from the Security Council and reports from other bodies of the Organization.

Section C. Voting

1. Each member of the Organization should have one vote in the General Assembly.

2. Important decisions of the General Assembly, including recommendations with respect to the maintenance of international peace and security; election of members of the Security Council; election of members of the Economic and Social Council; admission of members, suspension of the exercise of the rights and privileges of members, and expulsion of members; and budgetary questions, should be made by a two-thirds majority of those present and voting. On other questions, including the determination of additional categories of questions to be decided by a two-thirds majority, the decisions of the General Assembly should be made by a simple majority vote.

Section D. Procedure

1. The General Assembly should meet in regular annual sessions and in such special sessions as occasion may require.

2. The General Assembly should adopt its own rules of procedure and elect its President for each session.

3. The General Assembly should be empowered to set up such bodies and agencies as it may deem necessary for the performance of its functions.

CHAPTER VI. THE SECURITY COUNCIL

Section A. Composition

The Security Council should consist of one representative of each of eleven members of the Organization. Representatives of the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, the Republic of China, and, in due course, France, should have permanent seats. The General

Assembly should elect six states to fill the non-permanent seats. These six states should be elected for a term of two years, three retiring each year. They should not be immediately eligible for reelection. In the first election of the non-permanent members three should be chosen by the General Assembly for one-year terms and three for two-year terms.

Section B. Principal Functions and Powers

1. In order to ensure prompt and effective action by the Organization, members of the Organization should by the Charter confer on the Security Council primary responsibility for the maintenance of international peace and security and should agree that in carrying out these duties under this responsibility it should act on their behalf.

2. In discharging these duties the Security Council should act in accordance with the purposes and principles of the Organization.

3. The specific powers conferred on the Security Council in order to carry out these duties are laid down in Chapter VIII.

4. All members of the Organization should obligate themselves to accept the decisions of the Security Council and to carry them out in accordance with the provisions of the Charter.

5. In order to promote the establishment and maintenance of international peace and security with the least diversion of the world's human and economic resources for armaments, the Security Council, with the assistance of the Military Staff Committee referred to in Chapter VIII, Section B, paragraph 9, should have the responsibility for formulating plans for the establishment of a system of regulation of armaments for submission to the members of the Organization.

Section C. Voting

(NOTE.—The question of voting procedure in the Security Council is still under consideration.)

Section D. Procedure

1. The Security Council should be so organized as to be able to function continuously and each state member of the Security Council should be permanently represented at the headquarters of the Organization. It may hold meetings at such other places as in its judgment may best facilitate its work. There should be periodic meetings at which each state member of the Security Council could if it so desired be represented by a member of the government or some other special representative.

2. The Security Council should be empowered to set up such bodies or agencies as it may deem necessary for the performance of its functions including regional subcommittees of the Military Staff Committee.

3. The Security Council should adopt its own rules of procedure, including the method of selecting its President.

4. Any member of the Organization should participate in the discussion of any question brought before the Security Council whenever the Security Council considers that the interests of that member of the Organization are specially affected.

5. Any member of the Organization not having a seat on the Security Council and any state not a member of the Organization, if it is a party to a dispute under consideration by the Security Council, should be invited to participate in the discussion relating to the dispute.

CHAPTER VII. AN INTERNATIONAL COURT OF JUSTICE

1. There should be an international court of justice which should constitute the principal judicial organ of the Organization.

2. The court should be constituted and should function in accord-

ance with a statute which should be annexed to and be a part of the Charter of the Organization.

3. The statute of the court of international justice should be either (a) the Statute of the Permanent Court of International Justice, continued in force with such modifications as may be desirable or (b) a new statute in the preparation of which the Statute of the Permanent Court of International Justice should be used as a basis.

4. All members of the Organization should *ipso facto* be parties to the statute of the international court of justice.

5. Conditions under which states not members of the Organization may become parties to the statute of the international court of justice should be determined in each case by the General Assembly upon recommendation of the Security Council.

CHAPTER VIII. ARRANGEMENTS FOR THE MAINTENANCE OF INTERNATIONAL PEACE AND SECURITY INCLUDING PREVENTION AND SUPPRESSION OF AGGRESSION

Section A. Pacific Settlement of Disputes

1. The Security Council should be empowered to investigate any dispute, or any situation which may lead to international friction or give rise to a dispute, in order to determine whether its continuance is likely to endanger the maintenance of international peace and security.

2. Any state, whether member of the Organization or not, may bring any such dispute or situation to the attention of the General Assembly or of the Security Council.

3. The parties to any dispute the continuance of which is likely to endanger the maintenance of international peace and security should obligate themselves, first of all, to seek a solution by negotiation, mediation, conciliation, arbitration or judicial settlement, or other

peaceful means of their own choice. The Security Council should call upon the parties to settle their dispute by such means.

4. If, nevertheless, parties to a dispute of the nature referred to in paragraph 3 above fail to settle it by the means indicated in that paragraph, they should obligate themselves to refer it to the Security Council. The Security Council should in each case decide whether or not the continuance of the particular dispute is in fact likely to endanger the maintenance of international peace and security, and, accordingly, whether the Security Council should deal with the dispute, and, if so, whether it should take action under paragraph 5.

5. The Security Council should be empowered, at any stage of a dispute of the nature referred to in paragraph 3 above, to recommend appropriate procedures or methods of adjustment.

6. Justiciable disputes should normally be referred to the international court of justice. The Security Council should be empowered to refer to the court, for advice, legal questions connected with other disputes.

7. The provisions of paragraph 1 to 6 of Section A should not apply to situations or disputes arising out of matters which by international law are solely within the domestic jurisdiction of the state concerned.

Section B. Determination of Threats to the Peace or Acts of Aggression and Action With Respect Thereto

1. Should the Security Council deem that a failure to settle a dispute in accordance with procedures indicated in paragraph 3 of Section A, or in accordance with its recommendations made under paragraph 5 of Section A, constitutes a threat to the maintenance of international peace and security, it should take any measures necessary for the maintenance of international peace and security in accordance with the purposes and principles of the Organization.

2. In general the Security Council should determine the existence of any threat to the peace, breach of the peace or act of aggression and should make recommendations or decide upon the measures to be taken to maintain or restore peace and security.

3. The Security Council should be empowered to determine what diplomatic, economic, or other measures not involving the use of armed force should be employed to give effect to its decisions, and to call upon members of the Organization to apply such measures. Such measures may include complete or partial interruption of rail, sea, air, postal, telegraphic, radio and other means of communication and the severance of diplomatic and economic relations.

4. Should the Security Council consider such measures to be inadequate, it should be empowered to take such action by air, naval or land forces as may be necessary to maintain or restore international peace and security. Such action may include demonstrations, blockade and other operations by air, sea or land forces of members of the Organization.

5. In order that all members of the Organization should contribute to the maintenance of international peace and security, they should undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements concluded among themselves, armed forces, facilities and assistance necessary for the purpose of maintaining international peace and security. Such agreement or agreements should govern the numbers and types of forces and the nature of the facilities and assistance to be provided. The special agreement or agreements should be negotiated as soon as possible and should in each case be subject to approval by the Security Council and to ratification by the signatory states in accordance with their constitutional processes.

6. In order to enable urgent military measures to be taken by the

Organization there should be held immediately available by the members of the Organization national air force contingents for combined international enforcement action. The strength and degree of readiness of these contingents and plans for their combined action should be determined by the Security Council with the assistance of the Military Staff Committee within the limits laid down in the special agreement or agreements referred to in paragraph 5 above.

7. The action required to carry out the decisions of the Security Council for the maintenance of international peace and security should be taken by all the members of the Organization in cooperation or by some of them as the Security Council may determine. This undertaking should be carried out by the members of the Organization by their own action and through action of the appropriate specialized organizations and agencies of which they are members.

8. Plans for the application of armed force should be made by the Security Council with the assistance of the Military Staff Committee referred to in paragraph 9 below.

9. There should be established a Military Staff Committee the functions of which should be to advise and assist the Security Council on all questions relating to the Security Council's military requirements for the maintenance of international peace and security, to the employment and command of forces placed at its disposal, to the regulation of armaments, and to possible disarmament. It should be responsible under the Security Council for the strategic direction of any armed forces placed at the disposal of the Security Council. The Committee should be composed of the Chiefs of Staff of the permanent members of the Security Council or their representatives. Any member of the Organization not permanently represented on the Committee should be invited by the Committee to be associated with it when the efficient discharge of the Committee's responsibilities re-

quires that such a state should participate in its work. Questions of command of forces should be worked out subsequently.

10. The members of the Organization should join in affording mutual assistance in carrying out the measures decided upon by the Security Council.

11. Any state, whether a member of the Organization or not, which finds itself confronted with special economic problems arising from the carrying out of measures which have been decided upon by the Security Council should have the right to consult the Security Council in regard to a solution of those problems.

Section C. Regional Arrangements

1. Nothing in the Charter should preclude the existence of regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action, provided such arrangements or agencies and their activities are consistent with the purposes and principles of the Organization. The Security Council should encourage settlement of local disputes through such regional arrangements or by such regional agencies, either on the initiative of the states concerned or by reference from the Security Council.

2. The Security Council should, where appropriate, utilize such arrangements or agencies for enforcement action under its authority, but no enforcement action should be taken under regional arrangements or by regional agencies without the authorization of the Security Council.

3. The Security Council should at all times be kept fully informed of activities undertaken or in contemplation under regional arrangements or by regional agencies for the maintenance of international peace and security.

CHAPTER IX. ARRANGEMENTS FOR INTERNATIONAL ECONOMIC AND
SOCIAL COOPERATION

Section A. Purpose and Relationships

1. With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations, the Organization should facilitate solutions of international economic, social and other humanitarian problems and promote respect for human rights and fundamental freedoms. Responsibility for the discharge of this function should be vested in the General Assembly and, under the authority of the General Assembly, in an Economic and Social Council.

2. The various specialized economic, social and other organizations and agencies would have responsibilities in their respective fields as defined in their statutes. Each such organization or agency should be brought into relationship with the Organization on terms to be determined by agreement between the Economic and Social Council and the appropriate authorities of the specialized organization or agency, subject to approval by the General Assembly.

Section B. Composition and Voting

The Economic and Social Council should consist of representatives of eighteen members of the Organization. The states to be represented for this purpose should be elected by the General Assembly for terms of three years. Each such state should have one representative, who should have one vote. Decisions of the Economic and Social Council should be taken by simple majority vote of those present and voting.

Section C. Functions and Powers of the Economic and Social Council

1. The Economic and Social Council should be empowered:
 - a. to carry out, within the scope of its functions, recommendations of the General Assembly;

- b. to make recommendations, on its own initiative, with respect to international economic, social and other humanitarian matters;
- c. to receive and consider reports from the economic, social and other organizations or agencies brought into relationship with the Organization, and to coordinate their activities through consultations with, and recommendations to, such organizations or agencies;
- d. to examine the administrative budgets of such specialized organizations or agencies with a view to making recommendations to the organizations or agencies concerned;
- e. to enable the Secretary-General to provide information to the Security Council;
- f. to assist the Security Council upon its request; and
- g. to perform such other functions within the general scope of its competence as may be assigned to it by the General Assembly.

Section D. Organization and Procedure

1. The Economic and Social Council should set up an economic commission, a social commission, and such other commissions as may be required. These commissions should consist of experts. There should be a permanent staff which should constitute a part of the Secretariat of the Organization.

2. The Economic and Social Council should make suitable arrangements for representatives of the specialized organizations or agencies to participate without vote in its deliberations and in those of the commissions established by it.

3. The Economic and Social Council should adopt its own rules of procedure and the method of selecting its President.

CHAPTER X. THE SECRETARIAT

1. There should be a Secretariat comprising a Secretary-General and such staff as may be required. The Secretary-General should be the chief administrative officer of the Organization. He should be elected by the General Assembly, on recommendation of the Security Council, for such term and under such conditions as are specified in the Charter.

2. The Secretary-General should act in that capacity in all meetings of the General Assembly, of the Security Council, and of the Economic and Social Council and should make an annual report to the General Assembly on the work of the Organization.

3. The Secretary-General should have the right to bring to the attention of the Security Council any matter which in his opinion may threaten international peace and security.

CHAPTER XI. AMENDMENTS

Amendments should come into force for all members of the Organization, when they have been adopted by a vote of two-thirds of the members of the General Assembly and ratified in accordance with their respective constitutional processes by the members of the Organization having permanent membership on the Security Council and by a majority of the other members of the Organization.

CHAPTER XII. TRANSITIONAL ARRANGEMENTS

1. Pending the coming into force of the special agreement or agreements referred to in Chapter VIII, Section B, paragraph 5, and in accordance with the provisions of paragraph 5 of the Four-Nation Declaration, signed at Moscow, October 30, 1943, the states parties to

that Declaration should consult with one another and as occasion arises with other members of the Organization with a view to such joint action on behalf of the Organization as may be necessary for the purpose of maintaining international peace and security.

2. No provision of the Charter should preclude action taken or authorized in relation to enemy states as a result of the present war by the Governments having responsibility for such action.

NOTE

In addition to the question of voting procedure in the Security Council referred to in Chapter VI, several other questions are still under consideration.

WASHINGTON, D. C.

October 7, 1944

OCT 18 1944

Dear Mr. Dickhuth:

Thank you for your letter of October 10, 1944. I am glad to have your view of the attitude of the National Foreign Trade Convention toward the Bretton Woods proposals.

I agree with you that the great task now is to bring home to the American people the importance of the Fund and the Bank to our own well being.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. H. Eugene Dickhuth,
Financial Editorial Department,
Herald Tribune,
230 West 41st Street,
New York 16, New York.

WDW
C. B. S. E.

REC-11 10/17/44

FILE COPY

NEW YORK
Herald Tribune

230 West 41st Street, New York

Oct. 10, 1944

Dear Mr. Morgenthau,

It was very good of you to write me about my article of Oct. 1 from Chicago regarding the reaction of American Bankers Association delegates' on the Bretton Woods proposals. Two other newspaper men who were present agreed that the story "nearly hit one in the face" after talking to any number of representatives privately.

The article was strictly reporting, as I saw it, and I was very glad to receive your comments. They served also as an offset, as it were, to the other kind of "reaction" to the article which questioned the accuracy of my observations.

At the risk of repeating what you may know already, the National Foreign Trade convention now in session here also discussed Bretton Woods at length and they are likely to issue a resolution comparable in spirit to that of the American Bankers Association. In fact, three broad groups seem to be emerging in the country as a whole. One, represented by E.E. Brown, president of the First National Bank of Chicago, fully embracing Bretton Woods. The opposite school, of which W. Winthrop Aldrich seems to be symptomatic who cannot find much, if anything laudable in the proposals; and a third, represented perhaps by National City Bank and the American Bankers Association which is essentially constructive and would like to adopt what they consider sound parts of the program "adapting" other features less agreeable to them.

It would seem to me, however, that a strong public opinion which you mention as desirable, either pro or con, cannot develop in any strength unless it can be shown with some degree of accuracy how the average pocket book and pay envelope would be affected either by the working of the Bretton Woods proposals or by the absence of any agreement.

Thanking you again for your note, I am

sincerely,

H. Eugene Dickhuth

H. Eugene Dickhuth
Financial Editorial Department

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

OFFICE

Bretton Woods Proposals Win Bankers' Favor

Many at A.B.A. Convention Feel World Agreement Must Be Reached Quickly

By H. Eugene Dickhuth

CHICAGO, Sept. 30.—One of the unpublicized developments of the three-day convention of the American Bankers Association held here this week was a crystallization of the banking viewpoint on international monetary stabilization proposals advanced at the Bretton Woods conference.

Inquiries among attending delegates made it clear that an increasing number of financial men from all parts of the country not only favor the widest possible co-operation among the nations of the world, but lean more toward the school of thought represented by Edward E. Brown, president of First National Bank of Chicago, than that expressed by Winthrop W. Aldrich, chairman of Chase National Bank, and by National City Bank.

In fact, those bankers seem inclined to embrace the Bretton Woods proposals in lieu of any others which have reached an equal state of international agreement. They think the time is past when monetary agreements could wait upon tariff changes in the various countries or upon necessary reform measures.

Non-Partisan Policy Urged

In their opinion, the war in Europe has progressed with such rapidity that some sort of basic understanding is needed badly in the near future lest chaos in liberated countries overtake the planners. At the same time, unanimous agreement has been expressed here privately and by the A. B. A. officially that the pros and cons of the Bretton Woods proposals should be strictly non-partisan.

This is held to be important in this Presidential election year and follows the general pattern of the unwritten agreement between Republicans and Democrats to keep the resolutions of the Dumbarton Oaks conference out of politics, too. Indeed, Bretton Woods, Dumbarton Oaks, the United Nations Relief and Rehabilitation Administration, the international food discussions, all are beginning to be looked upon as a whole which only together can play an important role.

It should be observed, however, that about 400 of the more than 3,000 bankers in attendance here this week came from the Chicago area and the out-of-New York influence predominated at the gatherings. There can be little doubt that proposals which have been advanced in the East for elaborate plans to support Great Britain alone as an initial measure are not regarded as palatable here.

Those bankers with Latin-American connections who were here made it clear that such a "key country approach" embracing at first merely the United States and the United Kingdom would be bad politics south of the Rio Grande since it would be regarded as an Anglo-American attempt at possible economic domination of the world's trade lanes.

Need for World Program Realized

Here in the cradle of former American isolationism there appears to be a genuine realization of the imperativeness of international co-operation on a very broad scale as an antidote for a possible World War III which would probably begin with rocket bombs devastating industrial centers in the United States with greater "efficiency" than that wrought on cities abroad in this war.

Serious study of the Bretton Woods proposals by various groups are proceeding now with much energy. The economic policy commission of the A. B. A. is pursuing its studies and the New York State Bankers Association committee on this subject has already consulted with officials of the Treasury and State Departments.

There is also a reserve city bankers' committee working on the international monetary proposals, and in due course all these groups will issue their reports and findings. Most of them apparently will be deferred until after the elections and only the new Congress will probably be asked to pass on necessary legislation for the international bank and the fund.

If the opinions expressed here by American bankers this week are any criterion, the chances are that banking reaction as a whole will show much less opposition to the Bretton Woods suggestions than seemed possible a few months ago.

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OCT 18 1944

Dear Mr. Creighton:

I have just received your letter of October 13, 1944 enclosing a copy of the remarks on the proposal for an International Monetary Fund and the proposal for an International Bank for Reconstruction and Development included in your address to the recent Stockholder's Meeting of the Federal Reserve Bank of Boston. I appreciate your thoughtfulness in sending this copy to me.

As you state in your letter "New England can rightly take pride in the fact that it is more internationally minded than many other sections of the United States." There can no longer be any doubt that a peaceful and prosperous world can be achieved only through international cooperation and only upon a foundation of prosperity in all countries.

The International Monetary Fund and the International Bank for Reconstruction and Development are important means through which the goal of a peaceful and prosperous world can be accomplished. It is indeed appropriate that New England should take a leading part in the task of bringing home to the American people the importance of the Fund and the Bank to our own well-being.

Very truly yours,

(Signed) Henry Morgenthau, Jr.

Secretary of the Treasury

Mr. Albert M. Creighton, Chairman,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

DFR:lr 10/17/44

FEDERAL RESERVE BANK
OF BOSTON

ALBERT M. CREIGHTON
CHAIRMAN

October 13, 1944

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

Dear Mr. Morgenthau:

The Stockholders' Meeting of our Federal Reserve Bank in Boston was held on Tuesday, October Tenth and was attended by nearly 400 stockholders, bankers and distinguished guests.

If I remember correctly, I told you that I was going to refer to the Monetary Program as agreed to by forty-four nations at Bretton Woods. Following your suggestion during your recent visit with us, I am enclosing you a copy of my remarks pertaining to this subject.

With best regards, I am

Sincerely,



Enclosure

Excerpt From Remarks Made
By A. M. Creighton At The
Stockholders' Meeting Of
The Federal Reserve Bank of Boston
October 10, 1944

I would like to supplement what I have just said about our New England problems and refer to the monetary plans agreed to unanimously at Bretton Woods by the Forty-four Nations.

In New England we have much to gain from the Monetary Fund and from the Bank for Reconstruction and Development.

We would do well in our own interests to support these proposals when they come up in Congress.

The suggestion has been made, and I am told has been welcomed by influential Europeans, that the Headquarters of these two great financial institutions could to great advantage be located in the City of Boston.

These institutions will engage in important research work, and helpful collaboration could be worked out with our universities.

Boston is accessible from Europe and Canada, and is near the great financial center of New York and would be in every respect an ideal location.

Personally, I believe that the Bank for Reconstruction and Development is especially important for New England Business.

We are a great machine and equipment producing industrial area. We need export markets for our products. Reconstruction and development loans in all parts of the world are essential for an expanding and prosperous America.

The Bank does not interfere with private investment and wel-

comes private international lending outside of the auspices of the Bank wherever and whenever loans can be placed on reasonable terms. But the Bank will promote productive development projects throughout the world which could not be undertaken except by the aid of the Bank.

I would like to stress the point that the Bank will to a very limited extent, if indeed at all, make direct loans out of its own capital funds.

What the Bank will do is to insure and guarantee foreign loans placed in the private capital markets in the United States, in Canada and elsewhere, where surplus funds are available.

It is exactly like the FHA loans with which we are familiar. The borrower pays an insurance premium just as under the FHA loans. Thus an insurance pool is created to insure the loans.

And finally, should this pool prove inadequate, the Bank guarantees the loans.

This means in effect that each member nation guarantees the loans up to the amount of its subscription in the Bank. And the Bank cannot guarantee loans in excess of its subscribed capital.

Thus, the bonds must be regarded as very high grade gilt-edge securities.

Our investors will have an opportunity to invest in a good bond with a fair yield.

Our exporters will benefit from the export of equipment and machinery which will follow these development loans.

The international character of the institution will help to promote that international good-will upon which peace and security must be built.

I also believe that it is to our interest to support the Monetary Fund.

It will perform three functions.

First - The Monetary Fund is an institution for the collection of important information and it will issue from time to time reports which will help every exporter and importer and every banker with international connections.

In the second place, the Monetary Fund will give us something sadly lacking after the last war. Then each country was left to fix its own exchange rate without regard to the effect on the rest of the world.

Through international consultation, it will help each of the war-torn countries to find an appropriate exchange rate.

Moreover, it provides us with an institution sadly lacking in the inter-war period, which will provide orderly adjustment of exchange rates.

It will prevent competitive cut-throat exchange depreciation.

Stable exchange rates, with orderly adjustment when necessary -- that is the goal of the Monetary Fund.

Finally, let me emphasize that this Fund in no way interferes with the regular private buying and selling in the foreign exchange markets.

It is not a competitor of private exchange dealings.

It merely supplements, when needed, the foreign exchange resources of different countries.

It offers each country a limited line of short term credit to help it over temporary difficulties. Each country's line of credit

is limited to a reasonable amount and only a fraction, around 25% can be used in any one year.

Moreover, any country which borrows from the fund must deposit collateral for the amount borrowed, in addition to its original deposit in the Fund. Thus the Fund is amply protected.

Each borrower must pay a rate of interest on the amount borrowed -- a rate which increases the larger the borrowing and the longer the interval of the loan. If the loan is allowed to run for an excessively long period, the fund may charge any rate of interest it chooses.

We need to take a forward look with respect to the World situation.

We cannot afford to take an isolationist position in international economic affairs any more than we can in international political matters. And New England bankers and business-men can lead the way.

New England can rightly take pride in the fact that it is more internationally minded than many other sections of the United States. Constructive leadership is more than ever necessary if we are going to have an expanding and prosperous world trade and world wide prosperity.

October 18, 1944.

Dear Mr. Gaertner:

I have read with a great deal of interest the editorial in the News of September 25 under the heading "Germany Must be Held Down."

While I have never made any public statement on this subject and news stories undertaking to present my views have not been entirely accurate, I do think the frank discussion of this matter in editorial columns has been a real contribution to the public good.

I sincerely hope that you will continue to give critical attention to all suggestions as to the treatment to be accorded the enemy from the standpoint of whether the proposals will contribute to lasting peace.

I am writing this as a personal communication, not as a "letter to the Editor."

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Fred Gaertner
Managing Editor, Detroit News
Detroit, Michigan.

HEG/mah

Militarily, Germany Must Be Held Down

American sentiment for a soft peace with Hitler Germany has been too unfashionable to have enlisted a vocal following; which is not to say that none exists. Washington reports tell of a growing advocacy in some circles there for tenderness toward a beaten Germany. It might almost be called a movement, though not yet in the open.

It is absurd to insist that all who argue thus are in league with Goebbels, though their case must rest on the same thesis as the Doctor's: That the Red is more a menace today than ever, and that the only possible bulwark between him and the West is a strong central power in Europe.

★ ★ ★

This fear of Russia, which thrives on unfamiliarity and seems to fall away in all who take the trouble to know the country and its leaders, is the greater for being nameless, although there is simply nothing in its international record to suggest that as a neighbor and force for stability in the world, Russia is not infinitely to be preferred to the Germany we have known.

The Versailles peace was a soft one in the sense that it was only a fine, which was never discharged, and failed utterly to curb the German instinct or damage the German capacity TO RESUME WAR, which it did at the earliest convenient time.

The new peace, if it is to show any profit from experience, will be soft only in the direction of holding the rein lightly on German economy and peaceful pursuits.

It will be hard and unyielding in withholding from German hands the instruments for starting a third war.

It will set up a surveillance over every activity in Germany which, in the wrong hands, might be diverted to preparing for a new struggle.

It will maintain this surveillance, though, as always happens, it becomes expensive and a nuisance.

It will root out from public offices and services, from the schools, from even the least positions of influence, all who might encourage in the German popular mind the illusion of a Germany victorious in a third war.

★ ★ ★

There is a great deal in rumor, if not in indisputable fact, to suggest that plans for that war already are afoot.

Captured officers have implied it. There is this lately-captured document, circularized in the German Officers' Corps, directing it to conserve itself against the day when it will be called upon again.

There is the now-notorious Stulpnagel memorandum in which the ex-Governor of occupied Paris sets forth baldly the basis of Germany's hope: that its enemies in successive wars will have become so devitalized and dispirited that they will fall, if not in one war, in the next. Herr Goebbels himself has said as much, for all the world to hear.

There was an excuse once for not recognizing our foe; but not a second time. Who will want to go to the next generation of Americans and say, "Well, kids, we were wrong again. You'll have to go out, as your old man did, and his old man, and settle with these maniacs."

★ ★ ★

The Germans are dead wrong about one thing: They never have understood the sources of strength in free peoples.

But they are dead right about another: They know our weaknesses almost better than we do ourselves.

Any rising tide today of sentiment for a soft peace for the old offender would be no surprise to them. It was already in their book. They discuss it openly, as if it were our nature and something ineradicable. It would be a terrible thing to have to tell our children, our 2-year-old boys of today that they were right.

October 18, 1944.

Dear Mr. Stern:

I have been looking over a number of editorials dealing with the treatment to be accorded Germany after the war and I was much interested in the one in the Record of September 25, which contains this paragraph:

"But we do hope that President Roosevelt continues to side with those who favor making Germany so weak industrially that it never again can threaten world peace."

I think that goes to the heart of the argument. The question to be answered, I think, is whether we are going to have enough gumption to use effective economic means to protect us against another German outbreak, whether it be led by a Kaiser, a Hitler or some other variety of pan-German criminal maniac.

This, of course, is written for you personally and is not intended as a "letter to the Editor."

Sincerely and with good wishes,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. J. David Stern
Publisher, Philadelphia Record
Philadelphia, Pennsylvania

HEG/mah

Germans May Turn Farmers; They Mustn't Be Fighters

President Roosevelt's Cabinet committee on German peace policy is reported divided.

On one side is Secretary of the Treasury Morgenthau, who is said to favor converting Germany from an industrial nation into an agricultural state of small farms.

On the other side are Secretary of State Hull and Secretary of War Stimson, who favor a softer peace.

Whether press reports of this disagreement are completely accurate, we don't know.

But we do hope that President Roosevelt continues to side with those who favor making Germany so weak industrially that it never again can threaten world peace.

Some parts of Morgenthau's reported plan are so extreme they may play into the hands of the international sob-sisters who weep for the "good Germans."

We don't believe it would be possible to break up German land holdings into small farms and expect some 50,000,000 Germans to join successfully in the biggest back-to-farm movement in history.

There would almost certainly be millions starving, widespread rioting and bands of marauders breaking across the borders into neighboring countries. Then the sentimentalists *would* have something to cry about.

But Secretary Morgenthau is on the right track in tackling the question of German industry. As America has proven, ability to make war successfully depends as much on the might of industry and skill ~~labor~~ as on brilliance of general staff planning.

Morgenthau favors removal or destruction of *all* German industry. This we think extreme. The Germans must have some way to support themselves under the formula of "empty arsenals and full larders."

Let them concentrate on consumer-goods industries not readily convertible to war. They should be allowed to make textiles and dyes, but not automobiles or airplanes.

The Record's position is clear. We have long advocated declaring the German, and Japanese, peoples insane and therefore incapable of bearing arms or of flying, or of manufacturing arms.

In transforming German industry to a peacetime basis we think it would be helpful for the Allies to aid in moving American-owned factories out of Germany into friendly countries. When Hitler seized American property in 1941, American investments in commercial enterprises were estimated at half a billion dollars.

Moving these factories, perhaps with German labor, would help friendly countries and prevent selfish cries for a soft peace from American investors.

For Germany, our policy must be prevention of future wars, not revenge. It must be prophylaxis, not punishment—save for war criminals. We are not so much interested in whether all the Germans learn to farm, as in making sure they can't learn to fight.

October 18, 1944.

Dear Mr. Vogel:

As you request in your letter of October 10, I am enclosing a brief statement which you may use in your special edition commemorating the 26th anniversary of the founding of the Czechoslovak Republic.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Richard Vogel
New York City
435 East 86th Street
New York 28, New York

HEG/mah

The anniversary of the birth of the Czechoslovak Republic can be commemorated this year with new meaning and new hope. It seems certain that before another year has passed the republic will have been reborn and will have begun again, and on a surer foundation, the task of building a still more glorious record of free and democratic government. All Americans rejoice that the prospect of liberation for tortured Czechoslovakia is now so near. They realize to how great a degree future liberty and peace in Europe depend on a free and a strong Czechoslovakia.

Henry Morgenthau, Jr.

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October 10, 1944.

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

Dear Sir:-

On October 28th 1944 the Czechoslovak Legion of America, Inc., New York will commemorate the 26th anniversary of the establishment of the Czechoslovak Republic and the 25th anniversary of the Czechoslovak Legion of America, Inc., New York.

The festival will be held under the auspices of outstanding personalities of the U.S.A. and of the Czechoslovak Government.

Preparations are being made for the printing of a Commemorative Issue of both our newspapers for that date. In this issue will appear statements of prominent men and women of American and Czechoslovak life; therefore we take the liberty to request you to send us a short message which would be included in this periodical.

We thank you in advance, Sir, for your cooperation in this respect and we remain,

Sincerely yours,

New Yorské Listy
New Yorkský Denník

Richard Vogel
Richard Vogel.

OCT 18 1944

Mr. Robert H. Hinckley
Director, Office of Contract
Settlement
Washington, D. C.

Dear Mr. Hinckley:

This will confirm the advice, which I understand has already been conveyed orally to Captain Stewart in response to your letter of September 18, that Mr. W. W. Wernts will be available as a member of the Committee on Accounting Principles which is to be set up in your office under the chairmanship of Captain Stewart.

Yours very truly,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

TJL:ims
9/28/44

OFFICE OF CONTRACT SETTLEMENT

WASHINGTON, D. C.

September 18, 1944

Mr. Robert E. McConnell
Office of the Secretary
Treasury Department
Washington, D. C.

Dear Mr. McConnell:

In order that the work previously carried on by the Committee on Termination Cost Principles acting under the Joint Contract Termination Board may be continued, I am setting up a similar committee to act in an advisory capacity in the formulation and review of termination accounting principles.

Commander Stewart, of this office, will act as Chairman of this Committee which it is proposed shall consist of experienced accountants who are thoroughly familiar with the cost and other accounting problems involved in contract termination.

I would appreciate it if you could make available as a member of the Committee, Mr. W. W. Werntz, who served so ably on the predecessor committee.

Sincerely yours,


Robert H. Hinckley
Director

THE ECONOMIC BILL OF RIGHTS

72
Luxford Draft -
10/18/44 -

This evening I want to talk to you about the future which I feel is in store for the American people and to outline to you my plans for meeting here at home the problems of peace.

For the second time in twenty-five years America has proved her capacity to meet the challenge of total war. Twice in twenty-five years we have amazed the whole world - and ourselves - with our daring conception of what America could do when forced to war. We have astonished a grateful world by the stupendous number of planes, tanks and guns rolling off our assembly lines; with the bridge of ships we have erected across the oceans; by the overwhelming force with which America has turned the scales of battle.

Thus has America met the challenge of war - with boldness, courage and determination. Thus has America become the symbol - the world over - for the dynamic force of a free people fighting for a free world.

But what of the peace-time problems here at home which will follow the successful conclusion of this war? Is America prepared to meet the challenge of these peace-time problems as it has twice met the challenge of war? Will we approach the problems of peace with the same boldness of conception, the same courage and determination as we have approached the problems of war?

In the answer to these questions lies the future of America. To anyone who has faith in America the answer is clear. The American people are prepared to meet the problems of peace in the same inspiring way that they have met the problems of war. The American people are resolved that we shall insure that the youth of this nation will never again be called upon to fight in another war. And the American people are equally resolved that when our boys return home from this war, they shall come back to the brightest possible, the freest possible, the finest possible place on the face of this earth -- to a place where all persons, regardless of race, color, creed or place of birth, shall live in peace, honor and dignity, free from want and free from fear. To do otherwise would betray the faith of every soldier, every worker, every businessman, every farmer in this country who is doing his best for America.

In determining the course of action we should pursue after the war, it is well for America to pause and take stock of her capabilities. For America's capabilities should be the measure of America's future.

America's known capacities are not difficult to calculate. We are now producing goods and services to the gigantic total of 200 billion a year with 62 million workers and 12 million soldiers. In simple language that means that today America is producing nearly twice as

much as she had ever produced before the war. But an enormous part of the goods and services we are producing today does not find its way into the American home. No, it represents the ships, the guns, the planes and tanks we are using to fight this war.

But I know, and you know, that, if we can produce a huge flow of ships and guns and planes and tanks, we can also produce an abundance of houses and cars and clothing and private education and recreation and the other good things of life for all Americans.

And I know, and you know that when our boys return home from the war and are again able to put their power into the stream of peace-time production, America's capacity to produce will be even greater than it is today. Yes, much greater than today even if we remember that some of our returning soldiers will prefer to resume their education; that some older people will begin a retirement delayed to participate in war work; that many women will give up their jobs in favor of home-making. Making full allowance for these groups, the fact remains that America will have the capacity after the war for producing houses, cars, clothing, education, recreation and all of the other good things of life on a scale that staggers the imagination. That is what America can and will do if we have the courage and vision to give her the chance.

- 4 -

But to accomplish this task of harnessing our full productive capacity to American needs, it is childish to think, as some have recently suggested, that we can depend upon the accumulated backlog of demand for 6 million automobiles, 3-1/2 million vacuum cleaners and 7 million alarm clocks! Why an America geared to that conception of our future will find it is faced with millions - if not tens of millions - of unemployed. In fact that kind of thinking sounds to me as though our doughboys returning from this war would have to face the prospect of peddling alarm clocks this time instead of apples. I say to you here and now that we cannot set our sights to a level which we have long since passed. The same people who set their sights too low for war are now asking the American people to set their sights too low for prosperity. They do not grasp the strength and the spirit of America.

Nor do any of us think for a minute that there is any quick remedy or cure-all that can be automatically applied. The sober facts are that genuine progress will be achieved only through concrete plans and a real effort.

I made plain my views on this subject in January of this year. In my message to Congress in January, I set forth eight self-evident economic truths. I said then and I say now that these economic truths represented a second Bill of Rights under which a new basis of security and prosperity can be established for all - regardless of

- 5 -

America led the world in establishing political democracy. It must lead the world once more in strengthening and extending political democracy by firmly establishing economic democracy. Let us not forget the painful lessons of the rise of Fascism. Let us remember that political democracy is at best insecure and unstable without economic democracy. Fascism thrives on domestic economic insecurity as well as on lack of or divided resistance to external aggression. Fascism is not only an enemy from without, it is also potentially an enemy from within.

We now must establish an Economic Bill of Rights not only out of common decency, but also to insure the preservation of our political freedoms. We must accord to this Economic Bill of Rights the same dignity - the same stature - in our American tradition as that we have accorded to the original Bill of Rights.

Let us therefore affirm this Economic Bill of Rights - and keep affirming it - until it is as familiar and real to us as the Constitution itself. This is the Economic Bill of Rights as embodied in my message to Congress last January: -

The right to a useful and remunerative job in the industries, or shops or farms or mines of the nation;

The right to earn enough to provide adequate food and clothing and recreation;

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, sickness, accident and unemployment;

The right to a good education.

But the achievement of this American Economic Bill of Rights will not come of itself. These rights will not come to those who merely sit and wait. They will not come through merely pious repetition. Our forefathers had to struggle for our political Bill of Rights; we will have to struggle for our Economic Bill of Rights. If we are going to make these Rights a living reality we must map out a vigorous and concerted course. We must set as our goal the implementation and fulfillment of the 8 self-evident truths which together constitute our Economic Bill of Rights.

The key to making this Economic Bill of Rights a part of the American way of life is as self-evident as are the rights themselves. The key is the wholehearted recognition by all our people of the simple fact that in America

- 7 -

the future of the American worker lies in the well-being of American private enterprise; and the future of American private enterprise lies in the well-being of the American worker. To me, the greatest single thing that this war has demonstrated on the home front is that when the American worker and the American businessman and the American farmer work together as one team, there are no limits on what America can accomplish.

But to work together as a team, however, there must be a common goal. In this war that goal has been the defeat of our enemies in the shortest possible period of time. In the peace to come the goal must be the well-being of America - and that is synonymous with the well-being of every American.

I want to now discuss with you my program for making each of these economic rights a part of our way of life. You will note this striking fact, namely, that to the extent that private enterprise grows in strength the Economic Bill of Rights grows in reality and to the extent that the Economic Bill of Rights grows in reality American private enterprise grows in strength. Thus, all the measures which are proposed in this program for the implementation of the Economic Bill of Rights are at the same time designed to make American capitalism and private enterprise work in the same great manner in peace as it has worked in war. All of the measures have the fundamental

- 8 -

purpose of increasing the demand for American goods and services and making it possible for American business to offer productive jobs for all Americans who wish to work. For there is only one way in which the people of this country can be sure of jobs for all and that is by making it possible for them to buy all the goods which American business and American agriculture are able to produce. And only if we have a high standard of living corresponding to the enormous productive capacity of America can we be sure of plenty of jobs, good wages, economic security and a fuller life for all.

When I enunciated this Economic Bill of Rights last January I said that after this war is won we must be prepared to move forward, in the implementation of these rights, to new goals of human happiness and well-being. I asked the Congress to explore the means of implementing these rights and stated that from time to time I would have more to say on the subject.

Tonight, I want to discuss this Economic Bill of Rights with all of you. I want you all to see how the adoption of concrete measures to implement these rights represents the very foundation of American prosperity in the years to come.

I

The first economic right is "the right to a useful and remunerative job in the industries, or shops, or farms or mines of the nation".

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To assure the full realization of this right to a useful and remunerative job, an adequate program must provide America with 60 million productive jobs. This means private enterprise working at expanded capacity and employing 15 million more workers than before the war.

With 60 million employed workers producing the goods that our consumers and businessmen buy, we shall need new facilities, new plants and new equipment. To that end we must facilitate the establishment by private enterprise of new industries and the expansion of old industries. With business profits geared to jobs for all there will be an enormous demand for machinery and equipment for old and new industries, by firms large and small.

Now this program of peace time expansion will require large outlays of money which should be raised through normal investment channels. But while private capital should finance this expansion program the Government should recognize its responsibility for sharing part of any special or abnormal risk of loss that might be attached to such financing. Therefore, I propose that these loans be financed through the usual financial channels and that the Government guarantee the lender against all special and abnormal risks. This will provide new and expanding industry with plenty of credit at reasonable interest rates. By this program we will merely be extending to the financing of old and new business the principles

which have proved so successful in our experience with the V Loans, T Loans and the Federal Housing Administration loans.

A comprehensive investment program dedicated to expanding the peace time productive capacity of America is the very epitome of the American way of raising our standard of living. We build the plants for greater production so that all of us may share in their greater output. And the benefits of this plant expansion are not confined to the increased output. In fact, these benefits also include the wages paid to the labor employed in building these plants, in constructing the machinery to be used in the plants and in operating the plants after they are erected. These payments as wages all contribute to the nations buying power so that as a nation we will have more money with which to buy the goods produced by these expanded plants.

As a matter of fact a comprehensive investment program of this character could make possible \$20 billion of new private investment each year. Why, just the job of building these plants and the machinery for them would give America 5 million more jobs a year in expanding American productive capacity than we had before the war. And this does not include the workers who would be needed to operate these plants after they are built.

In a nut shell, then, if we are going to have productive jobs for all, we must have an expanded

private industry capable of hiring millions more men. I propose that the Government do its part in helping private enterprise finance this expansion of our industrial plant. It will be privately owned, privately operated and privately financed but the Government will share with the private investor the unusual and abnormal financial risks which may be involved in getting started.

II

The second economic right is "the right to earn enough to provide food and clothing and recreation".

America must remain pre-eminently the land of high wages and efficient production. Every job in America must provide enough for a decent living.

During the war we have been compelled to hold down wage increases that might have provoked runaway inflation. With all the arms and war materials we were producing, there was only a limited amount of consumption goods available. Increasing wages without increasing the amount of goods available to the consumer would have been an open invitation to inflation. By resorting to drastic price and wage control measures, I am proud to report that America is succeeding in holding the line against inflation.

However, the end of the war, even the end of the war in Europe, will change this picture. Then there will be more goods available for America to buy and it is only good common sense to see that the working man is paid enough to buy these goods.

Therefore, I propose that the American worker's wages should be increased as soon as it is possible to increase the production of consumers' goods. Further, I can say that so long as I am in the White House, American labor can be assured that there are not going to be any wage cuts that I can stop. What is even more important - I am going to see that when the worker's hours are cut back to peacetime levels his pay envelope will not be smaller. We can do it and I know we should do it. And I propose that wages should be constantly increased as the productivity of industry is increased. In an expanding American economy there is more than enough to give business its profits and the worker good wages. In fact - you know and I know, that unless the worker does get his share of America's increased production in the form of increased wages and unless business gets its share in the form of increased profits - neither will prosper and all will lose.

But an increase in wages is not the only benefit the American worker should secure from increased productivity. He should also benefit in the form of shorter hours of work, in the form of increased leisure and opportunities for healthful recreation. Thus increased wages and shorter hours go hand in hand in solving prosperity the American way.

There is one further aspect of the wage-earner's problem that I want to touch on tonight. That is his

aspiration for an annual wage or guaranteed annual income from his job. It is a terribly important part of any real attempt to implement America's Economic Bill of Rights. The size of the wage-earner's pay envelope is important - vitally important to American prosperity. But we all know that it is equally important to know how many pay envelopes he gets during a year. I want to see him get a guaranteed minimum annual wage and I think the time has come for America to begin tackling this most difficult problem.

Now this goal cannot be attained overnight. It cannot be achieved in a manner to harm business. Nor can it be achieved with the same speed in every business.

But we can start on the job of giving labor an annual wage. We can do a lot if we all will only agree that it is a problem business and labor must solve and if we all approach the problem with a genuine desire to succeed. And Government must do its part too. It must aid business in stabilizing its labor needs so that the burden of an annual wage will not be uneconomical. This in my opinion is the American way to bring about the annual wage and I have confidence in the American way of doing things.

III

The third economic right is "the right of every farmer to raise and sell his products at a rate which will give him and his family a decent living."

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American farmers now have by far the largest farm income in history. This is their due reward for the greatest agricultural production in history. We must assure the farmers that there will always be a market for all their output at good prices. Concretely I propose to maintain an adequate floor on farm prices and thereby assure the farmer against the dangers of falling prices for his products. Our farm program must be one of expansion rather than curtailment. With jobs for all at good wages the people will buy all the increased production our farmers will want to sell.

I propose to establish a comprehensive federal crop insurance program which will secure the farmer against the hazards of crop failure. We must also take steps to raise the standard of living on the farm and in the rural areas by a complete program of rural electrification and improvement. In this way we can bring to the rural communities modern facilities for decent and healthful living.

IV

The fourth economic right is "the right of every business man large and small to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad."

Where this Administration is to be distinguished most sharply from some others is in its refusal to curvy

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favor with big business or entrenched monopoly. Our economic Bill of Rights like our political Bill of Rights is based on freedom of enterprise - freedom of enterprise not merely and exclusively for the few, but broadly and inclusively for the many. The political Bill of Rights insured the destruction of special prerogatives and privileges. The economic Bill of Rights will insure the destruction of special economic prerogatives and privileges.

No special class of business deserves to be the spoiled darling of government. This Administration has been mindful from its earliest days, and will continue to be mindful, of the problems of small business as well as large.

We must break through the barriers of monopoly and international cartels that stand in the way of a healthy expansion of free enterprise. Against these real enemies of free enterprise we shall continue unremitting warfare.

We must overcome the monopolistic frame of mind which thinks of business in terms of restricted output at high prices per unit. We must pass on to workers and consumers the benefits of technological progress and large scale production. Free enterprise in the American tradition can flourish only by doing a large volume of business at a small profit per unit.

My Administration is determined to protect free enterprise against monopolies and cartels through continued

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vigorous enforcement of the anti-trust laws. Private enterprise yields its full advantage to the consuming public and to other business only when it is genuinely free and competitive. Beware of that sinister enemy of free enterprise who pays lip-service to competition but also labels every anti-trust prosecution a "persecution".

Our economy has important new expanding sectors in air transport, frequency modulation, television, synthetic rubbers and fibers, plastics, and many other fields. These new expanding areas in particular must be kept free of the constricting hand of monopoly. There must be a place in them - as everywhere in our economy - for enterprising small firms. It is from these new and small firms that the great industries of the future will grow. We need new industries, new firms to have industrial progress and shall not permit them to be stifled by monopoly.

V

The fifth economic right is "the right of every family to a decent home."

Concretely, I propose that we adopt a housing program looking toward the construction through private enterprise of 2 million housing units a year and ridding this country of its urban and rural slums. We need to build at least 15 million new housing units if we are to eliminate all

our slums and sub-standard dwellings. The right to a home is meaningless when that home is a hovel. We cannot afford slums.

A well-housed America must have modern homes - homes with all the latest electrical and mechanical equipment which will eliminate the drudgery of household work. We must be a land of homeowners, and to that end we must assure every family an opportunity for home ownership by making certain that there is available private credit on terms which will reduce the down-payment and cut by one-third the monthly cost of buying homes.

New residential construction and the modernization of America's homes alone can provide jobs for 4 million people a year. This is 2 million more than the maximum amount engaged in such work prior to the war.

VI

The sixth economic right is "the right to adequate medical care and the opportunity to achieve and enjoy good health."

As Selective Service has revealed, too large a proportion of our younger men now fall below reasonable health standards. This is a warning signal to America with respect to the state of health of all segments of our population. This condition calls for immediate and drastic action.

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We cannot permit the health of our people to be impaired by poverty or lack of medical and hospital facilities. I say to you that your Federal and State Governments have just as much responsibility for the health of their people as they have for providing them with education and police and fire protection. Health and adequate medical and hospital care are not luxuries. They are basic necessities to which all are entitled.

We must see that medical attention is available to all the people. Adequate maternity care must be available to every mother. But this health program must be achieved in the American way. Every person should have the right to go to the doctor and hospital of their own choosing. My program calls for the Federal and State Governments to work hand in hand in making health insurance an integral part of our Social Security program just as old age and unemployment benefits are today. And these health insurance benefits must be adequate to provide private medical and hospital care for every person in the United States.

We need more hospitals and doctors. I propose that we make sure that such facilities are available and that we build hospitals in every community, rural and urban, that does not now have such facilities for all of its people.

Never again can we afford the waste of poor health in America because of poverty or inadequate facilities. And I say to you now that this program will prove in the long run to be a saving to America.

We must not be content to provide medical attention for people after they become sick. We must implement and extend our knowledge of preventative medicine. To the end that we shall be much better able to attack diseases and to prevent diseases I propose that the Government appropriate a substantial sum to finance medical research in private and public institutions.

VII

The seventh economic right is "the right to adequate protection from the economic fears of old age, sickness, accident and unemployment."

We must assure people who are disabled and temporarily unemployed that they will be taken care of adequately. We must assure them that they will not be in want because of loss of income during this period of compulsory unemployment. We cannot neglect these groups without incurring serious dangers to the stability of our whole economy.

But we should be wary of those who only pay lip-service to the principle of Social Security but have a sorry reputation when it comes to delivering on their promise. In 12 years of Republican Administration this, the richest country in the world, fell far behind other

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industrial nations in the development of Social Security legislation. Every step in the establishment of our social security system has been fiercely resisted by the Republican Old Guard. Even now while advocating the extension of social security in vague, vote-catching terms, the Republican party evades all major concrete steps to expand Social Security. The Republican candidate for the Presidency, some weeks ago, made his formal obeisance to the need for Social Security by limiting his remarks to a few piddling generalities.

Meanwhile, for more than a year, there has languished in Congress a carefully-drawn, comprehensive Bill to extend the coverage and increase the benefits of Social Security. I refer to the Wagner-Murray-Dingell Bill, introduced into Congress by three liberal Democrats. It gives effective universal coverage and provides benefits for old age, unemployment, medical care and disability. Yet no prominent Republican - in or out of Congress - has raised his voice in support of this Bill. That in my mind is the tip-off of what America can expect when the "chips are down."

Being introduced in wartime, when we have been concerned about restraining consumers' demand rather than expanding it, the Wagner-Murray-Dingell Bill will need to be revised to suit our postwar world.

A broader program will be needed after the war. Old age insurance should be adequate to provide all of our

older men and women with the means for decent living. Our present old age benefits are definitely inadequate. I propose that we immediately establish the principle of giving a minimum Federal old age pension of \$60 per month to every person who has reached the age of sixty. This minimum \$60 per month pension should be available to every man and woman over the age of 60 who makes application. If both husband and wife are over sixty, this will mean a monthly income of \$120 per month. It should be deemed to be a right, not a charity, a right springing from the years of service each person delivers to the sum total of a better America.

This social security program will, of itself, by adding to the spendable purchasing power available to the people and by placing a floor on consumption, add from two to three million jobs a year.

VIII

The eighth economic right is "the right to a good education."

We must have an educated and informed America. Even now most of our rural areas and some of our urban areas are poorly provided with schools. Our teachers are underpaid. Our schools are badly understaffed. We need more schools and at least one-half million more teachers.

Through Federal aid to poorer communities for the development of locally controlled educational programs, we

propose to equalize and extend educational opportunities throughout the land. We propose to provide facilities for technical and higher education for all qualified young men and women without regard to their financial means. In This America, the pioneer of free education, the right to technical and higher education should be as universal as the right to a secondary school education.

This is the program that will bring to reality our Economic Bill of Rights. It is a program that will provide jobs, economic security and rising standards of living for all Americans - regardless of race, color or creed. Our democracy can be a living force only if it means the good life for all the people.

The 15 million more productive jobs that this program will bring are jobs in industry. They are jobs based on the expanded demand for the output of our economy for consumption and investment. And this program need place no real burden on the Federal budget. On the contrary, a program of this character can provide America with a national income of \$200 billion. With a national income of this magnitude it will be possible to reduce the high war time tax rates on personal incomes, on business profits, and on consumption, and still collect enough tax revenues to meet the needs of the Government, including orderly retirement of the national debt.

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This, my friends, is our immediate goal, once final victory over our enemies has been achieved.

Now there will be, I am sure, those who will say that the goal which I have set for you is fantastic. These are the persons of limited vision and blunted imagination. These are the same persons who said I was dreaming when I declared in 1940 that the American people would produce 50,000 planes in one year. In fact the American people produced 125,000 planes in one year. These persons also labelled _____ ships in one year a dream. The American people actually produced _____. _____ tanks was supposedly another dream. In fact we produced _____. And these are also the same persons who scoffed at the idea that America could in less than 4 years build the greatest Army, the greatest Navy and the greatest air force in all the world. Do these Monday morning quarterbacks have that great faith in the American people, and in their way of life, which is required in order to understand the meaning of America?

And yet these same great visionaries who see but dimly into the future have excellent hindsight. As the great events of history march forward, while they look back, they are at least able to recognize what has passed them by. Only then do they shake their heads wisely and proclaim that of course it must be so. They have seen it with their own eyes. Thus, for example, they say and I

"Of course, we need security regulation.
Of course, we need bank-deposit insurance. Of
course, we need price support for agriculture.
Of course, the farmers of this country cannot be
left to the hazards of a world price while they
buy their goods on an American price. Of course,
we need unemployment insurance and old age pensions
and also relief whenever there are not enough jobs.
Of course, the rights of labor to organize and
bargain collectively are fundamental."

I suppose that after this program to which my
Administration is pledged has become an accepted part of
our way of life, the battle-cry of the hindsight artists
will go something like this. They will say that of course
the right to a useful and remunerative job in the industries,
or shops or farms or mines of the nation is self-evident;
of course the right to earn enough to provide adequate
food and clothing and recreation is self-evident; of
course the right of every farmer to raise and sell his
products at a return which will give him and his family
a decent living is self-evident; and of course this and
of course that. Oh, I forgot - there is one more
"of course" that they will add. They will say, "of
course, we could have done it better."

I am confident, however, that the great majority
of the American people share the same great faith in

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America and in the American way of doing things which I have expressed tonight. We know our way and the road ahead is straight and broad although there are many hills which we must climb. The program which I have set forth is only the first milestone, for the capacity of the American way of life in the years to come is beyond the vision of man. The American system of free enterprise is the best the world has ever known and through it we can obtain, God willing, the best that this world has to offer.



TREASURY DEPARTMENT
PROCUREMENT DIVISION



OFFICE OF THE DIRECTOR

WASHINGTON 25

October 18, 1944

SECRET

MEMORANDUM TO THE SECRETARY:

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

A requisition has been received for 55,000,000 feet of Film for aerial photography for use by the army in U.S.S.R.

Clifton E. Mack
Clifton E. Mack
Director of Procurement
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SECRET

LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF OCTOBER 11, 1944
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5574.6 (5573.1)	\$2627.1 (2627.1)	\$2257.3 (2257.3)	\$133.9 (133.9)	\$15.9 (15.9)	\$540.4 (538.9)
Requisitions in Purchase	\$ 226.2 (189.5)	\$ 27.6 (27.0)	\$ 73.0 (54.7)	\$ 1.8 (1.8)	- -	\$123.8 (106.0)
Requisitions not Cleared by W.P.B.	\$ 108.5 (116.6)	\$ 33.3 (28.6)	\$ 63.7 (72.9)	\$.1 (.1)	- -	\$ 11.4 (15.0)
Obligations (Purchases)	\$4142.7 (4105.4)	\$2013.5 (2009.4)	\$1736.3 (1707.9)	\$ 62.7 (62.6)	\$14.4 (14.3)	\$315.8 (311.2)
Deliveries to Foreign Governments at U. S. Ports*	\$2470.1 (2443.5)	\$1490.9 (1482.6)	\$ 902.5 (885.6)	\$ 24.7 (24.6)	- -	\$ 52.0 (50.7)

*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of October 4, 1944.

SECRET

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



OFFICE OF THE
EXECUTIVE DIRECTOR

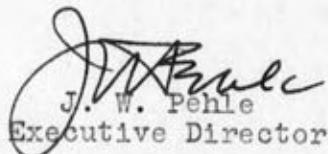
AM

OCT 18 1944

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 October 2 to October 7, 1944.

Sincerely yours,


J. W. Pehle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of October 2 to 7, 1944

SITUATION IN HUNGARY

In connection with the reported plan of the Hungarian Government to transfer Jews from Budapest to provincial work camps, we requested Board Representative McClelland to seek the cooperation of the Swiss Foreign Office in conveying to appropriate Hungarian authorities a message to the effect that the United States government, in view of the fate of Jews hitherto removed from other cities to similar camps and in view of the approach of winter, has good reason to regard such a move as a further measure of mass extermination, recognizing that mass extermination may be accomplished either by the methods employed at camps of final destination in Poland or by subjecting large numbers of people to undernourishment, hard physical labor, and unhygienic living conditions in improvised camps. The message points out that for these reasons the government of the United States considers it appropriate to remind Hungarian authorities of its determination, as expressed by the President in his statement of March 24 and publicly reaffirmed by the Senate Foreign Relations Committee on May 31 and the House of Representatives Foreign Affairs Committee on June 23, that "none who participate in these acts of savagery shall go unpunished," and that "all who share the guilt shall share the punishment." The message indicates that allowance is made for the possibility that the present plan is inspired by genuinely humanitarian motives, and to the extent that that is the case, the United States government will recognize such claims. Should the removal of Jews from Budapest to provincial camps nevertheless prove to be but a prelude to their further removal to extermination centers or otherwise result in their deaths, Hungarian authorities are fully apprised of the attitude of the people and Government of the United States. McClelland was further requested to employ such unofficial channels as may be available to him for transmission of this message, as were also Representative Dexter in Lisbon and Representative Ackermann in Italy.

At Representative McClelland's request, we cabled him all available details appropriate for use by the Swiss in transmitting to the Hungarians our proposed message concerning reports of active Hungarian participation in the deportations of Jews from Hungary.

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Ambassador Norweb advised us that the Venezuelan Minister in Lisbon has confirmed receipt of authorization from Caracas to visa the passports of Jewish refugees, particularly children, traveling to the American continent, whether or not such persons are proceeding to Venezuelan territory. However, the authorization stipulates that each case must be presented to the Foreign Office in Caracas, and the delay consequent in this requirement renders questionable, in Ambassador Norweb's opinion, the value of an approach to the Portuguese authorities at this time in accordance with our request that efforts be made to use the action of the Venezuelan Government to influence the Portuguese to grant large numbers of transit visas to Jews in Hungary and other German-controlled territory.

SITUATION IN POLAND AND THE BALTIC STATES

We advised our representative in London that the proposal for bombing extermination centers in Poland has again been presented to the War Department for its consideration.

Minister Johnson advised us that, while all available channels will be utilized to effect any practicable arrangements to forestall further massacres in East Prussia and Poland, the prospects for measurable achievements in this direction are almost wholly unpromising. Usable contacts in these places are unable to exert any influence upon the stringently exercised German military control over matters of this nature, and threats of reprisals seem to be meaningless to the group of Germans concerned.

The component hazards in steps to save these prospective Nazi victims are vividly illustrated in the rescue work conducted in Lithuania from Stockholm. These operations recently became so dangerous and communications so uncertain that the cost in lives lost exceeded the number of persons successfully escaping, and necessitated the termination of such operations. Similar operations in Estonia and Latvia have also been discontinued, partly because of the military situation in that region. Lithuanian refugees reaching Sweden through these operations reported that the Jews in Lithuania are too terrified to move from their present hideouts, apparently fearing that rescue schemes are a German trap to lure them out of hiding, or feeling that it is useless to hope to escape without being discovered by the Gestapo and shot, or that the escape route is fraught with greater dangers than they are threatened with in hiding. A rescued Lithuanian Catholic priest stated that large numbers of Jews were able to reach Soviet-occupied Lithuanian territory where they are reportedly well treated.

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Others, in some cases entire families, are being hidden by Lithuanian farmers, and Catholic priests were said to have provided many Jews with false birth certificates. As of July 1 of this year, according to this informant, there were not more than 500 Jews in Krotingen, and he did not believe there are more there now unless there has been a heavy demand for conscript labor in that area. Minister Johnson also reported that large numbers of non-Jewish people of all political followings in Baltic coastal areas are making panic-stricken efforts to escape, and in one instance scores of people swimming around in the sea trying to climb aboard almost capsized a rescue vessel.

DESIGNATION OF SPECIAL REPRESENTATIVE

Mr. James H. Mann has been appointed as Special Representative of the War Refugee Board in England, with the designation by the Department of State as Special Attache to the Embassy on war refugee matters.

UNITED STATES VISAS FOR PERSONS IN ENEMY TERRITORY

In response to Ambassador Norweb's advice of the request of the Portuguese Government for written guarantees of the commitments made by this Government in connection with the visa programs formulated by the Board to benefit persons in enemy territory, we pointed out that this Government has guaranteed that it will arrange for the maintenance in Portugal and the removal to the United States or to other areas outside Portugal of all refugees who are admitted to Portugal in accordance with the terms of our proposals and reiterated the firm intention of this Government to fulfill the commitments so made by it. In connection with Ambassador Norweb's suggestion for the use of Camp Fedhala for those refugees who do not receive visas, we advised him that, while it is neither possible nor desirable to determine exactly where they will be taken until the number of such refugees and other facts are known, it may be assumed that all available havens, including Fedhala, will be utilized to carry out this Government's undertakings in this respect.

FOOD PARCELS PROGRAM

Minister Harrison recently informed us that approximately 260,000 food parcels originally sent by relief organizations in French North Africa for French prisoners of war from North Africa in prison camps in Germany and German-occupied France had been stored in Switzerland for many months. Since delivery cannot now be feasibly made to some of the prisoners for whom these parcels were intended, and in view

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of the fact that some time will elapse before the 285,000 parcels being prepared for the Board's program can be expected to reach camps in Germany, Minister Harrison joined in the recommendation of the International Red Cross that 40,000 of the stored parcels be used for French political internees in Germany under the parcel program for this category of Nazi victims. Because the original shipment of the parcels to Switzerland was made under an agreement with the blockade authorities specifying delivery to prisoners of war, special permission was required for diverting part of the shipment to a different category of beneficiaries. The matter was referred to London with a recommendation for favorable action, and Ambassador Winant has now advised the Board and our Legation in Bern that the Ministry of Economic Warfare has concurred in the proposal.

Representative McClelland advised us that because of difficulties in reshipping the initial 15,000 parcels from Gothenburg, the International Red Cross requested that consideration be given to shipping the remaining 285,000 parcels to Marseilles instead of to Gothenburg, and that the matter be discussed with the American Red Cross. He also reported that an increasingly immediate need for these parcels for Jewish deportees in camps such as Bergen-Belsen is developing, since possibilities for Intercross purchases in Europe of foodstuffs suitable for parcels are now virtually non-existent.

SITUATION IN BULGARIA

Our representative in Ankara forwarded to us information received from reliable sources in Sofia concerning efforts being made by apparently irresponsible individuals representing private organizations to stimulate emigration of Jews from Bulgaria to Palestine, with unauthorized claims being made that such emigration is a part of the War Refugee Board's rescue program, in spite of the discontinuance of anti-Jewish measures in Bulgaria. It was also reported that these individuals have approached Bulgarian officials with a request for the release of Jewish men of military age from service with the Bulgarian armed forces in order that they may proceed to Palestine; this request was refused by Bulgarian authorities.

We immediately cabled Representative Hirschmann that since matters of this nature are clearly outside the Board's jurisdiction, it is the Board's policy neither to encourage nor discourage emigration activities. We requested him to make clear to all interested parties the Board's position

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that unless emigration from Bulgaria is essential for the rescue of victims of enemy oppression who are still in enemy territory, it is not within the Board's functions and the Board should not in any way be associated with projects for such emigration.

EVACUATIONS FROM NORWAY TO SWEDEN

Minister Johnson advised us of information given to an agent of the British Secret Service in Stockholm handling matters in connection with Norway by the new director of the Norwegian Legation's "Sambandakontoret" indicating that the Swedish Government will not permit "Quisling" refugees to enter Sweden from Norway after October 1 and that two new refugee reception camps will be installed by the Swedes near the Norwegian-Swedish frontier. A committee made up of the "Sambandakontoret" director and two other members of the Norwegian Legation will review the cases of all refugees found by preliminary investigation to be of questionable character in order to determine what disposition shall be made of them. The British agent's informant estimated that 3,000 young men had gone into hiding to evade compulsory labor conscription in Norway. Of this number, about 1,200 were said to have entered Sweden, and a certain number of those remaining in Norway were said to have found it possible to obtain work on farms. It was indicated, however, that a considerable proportion of these refugees are known to be ranging in a specified region where they have an independently operating organization to raid towns for food and money.

WAR CRIMES

Board Representative Mann advised us that in a conversation with the American member of the War Crimes Commission he learned that the latter has received no instructions to seek to have the Commission treat as war crimes criminal acts committed by an Axis state against its own nationals or against nationals of another Axis state. It was reported that another member of the Commission recently expressed the opinion that such crimes are war crimes and should be so treated by the Commission. In the belief that the Commission would take the view that such crimes are within its jurisdiction, Representative Mann urged that efforts be made to have the American member of the Commission appropriately instructed on this point without delay.

INTERGOVERNMENTAL COMMITTEE

The Unanimous approval by the Intergovernmental Committee of an increased estimate of £2,000,000 for operational expenses for 1945 was reported by Ambassador Winant, who

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indicated that the increase over the 1944 operations budget appears justified in the light of the anticipated expansion of the Committee's activities as the area of liberated territory increases. He recommended that the estimate be approved and underwritten by the United States Government to the extent of £1,000,000. In accordance with the inter-governmental scale, the United States' share of the estimated administrative expenses for 1945 totaling £14,400 is £1,944.

RECOGNITION OF LATIN AMERICAN PASSPORTS

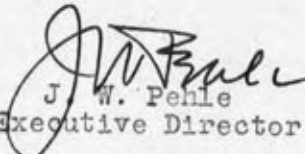
Our Embassy in Asuncion advised us that it had received a note from the Paraguayan Ministry of Foreign Relations stating that, since the matter of persons in concentration camps holding Paraguayan passports about to expire is related to exchange proposals, the United States Embassy in Madrid may advise the Spanish Government that the latter is authorized to issue through its Embassy in Berlin new passports to replace those about to expire which are held by persons to whom Paraguayan protection has been extended, especially those who are inmates at the Bergen-Belsen camp.

Although our Embassy in Asuncion reported some time ago that the Paraguayan Government had requested the Spanish Government to take steps in its name to obtain permission for International Red Cross representatives to visit concentration camps in German-controlled territory where persons claiming Paraguayan nationality are held, a late cable from Ambassador Hayes in Madrid indicates that the Spanish Foreign Office has as yet received no representations to this effect from the Paraguayan Government.

Representative McClelland informed us of a report from the Swiss Legation in Berlin to the effect that the German Foreign Office spokesman who gave assurances on May 11 with respect to internees at Vittel holding Latin American documents declared that deportations of the individuals involved were doubtless due to action taken by subordinate officials on their own initiative. A representative of the German security office sent by the Foreign Office spokesman to Bergen-Belsen ascertained that the Jews in question had never reached that camp, and another such representative instructed to inquire at the German Embassy in Paris concerning the fate of these deportees was unable to conduct an effective investigation because of recent developments in France. He was able to establish, however, that all of the Jews deported from Vittel had been taken either to Compiègne or Drancy, and on the basis of information obtained from the Gestapo, he is convinced that the Jews in question never left France. The

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Foreign Office spokesman accordingly expressed the belief that these persons were liberated by the Allies simultaneously with other detainees at Compiègne and Drancy, and the Swiss have inquired as to the possibility of obtaining through Allied authorities in France information concerning the whereabouts or fate of the Vittel deportees. Minister Harrison suggested that information concerning the identity of persons liberated from camps in France, including individuals claiming Latin American nationality, might also be sought from that source. Prior to receipt of this message, a cable was sent to London requesting our Embassy there to endeavor to secure from Supreme Headquarters of the Allied Expeditionary Forces a complete list of persons claiming nationality of the United States or any other American Republic found in internment camps at Drancy, Compiègne, Vittel, and Clermont, together with other available data such as places and dates of birth and addresses to which such persons intended to go upon their departure from the camps.


J. W. Pehle
Executive Director

CABLE TO AMERICAN MISSION, PARIS, FROM WAR REFUGEE BOARD.

Please deliver the following message to Dr. E. Minkovsky, 130 Boulevard Montparnasse, Paris, from Dr. Brutzkus and Dr. Wulman of the American Committee of OSE:

QUOTE HAPPY TO LEARN YOU ARE WELL AND IN CHARGE OSE WORK FRANCE. PLEASE INFORM US EXTENT PRESENT NEED AMONG REMAINING JEWISH POPULATION WHAT ACTIVITIES ARE PLANNED BY YOU AND WHAT FUNDS ARE IMMEDIATELY REQUIRED. THIS INFORMATION ESSENTIAL ESPECIALLY IN VIEW NEGOTIATIONS WITH JOINT REPRESENTATIVE DR. SCHWARTZ WHO ARRIVED HERE FOR CONFERENCES ON RELIEF PLANS. PLEASE INFORM ALSO WHO OF COMMITTEE AND STAFF MEMBERS REMAINED AND WHO WERE DEPORTED OR MISSING. KEEP UP REGULAR CONTACT ALLIED AND PRIVATE RELIEF AGENCIES FOR PURPOSES COOPERATION. OUR ADDRESS OSE 24 WEST 40TH STREET, NEW YORK. ADDRESS BRITISH OSE 109 STAMFORD HILL, LONDON N. 16 UNQUOTE

10:30 a.m.
October 18, 1944

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Political Adviser, Caserta
TO: Secretary of State, Washington
DATED: October 18, 1944
NUMBER: 81

CONFIDENTIAL

MOST IMMEDIATE

It is assumed that OSS will have advised Department in Washington that a report has been received by Dr. Alexander Safran, Grand Rabbi of Rumania, which indicates that the Legionnaires now occupy Budapest and the liquidation at once of all Jews from Budapest is very much feared. This report is reliable, it is believed. It is Dr. Safran's desire to ask the President to make a statement at once, warning that action will be taken to deal with any individuals involved in any killings.

The statement that the broadcast of a warning to all Nazis in Hungary that drastic punishment will be meted out to any of them involved with killings, (together with their families), by the highest Allied leaders is the sole hope remaining for Jews in Hungary was also made by the head of the Rumanian Jewish community.

KIRK

DCR:GFW

10-19-44

**CORRECTION OF
PARAPHRASE OF TELEGRAM RECEIVED**

FROM : American Political Adviser, Caserta
TO : Secretary of State, Washington
DATED : October 18, 1944
NUMBER: 817

CONFIDENTIAL

This message was distributed October 19 as No.

81. The correct number of this cable is 817. Please change your records accordingly.

DCR:GFW

10-21-44

CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, PALESTINE

The War Refugee Board requests that you deliver the following message to Itzhak Gruenbaum, Jewish Agency, Jerusalem from Dr. Kubowitzki, World Jewish Congress, New York:

QUOTE Conferred again matter death camps with Soviet Embassy which promised favorable action. Concerning Anglo American action War Department here informed fully General Wilson Allied Mediterranean commander and we urged our London friends take up matter British War Office. Informed today by Masaryk that he also approached Allied Governments but difficulties are considerable Understand you informed of new warning issued United States State Department. UNQUOTE

2:00 p.m.
October 18, 1944

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Madrid
TO: Secretary of State, Washington
DATED: October 18, 1944
NUMBER: 3488

SECRET

This Embassy has expressed to the Foreign Office the hope that the Government of Spain will redouble its efforts, through its Minister in Budapest, to safeguard the lives of Jews in Hungary from persecution by the Nazis and to prevent the sacrifice of innocent lives pending final liberation of the country, this in view of the renewed threat to lives of Jews in Hungary which would seem to be caused by developments in that country during the past few days. The British Embassy is making parallel representations at the suggestion of this Embassy.

An official of the Foreign Office states that instructions have been sent to Budapest already with regard to protection by the Spanish Legation of the 700 Jews who were mentioned in despatch No. 2374 dated October 3, from Tangier.

The above message, as No. 142, has been repeated to Tangier.

HAYES

DCR:LCW:EFR 10/19/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: Ambassy, Madrid
TO: Secretary of State, Washington
DATED: October 18, 1944
NUMBER: 3489

SECRET

Refer to Embassy's despatch 3208, October 6, 1944
Presentation of the note regarding the subject
referred to in Department's 2781, dated 13th October,
was made the 9th of October at the Foreign Office.

HAYES

10-20-44

DCR:EMS

CABLE TO MINISTER JOHNSON, STOCKHOLM, FOR OLSEN FROM WAR REFUGEE BOARD.

Please deliver the following message to Laura Margolis, Hotel Continental, Stockholm, from M. A. Leavitt of the American Jewish Joint Distribution Committee:

QUOTE PLEASE EXPLORE POSSIBILITIES SENDING FROM STOCKHOLM FOOD PARCELS TO CAMPS SUCH AS THERESIENSTADT, BERGENBELSEN, BIRKENEAU ETC. SHOULD SUCH POSSIBILITIES EXIST LISBON OFFICE HAS LISTS OF INTERNEES VARIOUS CAMPS TO WHOM PARCELS CAN BE INDIVIDUALLY ADDRESSED UNQUOTE

THIS IS WRB CABLE TO STOCKHOLM NO. 115.

5:15 p.m.
October 18, 1944

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, Stockholm
TO: Secretary of State, Washington
DATED: October 18, 1944
NUMBER: 4231

CONFIDENTIAL

US URGENT

Our press telegram 4219, dated the 17th embodied the translation of an article in the October 17 NY DAG, a newspaper of the Swedish Communist movement. This article attacked the Swedish Government and involved the Legation.

The baselessness of the charges will be noted by the Department. It appears that the paper is trying to provoke me into making a statement, which action appears unnecessary to me, and unless there should be additional developments which would appear to make it advisable to reverse my decision, I propose to make no reply. In this Legation there is no employee who was or could have been an Estonian Government member. A daughter of Laretei, who was formerly Estonian Minister to Sweden is a telephone operator here. It is believed that at present one of the Estonians who made up the September 20 government referred to in article three is in Sweden, but I am advised that since last June none of my staff members has been in touch with any of them even personally.

Estonian evacuation to Sweden has involved several organizations and has been on a considerable scale. The role which War Refugee Board representative here played in rescuing victims of Nazi oppression from Baltic countries was on an entirely nonpolitical basis and was quantitatively smaller by comparison. In rescue operations of the representative of WRB, which are designed to facilitate the rescue of victims of Nazi oppression, the refugees' attitude toward the USSR has not even been considered.

In separate press telegram Legation is reporting a long article in DAGSPOSTEN, a Nazi newspaper of this mornings date in which the NY DAG article is quoted.

From Estonian source Legation was already in receipt of report that Swedish officials are currently being urged by Swedish Legation at Stockholm to (1) prevent Baltic leaders domiciled in Sweden from contacting Baltic refugee camps in Sweden and (2) to secure recognition of Soviet citizenship or at least stateless state of Baltic refugees by Swedish Government.

Possibly the present article is part of this campaign; a warning against complicity in Baltic politics may be its purpose. From our viewpoint it is a provocative lie in any case.

JOHNSON

10-26-44

DCR:EMS

Handwritten scribble on the right edge of the page.

HM-665

PLAIN

Stockholm via London

Dated October 18, 1944

Rec'd. 11:14 a.m., 19th

Secretary of State

Washington

4235, eighteenth

Swedish politics today's Nazi DAGSPOSTEN is only paper mentioning Communist NYDAGS article yesterday concerning interalia American role in Baltic refugee developments, see our 4219. Article headlined "NYDAG demands lives of 30,000 Balts" and subheadings are "Moscow organ attacks Government and American Legation" and "Baltic refugees are war criminals! sensational reproof of American Legation". DAGSPOSTEN writes Bolshevism's and Cheka's threat drove these people from their national home and subjected them terrible hardships. Swedish Moscow organs violent attack on Sweden's care these refugees obviously inspired from higher up. NYDAG openly admits Balts have fled from Germans thereby indirectly conceding twas fear of Bolsheviks which caused flight. What particularly irritated NYDAG - is what irritates papers foreign principal - is fact considerable numbers Baltic intelligentsia including politicians intellectuals industrialists obtained Swedish asylum. NYDAG'S wrath understandable. Cheka's presumptive victims escaped and NYDAG threatens Sweden with Moscow's wrath because this allowed occur. Not leastly sensational in NYDAG'S inspired article is tone used towards American Legation. Paper accuses Legation of having participated in particularly effective manner in Baltic national opposition's activity and in connection organization Balts flight from Bolsheviks. NYDAG reports one Minister or recently proclaimed Estonian National Government is Legation employee and Baltic emigration financed with 900,000 kroner from Legation. This information which must presuppose NYDAG'S been apprised of inside goings on at American Legation via special channels to another Legation isn't exactly unsensational.

Moscow organ,

-2- #4235, eighteenth, from Stockholm via London

Moscow organ, moreover, orders Minister Johnson to answer serious charges made while paper simultaneously has effrontery maintain that from Swedish viewpoint it is plain these machinations must be condemned. This delicate affairs further development awaited with interest.

JOHNSON

BB

Miss Chauncey (for the Sec'y) Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCormack, Pehle, Files

FL-692

PLAIN

Stockholm via London

Dated October 18, 1944

Rec'd 12:43 p.m., 19th

Secretary of State,
Washington.

4236, Eighteenth.

Swedish politics. AFTONTIDNINGEN discussing recent desertions from German Legation writes no significant additional desertions presently expectable. Gestapo watches personnel carefully and latter now largely composed very loyal Nazis who'll stick to bitter end. Party discipline within Legation now stronger than when Lied was Minister. Minister Thomsen outwardly appears very conciliatory amiable type making favorable impression in wide circles. Actually he's very ardent Nazi upon whom Ribbentrop can completely rely. Initiated circles maintain 'twas consistent policy for Thomsen replace former Landesgruppenleiter Stengel leader German Nazi party Sweden with Legation Counselor Gossmann. As Legation Counselor Gossmann enjoys diplomatic status unpossessed by Stengel. As party leader Sweden Stengel was superior party member Thomsen whereas Gossmann as German Legation member is subordinate to Thomsen. It's public secret German Legation with associated organizations has staff between 230 240. Person employed one section often ignorant who works in others but everybody knows Gestapo everywhere though few know how Gestapo works who belongs. Everybody taken extreme precautions and distrusts others. Local Gestapo expanding into numerous branches and many Swedes consciously or unconsciously work for it. Generally German Legation's anxious behave correctly and compromising connections are handled by subsidiary organizations. Persons familiar with Legation disbelieve rumors that prominent staff members about sever relations. Press Attaches Doctor Hepp and Paul Grassmann sometimes mentioned this connection. Former has American wife but considered faithful Ribbentrop follower. Grassmann longtime resident Sweden and employed German Legation prior 1933 and handles office irrespective government and ministerial changes. It's noteworthy with exception Miss Schacht, see our 4140, all recent Legation desertions occurred only after persons in question summoned Berlin and refused follow instructions. Vonloviagins see our 4159 were previously considered Gestapo agents and distrusted. Mrs. Vonloviagin allegedly reported her husband to Gestapo but when Vonloviagin summoned Berlin both refused go.

DAGENS reports internment camp for Finnish army deserters being established Soerby outside Umeaa with accommodations for 400. 'Twas first assumed camp intended particularly for Finnish Quislings but apparently it expects heterogeneous clientele. Aliens commission however

is considering need for one or more camps for Finnish Quislings exclusive use. Since these refugees expected remain Sweden long time they'll be given employment therefore location such being discussed with Labour Commission. Press notes Oernulf Tigerstedt see our 4217 has contributed article latest issue TIDSREVYN (formerly TYSKA ROESTER i. e. German voices) propaganda magazine published by German Legation. Articles entitled preparations for third world war. When applying for Swedish residence permit Tigerstedt alleged he'd abandoned propaganda work and would henceforth write only novels. MORGONTIDNINGEN writes Tigerstedt's propaganda wasn't limited to serving Finland and for many years has primarily served Nazi Germany. One still remembers horrible article concerning Germstaged findings Katyn which he succeeded having published in SVENSKA. In latest TIDSREVYN he attacks Swedish press for its attitude towards Finland's war on Germany's side. Tigerstedt finds new conditions Finland unsafe and uncomfortable. Same true concerning growing number Norwegian Quislings now seeking refuge Sweden. All Tigerstedt can expect is Swedish authorities accord him same treatment these other gentlemen. 'Twould be unpleasant if Sweden gradually becomes filled with fleeing Nazis who'll eagerly promise keep politically quiet if only granted residence permits allowing them move about freely in our humane democratic society.

DAGENS apparently replying to TIDNINGENS protest against publishing names Finnish visitors Sweden see our 4176 writes in present situation Sweden has justification for drawing distinctions between her guests. That's why DAGENS has taken liberty publishing names Finnish traveller--diplomats politicians wartime leaders and notorious Anti-Swede--in full realization they'd be discomfited by publicity. Sweden ought be refuge for tortured innocent people but shouldn't become sort of Riviera for nervous gentlemen who after their political speculations fail become uncomfortable and desire climate change. It's preferable latter group stay away and increased publicity may contribute to discouraging them. DAGENS finds it utterly tactless that Finnish student corps sent notorious anti-Swede Kallia to represent them at recent Lund University festival.

Hungarian Minister Denmark Joseph Vonkristoffy arrived Stockholm yesterday with wife and children and remaining for present. He refuses recognize new regime but remains loyal to Horthy. Other Copenhagen Legation members arrived Malmoe. Vonkristoffy appointed Minister Copenhagen by Kallay regime but assumed duties after Sztojaj gained power. TIDNINGEN reports Hungarian Chargo Stockholm Von Parcher see our 4217 still considers himself lawful Hungarian Government's representative and refuses surrender Legation premises to new regime's representatives. Swedish Legation Budapest finds itself in strange position owing latest coup. De jure recognition of Szalasy isn't likely but as events apparently moving rapidly in Hungary problem may never become seriously acute.

SVENSKA writes now Hungarian Interior Minister's statement all foreign protective passports for Hungarian Jews will be nullified and continued interference in Hungary's internal affairs won't be tolerated obviously refers to letters of protection received by certain Hungarian Jews as result King Gustaf's appeal to Horthy. DAGENS learns from private sources 12,000 Hungarian Jews thus far applied for protective passports but Hungarian authorities expressed desire number protective passports issued by Swedish Legation Budapest be limited to 4,000. When latest coup made it's believed between 3,000 4,000 Jews held such passports. Holders had Swedish cultural economic family or other connections. Passport entitled bearer leave Hungary when opportunity arose but this proved possible for only six Argentine citizens and handful Hungarians.

TIDNINGEN carries interview with UNRRA representative Novillo Goodman who's just arrived Sweden and had conference yesterday with Birger Ekoberg chairman Swedish Committee for Postwar Relief. Goodman states Sweden may play large role in postwar relief work. United Nations particularly grateful for Swedish help as Sweden has certain resources other countries lack. It's hoped mutual contact will be maintained so Sweden's and UNRRA's relief actions may effectively supplement each other. Goodman will remain for about ten days and study Sweden's methods for handling refugees.

Special committee formed Stockholm for relief for Italian children invites Italy's Swedish friends subscribe funds.

Finnish Government commission for Swedish Finnish trade returned Helsinki yesterday to submit to Finnish Government results of negotiations recently conducted Stockholm. Swedish Foreign Office announced last night certain Swedish shipments to Finland rendered possible by Soviet Finnish armistice had been promised earlier. Shipments concern principally food but other Finnish desiderata been considered during negotiations just completed.

AFTONTIDNINGENS London correspondent reports flying fortresses which were converted into passenger planes by Aero Transport see our 3293 have now begun flying Sweden Britain route. First fortress landed Scotland week ago and others followed. MANCHESTER GUARDIAN planes will soon enter service between Sweden Russian and Sweden USA. AFTONTIDNINGEN confirms report fortresses now flying Scotland route and adds traffic unenjoys German safeconduct wherefore planes unlighted. Scottish terminus moved from Dyce near Aberdeen to Prestwick where airfield better equipped for heavy fortresses. (No other Stockholm paper carries report or quotes AFTONTIDNINGEN.)

German fighter aircraft forced landed Oscarshamn yesterday. Plane badly damaged but two crew members unhurt.

Swedish trawler attacked by two unidentified foreign planes Monday afternoon while fishing in Skagerrak 18 miles north Hirthshals Denmark. Two crew members wounded and vessel badly damaged but succeeded reaching Goeteborg yesterday.

AFTONBLADET writes Swedish delegation to international commercial conference which departed for America October eleventh satisfactorily represents Swedish industry commerce shipping and aviation but perhaps one would preferred weightier names. Leading Swedish industrial lights however are greatly needed Sweden now and couldn't spare several months. It's extremely important that Sweden's been able send such full delegation to such momentous conference. Experiences gained by delegates will be highly important connection formulation Swedish program for meeting postwar crisis and its equally important that Swedish viewpoints should be expressed when highly significant decisions in international economic relations being made.

WINANT

CSB

cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodol, Lesser, Mannon, Marks, McCormack, Pohl

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND FROM WAR REFUGEE BOARD

Please deliver the following message to Mrs. Fanny Hirsch, Comité
Refugies Intellectuals, Geneva, from Dr. Fred S. Weissman of Selfhelp
of Emigres from Central Europe:

QUOTE ANXIOUS TO KNOW NAMES AND ADDRESSES OF NEW BRANCHES AND
REPRESENTATIVES. CABLE REPLY UNQUOTE

THIS IS WRB CABLE TO BERN NO. 223

4:30 p.m.
October 18, 1944

PARAPHRASE OF TELEGRAM RECEIVED

123

FROM: AMLEGATION, Bern
TO: Secretary of State, Washington
DATED: October 18, 1944
NUMBER: 6913

CONFIDENTIAL

There is transmitted in Swiss note of October 13, a copy of a note dated September 26 addressed to the Swiss Legation for the Hungarian Foreign Office which contains a summary translation of the reply given below to the following:

A. Department's 2863, Dated August 19, paragraph three.

A workers Supervisory Office has been established by the Hungarian Legation at Berlin to take care of Hungarian Nationals who as workers were placed at the disposal of the Government of Germany. To every male and female worker of Hungarian nationality, regardless of religion or race the competence of this office extends.

In addition, Dr. Robert Schirmer, permanent delegate of the International Red Cross at Berlin, was, pursuant to his request during his visit to Budapest in early August, informed that International Red Cross relief and humanitarian activity for those Jews placed as workers at the disposal of the Government of Germany was also authorized by Government of Hungary.

The proposal to the Government of Germany that a representative of the International Red Cross be allowed to visit Hungarian Jews working in Germany was made by the Government of Hungary itself.

B. Department's 2900, August 23, paragraph two, pointone.

It was ordered as soon as August 1944 that the transfer of Jews of Jewish faith for labor service abroad must definitely cease and no Jews have been put at the disposal of the German Government since that time.

The Government of Hungary is ready to give authorization to emigrate to all categories of Jews. During Dr. Schirmer's above mentioned visit he was so advised of this.

Consent has been given by the Government of Hungary for the International Red Cross organs to observe treatment of Jews and their living conditions. During the last of July and the beginning of August of 1944, Dr. Schirmer has exercised this control and since then the International Red Cross delegate at Budapest, Dr. Friedrichborn has done so.

10-3-44 DCR:EMS

HARRISON

FMH-605

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

Ankara

Dated October 18, 1944

Rec'd 3:33 a.m., 19th

Secretary of State,

Washington.

1988, October 18, 1 p.m.

FROM KATZKI TO PEHLE WAR REFUGEE BOARD.

Ankara's 166.

According to reliable information dated September 20 just received from Filderman in Bucharest. There are in Rumanian 1300 Polish Jewish refugees, 900 Hungarians, 110 Germans and Austrians and 15,000 repatriates from Transnistria, total 17,310. The Rumanian Government has approved requests made in Bucharest for admission into Rumania of approximately 7000 Jews from Yugoslavia. Travel by sea from Rumania to Istanbul is impossible prior to the pacification of the Balkans. For special reasons the evacuation of Transnistrian, repatriates from Rumania is urgently requested.

The foregoing is for your information. Please advise. Hirschmann.

STEINHARDT

WSB

cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Mannon, Marks, McCormack, Pehle.

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 339

Information received up to 10 a.m., 18th October, 1944.

1. NAVAL

On 17th a channel gale prevented many sailings. Three Liberty ships were unloading at Havre.

In Adriatic on 11th/12th British Coastal Forces attacked a convoy off Vir and sank or destroyed four F-lighters, one E-boat and two troop landing craft, possibly sank one F-lighter and damaged two F-lighters and one E-boat.

On 15th a British yacht minesweeper and a motor launch were mined and sunk and a minesweeper damaged in the Gulf of Athens.

On 15th/16th two U.S. icebreakers captured a German ship off the east coast of Greenland and took 20 prisoners.

2. MILITARY

WESTERN EUROPE. U.K. troops have reached the centre of Venray and are on a line just north of the Venray-Deurne road. Canadians have further slowly compressed from the east the German pocket south of the Scheldt.

ITALY. Slow and difficult advance in Adriatic sector. New Zealanders captured Ruffio three miles east Cesena. Some progress 5th Army front against opposition. Trebbio taken 13 miles south east Bologna.

RUSSIA. Russians have made further progress west of Riga. In Northern Transylvania they are 40 miles northwest of Cluj and in Yugoslavia are fighting in the streets of Belgrade.

3. AIR OPERATIONS

WESTERN FRONT. 17th. Bomber Command dropped 291 tons sea wall Weskapelle without apparently enlarging breach. 1248 U.S. heavy bombers (11 missing) bombed by navigational aids four railway centres. Cologne - 2610 tons. 604 fighters and fighter bombers (2 missing) attacked communications and transport - 40 motor vehicles and 9 locomotives destroyed, track cut in 23 places and four German aircraft shot down. 485 transport aircraft flew supplies to the continent.

MEDITERRANEAN. 15th/16th. 76 bombers dropped 175 tons railway centre Northern Italy and 25 tons pontoon bridge San Benedetto.

16th. 600 heavy bombers (13 missing) dropped 1264 tons on objectives Austria, Germany and Czechoslovakia. Escorting fighters (9 missing) met about 100 enemy fighters over the Brux and Dresden areas, 19 of them were destroyed. In Italian battle area 554 aircraft of the Tactical Air Force attacked troop concentrations, strong points and communications. 102 aircraft (4 missing) of the Balkan Air Force attacked small shipping in the Northern Adriatic and objectives Yugoslavia.

4. HOME SECURITY

17th/18th. 14 flying bombs plotted.

Copy to Angell - 10/20/44

October 19, 1944
9:15 a.m.

AMERICAN DELEGATION ON BRITISH LEND-LEASE

Present: Mr. Crowley
Mr. Patterson
Mr. Stettinius
Mr. Lovett
Mr. Taft
Mr. Acheson
Admiral Reeves
Admiral Horne
Admiral McCormick
Admiral Fitch
General Kuter
General Arnold
General Clay
General Somervell
Mr. Gates
Mr. White
Mr. Currie
Mr. Cox
Mr. Collado
Mr. Angell
Mrs. Klotz

H.M.JR: I take it that most of you are familiar with the memorandum that Mr. Roosevelt and Mr. Churchill agreed to, how to proceed on Lend-Lease for the English on phase two. So far I am happy to say that the columnists have not gotten hold of it, and I hope as a result of this meeting they also will not get hold of it. That goes for the newspapermen as well.

The British are coming in in half an hour. I have had time to read this very hastily and summarize the totals and compare them with, as near as we could, the total calendar year of '44, which is very difficult. We have

- 2 -

given our summary to the British and have asked them to check; and if it is correct, we will be glad to supply everybody in the room a copy of it.

I have just this suggestion to make, if it is agreeable to Mr. Crowley and Mr. Stettinius, and to Mr. Patterson and to the Navy, that if we divide this work up and let the Army see the British Army and sort of form a committee, and the Navy can do the same, then--and by that I mean, Stettinius, you and I can proceed on the non-military, and then as we develop it, we could split it off into sub-committees as we found it necessary.

MR. CROWLEY: That is perfectly agreeable to me.

MR. STETTINIUS: Absolutely agreeable. I think it is consistent with past procedure, Henry.

H.M.JR: Does that sound sensible? Is that all right?

MR. PATTERSON: Yes.

MR. GATES: As far as the Navy is concerned, Mr. Morgenthau we haven't had a chance to read this over quickly, and we are not familiar with the memorandum which you referred to earlier in the conversation. So if it is a question of breaking up and talking about things, we are not ready to talk yet on a firm basis as far as the Navy is concerned, or Navy Air--

H.M.JR: Mr. Forrestal has a copy of the memorandum I referred to. It gives both the agreement and the conversation between Mr. Churchill and Mr. Roosevelt, so you will get the background on it, and I think it would be worth while if you would see it. It is a signed agreement. I am ninety-nine percent sure that I sent Mr. Forrestal a copy. In fact, I asked him yesterday, and he said he had one.

MR. CROWLEY: Mr. Secretary, as I understand what you want, you want the military to analyze the military; then you want State, Treasury, and FEA to analyze the non-military. Then we will get together and review it and

- 3 -

break it down into such smaller committees as we have to to analyze the non-military and whatever they want to analyze--the military. And at this meeting this morning, I understand that after we get through with our discussion the British are coming in to present anything they would like to tell us that we might take into consideration in our deliberations.

H.M.JR: That is correct.

MR. CROWLEY: So that gives the Navy and the Army plenty of opportunity to study the military end of it.

H.M.JR: And there are plenty of copies of this available, so you need not bother photostating it yourself. If you want additional copies, we have plenty.

GENERAL ARNOLD: Do I understand we don't talk with the British until after we have another meeting with you?

H.M.JR: No, General Arnold. There is a new General over here, an Air Marshal, and immediately after this meeting he will, I take it, call on Mr. Patterson to present his credentials today. And I take it that Mr. Patterson will turn him over to you. I will start immediately after this meeting.

The thing that I impressed on the British--and for the first time they have carried it out--is that there was to be no ringing of back doorbells until we got set, and they haven't. They have a whole new crowd over here. They brought over an Admiral, and entirely new people--a new deal, so to speak. They have waited until this meeting, and after this meeting, General Air Marshal Courtney and General Weeks will present their credentials to Mr. Patterson, and I take it he will see the Assistant Secretary for Air, and he will in turn turn it over to General Arnold. We will be very military and very protocol.

MR. PATTERSON: It seems to us the most feasible way, Henry, to have a working committee on the War Department items, a working subcommittee to report to the group, is

- 4 -

that we study the items that relate to the War Department in the British book. Of course, there is not enough material there for complete analysis; that is understandable, because they have quite a formidable job to do.

We believe that we ought to put certain restrictions on the supply of military weapons, such as that they should be used in the approved operations against Japan and in British participation and occupation of occupied areas in Europe, and some other ones that are subordinate to that; but looking over the list, we believe that the working committees on the War Department items can arrive at an agreement with the British along the lines of their requests. There will be some modifications.

The only other interest we have at all in the other items is this, that the allowance of the civilian items might have a bearing upon the production of war weapons, both for the British and ourselves for the continuance of the war, and also there is the shipping possibility that we don't want to see, of course, our shipping capacity for prosecution of the war, particularly in the Pacific, damaged by allowances that might strike your group as undue to go to the British for civilian items.

MR. WHITE: Mr. Secretary, would the shipping come under military, or non-military? It is a very large item, and I don't see any representative here.

H.M.JR: I thought in the first instance we could consider it non-military.

MR. PATTERSON: We do not consider it military.

GENERAL SOMERVELL: I think we would like to sit in with whatever subcommittee you appoint on shipping in order to examine the implications of whatever is done and let you know what effect that would have on the war.

H.M.JR: Having that sort of thing in mind, what I suggested was that we civilians would sit, and then gradually split off as these things came up, and I should think shipping would be one of them.

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MR. PATTERSON: We don't consider it directly military, but it may have implications.

GENERAL SOMERVELL: One of the main points in this document is the resumption of British export trade. The only way you can export anything from Great Britain is in a ship, and consequently if a considerable proportion of this shipping was devoted to the re-establishment of the British export trade, that amount would have to be subtracted from our potential in waging the war, and we would like to tell you what we think the effect of that would be.

H.M.JR: Naturally, we would like to know.

MR. STETTINIUS: Eventually, we will have to have Jerry Land in, because he has his own appropriations--transfer authority--just as the War Department and the Navy have under their large appropriations. In other words, the War Shipping Administration is another procurement agency that should be a part of this group, I think, Henry.

H.M.JR: Well, Jerry Land knows about it, because I have had him over here, and all he wants is, he says he is delighted that this committee has been created, because this committee can tell him whether we make the ships at cost or forty-percent off--this argument he is having. He says he is delighted that the committee is there, and that will take that burden off his shoulders. He said, "That is fine." So everything else is set. He is familiar with it, and I also gave him a copy of what I call the Quebec memorandum.

Now, the other thing was that I asked Mr. Crowley to lend this committee Mr. Frank Coe. He can't be here today. He will be secretary of this committee. He was secretary at Bretton Woods, and did a beautiful job, and Mr. Crowley has consented. So he will be the secretary of this committee, and will ride herd on you gentlemen to make sure that you keep working and keep your nose to the grindstone and we get a report out. But if you don't know him,

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he is a very able gentlemen; and if you want something from him, Frank Coe--

MR. CROWLEY: He is one of our economists in charge of all our foreign--he is Associate Director.

MR. CURRIE: Until he gets back, Mr. Secretary, if it will be satisfactory, Mr. Angell is acting for him.

H.M.JR: Where is Angell?

MR. CURRIE: I got the word to him.

H.M.JR: Well, anyway, it will be Jim Angell until Coe gets back.

MR. WHITE: In your evaluation of the request of the British for war materials, have you available, and do you take into consideration also what they are producing?

MR. PATTERSON: We think that should be a requirement. And one of the jobs for the working committee will be to arrive at an agreement with the British as to how far their own production and present inventory should be used for conduct of operations against the Japanese. We don't believe that the United States should be called upon to furnish all the equipment and munitions required by the British forces in operation against the Japanese on an approved military operation. That will be one of the things they will have to develop to the working committee of the military leaders and justify the requirements they put here for us to supply. There are some items there that look high to us, jeeps, for instance. They seem to us to be beyond the basis of our own supply to our own forces, but that is one of those things that they may be able to show the basis on which they put in their calculations. We are sanguine of our ability to come to an understanding with them on the items.

MR. WHITE: They are having the over-all approach. They say they are going to produce sixty percent of their former war material. Whether that figure would satisfy you, or whether you are going into the details, is--

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MR. PATTERSON: We can come to an understanding on a great many items, it seems to me, on what the practice has been in the past. If it is an American type of weapon that they have been accustomed to using, they have a fairly good case to ask us to continue that. If it has been a British type that they have been using, a British caliber, it makes no sense, it seems to us, at this stage to shift it to America. The element of time alone comes in there, because you haven't time on a military operation like that to make a big production change.

The two leading principles that we think ought to govern the demand they made on us for assistance, Lend-Lease, and equipment for their military forces is that they must be used against the Japanese on approved military operations, or in occupation of Axis Europe. That excludes military activities they have of a garrison character, do you see?

And the second one would be the extent to which they should rely upon their own inventory and their own sources of production as distinguished from asking us to provide the items. Those are the two main principles. I don't think they would dissent from either one of those.

GENERAL SOMERVELL: This general problem in direct answer to your question shapes up about like this: It is my understanding that the Air Force is going to cut their production in this country about twenty-five percent. Our most recent calculations for the ground items show they are going to be cut about twenty-five percent. I don't know what the Navy is going to do, but from general information, I understand their cuts will not exceed twenty-five percent.

Land has a program that will continue on into 1945 at a substantial rate. So it would seem that the over-all cut in U. S. war production would not be greater than twenty-five percent, which is a quarter, whereas, the British propose to set up their cuts on the basis of a third, which is something for your general committee to consider. In other words, the general question as to

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whether you want to provide for a continuing production of war munitions in this country at a greater rate than that production is to be continued in England is something for your general committee to be concerned with, rather than these individual committees.

MR. WHITE: Wouldn't that be a prerequisite to any decision you are apt to make?

GENERAL SOMERVELL: Yes, and no, but if you adopt this principle that the Under Secretary has outlined, then we are pretty much in the clear. There are one or two other subsidiary principles, namely that we should not increase production in this country beyond what it has been for a two-front war to carry on a one-front war. In other words, we shouldn't make more jeeps or more clothing or more what-have-you for a one-front war than we have been making for a two-front war. It seems to me to impose that requirement on our civilians would probably be asking for too much.

H.M.JR: I think this, General, of what Mr. Patterson said, if it were examined from that standpoint--and then afterwards we can see how it will fit into our own domestic situation.

GENERAL SOMERVELL: I was just trying to answer Mr. White's question.

H.M.JR: They sent this over to me late last night. May I read this, because I would like to give them an answer. This is what they would like, "It is the policy of the U. S. Administration to give Lend-Lease munitions aid to the British during Stage II in conformity with the Quebec Agreement between the President and the Prime Minister. The scale of aid for the first year described in paragraphs 7 and 8 of Chapter 1 of the British document is acceptable, assuming that the basis is broadly consistent with the strategic decisions reached at Quebec and does not involve insuperable supply difficulties in the United States. These matters should be discussed jointly by the appropriate U. S. and U. K. representatives, who should report to the main Committee within seven days."

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Well, my own feeling, subject to the advice of you gentlemen, is that I think the Quebec agreement in itself is a sufficient directive without superimposing this on it.

MR. CROWLEY: I think that would be a great mistake.

H.M.JR: But I would like your advice.

MR. STETTINIUS: I agree.

MR. PATTERSON: I agree.

H.M.JR: Mr. Gates, have you any comment?

MR. GATES: No, I have no comment. I haven't seen the Quebec agreement, so I am a little bit in the dark.

H.M.JR: Dean, have you seen the Quebec agreement?

MR. ACHESON: Yes.

H.M.JR: What would your advice be?

MR. ACHESON: I agree with Ed.

H.M.JR: Then, should I tell them that we feel that there is enough directive in the Quebec agreement that we don't need another one?

MR. CROWLEY: That is my feeling.

MR. STETTINIUS: Yes.

MR. PATTERSON: Yes, sir.

MR. STETTINIUS: And I would think that they should be warned that this is quite a task and that we have to have some time and that we can't give them any definite commitment in a few days.

H.M.JR: Well, I only got those reports--three copies--around three or four o'clock Tuesday afternoon, and I immediately called each of you, and immediately distributed them. So I couldn't move any faster.

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Now, the other thing which I would like to say for the benefit of the old-timers--and I have singled out General Arnold--when they bring up some of these dead cats like some of the things that you and I sweat over a long time ago, as far as I am concerned, I would much rather find them some fresh money than go back to some of these old things which you and I sweat so hard over. Now, of course, if you want to dig all those things up and go back into some of those things that they are bringing up, all right, but speaking for myself, I have forgotten them. I have to go back into my dead files to find out what they were talking about.

GENERAL ARNOLD: That is history, as far as I am concerned.

H.M.JR: But I would hate to have to go back to some of those old contracts, because Sir Frederick Phillips was here, and we spent literally days and days and days on those things. I was sorry to see them bring them up. As I say, I would much rather find some fresh money if they need additional cash to keep up their balances. I would rather just lay it on the table, a hundred million dollars of somebody's money, rather than to go back over those old contracts. How do you feel?

GENERAL ARNOLD: That is the way I feel about it. I don't think we ought to waste time going back over those old contracts. That is wasted time.

H.M.JR: Bob, I singled out General Arnold because he and I spent so much time on that together.

MR. PATTERSON: We believe that the military items are relatively easy, and we ought to come to an agreement with them on them, item by item. They do not involve the general economics that are discussed in the first part of the British book. If they are agreeable to the limitations that we suggest, that they cover no more than their requirements against Japan and occupied Europe--

(Mr. Angell enters the conference.)

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MR. WHITE: Then they would also not include a discussion of the material in Chapter Three, if that is the approach.

MR. PATTERSON: We don't think any post-war considerations can come into it. We don't think that requirements of armed forces of the liberated countries can come into it, but we believe that within the items they specify there and the quantities they want, that we can probably arrive at an agreement with them through these working committees. We won't be very far apart.

MR. WHITE: Let's suggest that Chapter Three will not be an item of discussion with the Army because it is devoted to getting some cash for those old contracts. Although they deal with war material, the purpose is merely to augment their cash.

ADMIRAL McCORMICK: That is not true as far as the Navy is concerned with the items I saw last night. A great many we will not be able to give them.

MR. LOVETT: The point you discussed with General Arnold as I understand, sir - the responsibility of the War Department to the Air Forces relates to the availability of the end product, military weapons, and not to the sources of the money from which that payment will be provided.

In other words, we are to look to the need for and availability of a weapon, not to how that weapon, if available, is to be transferred through bookkeeping.

H.M.JR: I would say that was correct.

MR. LOVETT: I simply asked that because of your reference to those contracts. We couldn't possibly identify some of those contracts.

H.M.JR: I simply brought it up because I think they were making things extra hard for themselves and we might perfectly well spend a month on that item, where the other things - you might be able to do it in a week.

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I just mentioned it. To go back into those old contracts - I just haven't got the time.

While we are on that I would like to say that Admiral Leahy called me up yesterday afternoon and said that he hoped, speaking for the Combined Chiefs of Staff, that we would not give them a firm agreement or a protocol. He said, "I have gotten educated in the last couple of days as to what a protocol is." Of course, he was just kidding. Of course they would continue to be referred to the Munitions Assignment Board. I said I had talked to you (Patterson) previously.

ADMIRAL McCORMICK: That is the Navy's attitude, too.

H.M.JR: Unless the Committee felt otherwise - if they did, I would discuss the matter with him again - but unless he heard from me again it would be the desire of the Committee that after the munitions were found, when they were manufactured, that they would be processed through the Munitions Assignment Board.

MR. PATTERSON: That is our recommendation. We believe that almost all of their items are within our production capacity, but nevertheless, they have got to take pot luck along with us and our armed forces, month by month.

H.M.JR: Well, I had talked to you previously.

MR. GATES: That is our recommendation, too, Mr. Morgenthau.

There is another question of detail I would like to bring up in connection with the direct Navy items. There are over four hundred million of direct Navy items. There is another very large Navy item thrown in with the Air Force figure which comes around three hundred and sixty million in addition. They are almost equal.

I assume that the Air man will discuss the Air Force items with Mr. Lovett and General Arnold. I would like to have a Navy officer there as well to discuss the Navy

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side of it because they have thrown in the Fleet Air Arm with the other requirements.

H.M.JR: If that is the way you want to work, that is quite all right, but doesn't the Navy do their own procurement of air planes entirely separately?

MR. GATES: That is right, but their request is for Navy planes - the British request. It has been thrown in with the over-all Air requests.

GENERAL ARNOLD: Mr. Secretary, there is a certain tie-in between the Army and Navy procurement. In the past we have always sat together with the British.

H.M.JR: If it is agreeable to my associates, if Mr. Lovett and Mr. Gates will work it out - any way they work it out will be quite all right with me. Is that all right with you?

MR. CROWLEY: Sure.

MR. STETTINIUS: Sure, just the procedure followed in the past.

MR. PATTERSON: That is perfectly all right with me. The Navy needs representation, of course.

MR. WHITE: Mr. Lovett said something that raises some uncertainty as to the procedure. Mr. Lovett said their concern will be as to where it can be produced, but one of the problems you will be confronted with, Mr. Lovett, is an item which can be produced in quantity either in England or in the U.S. And they want us to take into consideration - and it is quite legitimate that even though they could produce it, they want to get it here because they want to curtail their production for purposes described in Chapter One. So I think there will have to be a decision on your part as Bob outlined.

MR. LOVETT: I apparently didn't make myself clear. I didn't recall stating anything about where it should be

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produced, but merely the need for the article and its availability here in contrast to the availability of funds to pay for it.

MR. WHITE: Then I misunderstood you.

MR. PATTERSON: The military strategy will determine a lot of these things as to who should provide it. If it is a short-range plane, they should use their spitfires; if it is a longer-range fighter, their request for a P-51 is reasonable. You can decide a lot of those questions just upon the planned military opposition.

MR. STETTINIUS: Henry, I have one small point before the British come in. If it is decided to do away with the White Paper as proposed in this document and allow present exports by the British - and I understand that is proposed if that is the case - they will not receive commodities under FEA that could be fabricated into export articles.

Harry, had you gone into the matter of investigating the present inventory of raw materials and commodities in the United Kingdom from the past three years operations of Lend-Lease?

MR. WHITE: That is one of the problems you will want to raise and ask them. They have not supplied it and certainly one of the things Oscar mentioned you would want, we thought that the first meeting might be appropriate for FEA to raise that question.

MR. STETTINIUS: I couldn't find it in this document and that is a matter that is going to take a little time, and I would think today, Henry, that they should be put on warning that before we can agree to eliminate the White Paper, they must supply FEA with a detailed break-down of the existing inventories under the past Lend-Lease operations.

H.M.JR: Could Mr. Crowley or you ask them?

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MR. CROWLEY: We will certainly ask them for that.

MR. STETTINIUS: But as Oscar and Lauch know, in your past operations with the British on commodities, sometimes they have taken six months to give us their inventory of steel bullets and copper tubing, and then we have had to hit them over the head with a brick, sometimes, to get it. You remember.

I think they ought to be put on warning today that we cannot proceed with an agreement until we have a complete inventory statement of their existing Lend-Lease stocks.

H.M.JR: What I would like to suggest is this, if it is agreeable, that the non-military, or the Committee itself, meet again tomorrow morning at nine-fifteen, and then we again ask the British to come in a half or three-quarters of an hour later and get the non-military thing started. Would that be possible?

MR. STETTINIUS: Yes, but, Henry, isn't that something you want Leo to carry the ball on?

H.M.JR: But I would like a chance to talk with him - how we proceed.

MR. STETTINIUS: I don't think Dean and I want to get into the detailed operations of FEA.

MR. CROWLEY: Well, we only got this day before yesterday. Are we far enough along that we know about the requests and figures that we want from the British?

MR. CURRIE: I should think we could have a preliminary talk.

MR. COX: I think he is right. There isn't enough break-down here. It takes them so long. We have started our own spot-check on the inventory, and unless you get that into the machinery--

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MR. STETTINIUS: My recommendation is you appoint a subcommittee on the working level of FEA to work with the British on non-military items.

H.M.JR: I would like to meet with Mr. Crowley and his people tomorrow morning, if he would, to discuss this thing further.

MR. CROWLEY: I won't be here tomorrow morning, but Oscar and Lauch will meet with you.

H.M.JR: All right, and Mr. Angell.

MR. STETTINIUS: Could I be excused? Mr. Hull has been away and I have more than I can do.

H.M.JR: Could Mr. Acheson come?

MR. STETTINIUS: Yes.

MR. ACHESON: I will be glad to.

H.M.JR: I want to get this thing started correctly.

MR. CURRIE: This will be a meeting with the British?

H.M.JR: No, it will be first with us, then I would like to have the British after that again, just to get the non-military thing started - if that is all right. Is that all right with you, Leo?

MR. CROWLEY: Fine. Perfectly all right.

H.M.JR: Just so I can feel that everybody is working.

*Copies to Board #42
Frank Lee - 10/20/44 -*

October 19, 1944
9:45 a.m.

BRITISH LEND-LEASE NEGOTIATIONS

Present: Mr. Crowley	Mr. Cox
Mr. Stettinius	Mr. Collado
Mr. Patterson	Mr. Angell
Mr. Lovett	Lord Halifax
Mr. Taft	Lord Cherwell
Mr. Acheson	Lord Keynes
Admiral Reeves	Mr. Ben Smith
Admiral Horne	Mr. Brand
Admiral McCormick	Mr. Lee
Admiral Fitch	Mr. Sinclair
General Kuter	Sir Henry Self
General Arnold	Air Marshal Courtney
General Clay	General Weeks
General Somervell	General MacReady
Mr. Gates	Admiral Waller
Mr. White	Mrs. Klotz
Mr. Currie	

H.M.JR: Simply because it is in my office, Lord Halifax, I will call the meeting to order, if it is agreeable to you.

We received this very admirable Paper and none of us have really had time to digest it, but we have been talking here among ourselves and we would like to make the suggestion to our British friends that the military requirements - our military people represented by Mr. Patterson are ready to meet any time today with your military people and to go to work with them.

So, if that would be agreeable, any time your military people will call on Mr. Patterson, he will see that they are put in touch with the proper military people.

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In regard to the Air, Mr. Lovett and Mr. Gates find that they group the Navy requirement for your Air in with the military and they will meet together and will work it out to receive both your Navy and your Army people, because you work a little bit differently than we do. But they will work it out among themselves, and that is agreeable to Mr. Patterson that they will receive your people so they will get adequate attention.

Then we thought in regard to the non-military we would have another meeting tomorrow, if possible, at ten o'clock, where we could take up the things which are not straight military matters, and then try to organize so that we could get the non-military working, looking forward to subdivisions and committees; for example, shipping - most likely there will have to be a Shipping Committee. And then your Navy people will meet with our Navy people and they will call on Mr. Gates. He will receive them today. Is that right, Mr. Gates?

MR. GATES: Either Forrestal or I.

H.M.JR: All right, they will call on Mr. Forrestal. He will receive them and see that they get started immediately. Does that sound all right?

LORD HALIFAX: Sounds all right to me.

H.M.JR: There will be no time lost. I put it that way, on an informal basis, and they can form their own groups. But if they will call on Mr. Forrestal and on Mr. Patterson they can get started. I have discussed this with Mr. Crowley and Mr. Stettinius and Mr. Patterson, and what I am suggesting is agreeable to them.

Now, Mr. Crowley, did you want to bring up some things that you needed to get started on?

MR. CROWLEY: I would like to suggest this, that we should have an inventory of the Lend-Lease non-military that you have in England so that we will be able to have that in considering your request. I don't think there is anything else.

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After we get that, our people will start to work with their people in discussing their requests through the committees that we will set up.

H.M.JR: Would you like to start today, or would you rather postpone it?

MR. CROWLEY: I would sooner wait until after the meeting tomorrow.

H.M.JR: Then if it is agreeable to you, Lord Halifax, we would like to meet with you again tomorrow on the non-military, and then discuss in greater detail how we proceed on the non-military.

LORD HALIFAX: I see.

H.M.JR: Now, this suggestion for a Directive which was handed to me last night, we here feel quite emphatically that the Quebec agreement between Mr. Churchill and Mr. Roosevelt, plus the conversations back of it, is sufficient of a Directive to these various groups, and we feel quite strongly on that. I mean, the various Cabinet Members have all received copies of that agreement and the conversation behind it. They understand the spirit of it, and they are quite prepared to carry it on in that spirit, and they don't feel that anything is necessary to be added to that agreement, plus the conversation between those two gentlemen. We are all prepared to carry on in that spirit.

LORD CHERWELL: I have no doubt that the members of the subcommittees will also be aware of the routine, or of the conversation.

H.M.JR: Mr. Hull has had a copy, Mr. Stimson has had a copy, Mr. Forrestal has had a copy, and Mr. Crowley has had a copy. That goes without saying. And I think I can speak for them when I say we are all prepared to carry on in that spirit.

LORD HALIFAX: On that point, subject to what my friends have to say, we are in your hands and are very grateful to hear what you say.

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H.M.JR: I think in this instance - you can trust me, I hope!

LORD KEYNES: Mr. Secretary, on the first page of this document, no doubt if we misunderstood anything there--

H.M.JR: I don't think I quite understand, Lord Keynes.

LORD KEYNES: On the first page of this Paper we have arranged and set out what we understand to be the purpose of the Quebec agreement. We just want to be sure there is no misunderstanding about that, that you understand it the same way we do, as set forth in the first page.

H.M.JR: In view of your raising that question, my associates and I will re-examine that first page. If we are not in complete agreement, we will say so tomorrow. But certainly in all the conversations I have had with Mr. Crowley and these other Cabinet Members, there has been no question that they are prepared to carry out the spirit of the Quebec agreement.

Now, what else?

LORD KEYNES: I think that is perfectly all right.

H.M.JR: Is there some suggestion from your people to accelerate or facilitate the military in their work?

MR. LEE: Mr. Secretary, they will be starting to meet, I take it, this afternoon if you want to, sir.

H.M.JR: Mr. Patterson will be ready and Mr. Forrestal will be ready to receive them if they will just call up on the telephone and say they would like to come over. Is that right?

MR. PATTERSON: Yes, sir, right now. The working committees can be set up this afternoon.

H.M.JR: And Mr. Gates, you will arrange that Mr. Forrestal will see them immediately?

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MR. GATES: Yes, I will, Mr. Secretary. If he won't, I will be there anyway, and I can arrange it.

H.M.JR: It can still be arranged this morning.

Something else?

MR. LEE: No.

MR. SMITH: The Admiralty and the Air to meet the same day, sir?

H.M.JR: Now, the Admiralty and the Air - I think they had better work that out. As I say, after they have made their call - you mean on planes?

MR. SMITH: Yes.

H.M.JR: Mr. Lovett and Mr. Gates will work that out between them. Is that right, gentlemen?

MR. GATES: I understand it is just a question of setting up the working committee to work with Air Marshal Courtney on this. Mr. Lovett and I will work that out.

H.M.JR: It is our desire not to tie up you people one minute longer than is necessary. We will work just as fast as we can.

MR. CROWLEY: This comes to my mind, Mr. Secretary. I doubt that you can have a meeting of this size without having the press start speculating as to what the meeting was all about and I am wondering, for the sake of the record, if this isn't the purpose of the meeting: To meet with the British, State, Treasury, Military, and FEA to discuss with them the plans for the second phase of this war, and as to what Lend-Lease would be given to them in military and non-military items to help the prosecution of the Japanese war. And let that be the purpose of this meeting. Then that will stop all of this speculation that might go on.

I can see where there would be a world of speculation unless there is something like that agreed on here - a conference to discuss the aid that we might give, or mutual aid, for the second phase of this war. But if we get into something beyond that, we will get into a world of speculation that would do the whole Allied effort a lot of damage.

H.M.JR: Well, we don't have newspapermen at my door, so they won't know about this meeting. It isn't like at State, that you have a man patrolling the corridors.

MR. STETTINIUS: Patrolling, that is a good one!

H.M.JR: Cruising, would you prefer that?

MR. STETTINIUS: Protecting Mr. Acheson.

H.M.JR: So how about this, Mr. Crowley: If there are any inquiries, then let's have the Secretary on this side - that being Mr. Angell - confer with the Secretary for the British and work out a joint statement? But if there are no inquiries, why give one?

MR. CROWLEY: That is perfectly all right with me.

MR. STETTINIUS: That is agreeable with me, Mr. Secretary. I think my suggestion would be that we have something ready to hand out, because I don't have very much, not today, but next week we can continue as large a group as this meeting from time to time without somebody getting news of it.

H.M.JR: Another meeting wouldn't be necessary. But if that is agreeable to Lord Halifax - I believe Mr. Lee is Secretary - if he would confer with Mr. Angell, who is Acting Secretary for us - if they would work out a joint statement so in case there are press inquiries, and clear it on both sides, then if there are no press inquiries, say nothing.

LORD CHERWELL: Along the lines suggested by Mr. Crowley.

H.M.JR: The very excellent lines suggested by Mr. Crowley.

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LORD HALIFAX: That is perfectly all right.

H.M.JR: In other words, if we are not asked, we don't volunteer, and if we are, we have a press statement ready.

May I, on behalf of the American Government, welcome these gentlemen to this country who have come on this mission, and assure them we will do everything to aid them and try to make their mission a success.

October 19, 1944
10:28 a.m.

HMJr: Talking.

Secretary
Forrestal: Have you another -- a spare copy of that
Quebec memorandum?

HMJr: Sure. I think I sent you one.

F: Well....

HMJr: You -- you can't find it?

F: I don't believe you did but that -- but you
might -- you probably are right and I'm
probably wrong.

HMJr: Well, I'll send you one but you remember I
was checking my memory yesterday and I
mentioned it to you on the phone and I was --
well, I can look up my letters.

F: Oh

HMJr: Anyway I will send you one.

F: Will you please, Henry? Fine. I could send
over for it. That might be quicker and save
you time.

HMJr: Either way. If you'll send somebody, it'll
get in to you quicker.

F: I'll send it -- I'll get him right over to
your office.

HMJr: But you don't think you have one?

F: I don't think so but Keith Kane,
who was handling that stuff for me was -- his
father-in-law died and he -- he's away. All
of it -- all of that goes to him and I can't
locate his file.

HMJr: Well, if you will send somebody to my office,
by the time he gets here I'll have a copy
ready for you.

F: Thank you, Henry.

HMJr: We had a good meeting.
F: Fine. I understand you did.
HMJr: Thank you.
F: Fine.

October 19, 1944

Dear Jim:

I am enclosing herewith copy of a letter which I sent you on October 5th. I am very glad, however, to send you another copy of the so-called Quebec Agreement. - *Photostatic copy enclosed* -

One of the purposes I had in inviting you for lunch recently was to show you the memorandum of the conversation between the President and Mr. Churchill at the time the Quebec Agreement was made. I hope to show it to you the first time we can get together.

Sincerely yours,

(Signed) Henry

The Honorable James V. Forrestal,
Secretary of the Navy,
Washington, D.C.

Marine Sgt. called for the letter

October 19, 1944
10:40 a.m.

HMJr: Hello.

Operator: Judge Rosenman.

HMJr: Hello.

Judge Sam Rosenman: Hello.

HMJr: Sam.

R: Yeah. Hello, Henry.

HMJr: How are you?

R: Fine. How are you?

HMJr: Fine. Oscar Cox said that you called him in regard to this Dewey speech, I gathered -- is that correct?

R: No. I never called him. I haven't talked to him.

HMJr: Well, I got the impression from him that you had. Maybe I misunderstood him. But anyway

R: No.

HMJr: I got that impression that you called him after the Dewey speech.

R: No.

HMJr: And that you were going to prepare something and Oscar said he thought that Stimson and Hull and I ought to give out a statement or something.

R: I haven't talked with Oscar. He called me but -- and I've called him back but haven't been able to reach him. I have not talked with Oscar. He must be having hallucinations.

HMJr: Could be.

R: Did he quote me to that?

HMJr: Well, I -- I understood him

R: God, no.

HMJr: Well, forget about it.

R: I haven't talked with him

HMJr: Well

R: in weeks.

HMJr: All right. Well, don't -- let me talk to you but when you talk to him forget about it.

R: All right.

HMJr: Are you doing anything about it?

R: No.

HMJr: I see.

R: The only -- the only -- the only thing that I do is when they pull a thing out of context. I've been getting up those White House releases.

HMJr: Well, they're very good. I congratulate you.

R: Thank you. But these things, I think, require answer from other people. The one about the armistice signed in Rumania is -- seems to me clearly calls for an answer from Hull.

HMJr: Well, what about this one that through somebody leaking the memorandum that I gave the President, that that slowed up the war?

R: Yeah. Well, now that's -- that's a damned tough one.

HMJr: Yes.

R: I think that the fellow to answer that is -- well, I agree with Oscar if that's what he said, that the only answer to that could come from the three of you and I don't know whether there is an answer. I don't know what the facts are. I've never been told and I've never asked.

HMJr: Well, I mean the facts are -- of course, the person who should take the blame if the war was slowed up was the person who did the leaking. You see?

R: Yes.

HMJr: Somebody leaked about a document which belonged to the President of the United States.

R: I see.

HMJr: And then without ever checking it, these various newspapers ran it.

R: I see.

HMJr: They never checked it. But -- so

R: Well, now does -- can the statement be made that the stories that appeared are untrue?

HMJr: Well, the President said that in his press conference.

R: Well, I mean, can the -- can Chapter and Verse be cited the way I do in these White House releases?

HMJr: No. No, they can not be.

R: Well, then -- then I don't see any reason for an answer.

HMJr: Because they -- because they were seventy-five percent truth.

R: Uh huh. Then I -- I don't see how an answer can be made then. And I -- I don't think that

HMJr: Well, the only answer

R: It would only -- if you start talking about those who leaked, it's another instance of bungling and inter-agency conflicts.

HMJr: Yes.

R: That's the way Dewey would play it up.

HMJr: Well, the -- the answer that can be made is as General Marshall said, that from his information this statement can be made over General Marshall's signature, that these statements had absolutely no effect on the conduct of the war.

R: If Marshall would say that, it would be perfect.

HMJr: Well, why can't the White House get Marshall to say that?

R: Whom do you mean in the White House?

HMJr: Well, I mean that either you or Harry Hopkins or the President should ask him.

R: Well

HMJr: In the name of the President.

R: Well, I -- I certainly agree that that ought to be done.

HMJr: Well, I think

R: But he wouldn't pay the slightest attention to me.

HMJr: Well, Hopkins is very close or Leahy could ask him. I mean if you, for instance -- I'm just thinking out loud -- said to Grace, "Find out if the President would like such a statement." And then Grace could simply tell Leahy to ask Marshall. That's -- that's the way it would go.

R: Well, Henry, I -- I'm going to stay out of that one because it's something that I know nothing at all about, and I'm perfectly willing to take it up with Harry.

HMJr: I'll take it up -- I'll take it up with Harry.

R: I can ask Harry whether he would call Marshall but I -- I don't want to call Marshall on it.

HMJr: Well, supposing I -- I'll call up Grace myself.

R: Would you want me to say anything to Harry?

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HMJr: Oh, I think we might just -- if I'm going to do it, I might just as well do it with Grace. I mean if you don't want to do it, I'll do it direct.

R: All right.

HMJr: Because I think it would be very helpful for the President.

R: I certainly do. If Marshall would say that, it would be perfect.

HMJr: Well

R: Or even -- or it would be just as good if Stimson would say it.

HMJr: No, I think

R: It would be better, I think, if Marshall would say it.

HMJr: Much better.

R: Be much better.

HMJr: I'll get hold of Grace right away.

R: Fine.

HMJr: Thank you.

R: Okay.

October 19, 1944
10:47 a.m.

HMJr: Hello.

Operator: Miss Tully is not in the office. Miss Brady is on the line.

HMJr: All right.

Dorothy Brady: Hello.

HMJr: Dorothy.

B: Yes, Mr. Secretary.

HMJr: How are you?

B: How are you?

HMJr: Fine.

B: I haven't talked with you in months.

HMJr: Well, that's my loss.

B: You've been neglecting me.

HMJr: Well, I'll see that that's corrected.

B: Okay.

HMJr: Are you going to see the President?

B: Well, Grace will. He's supposed to be over here around eleven or shortly thereafter.

HMJr: When is Grace coming in?

B: Well, she's in, Mr. Secretary, but she's not around at the moment.

HMJr: Well

B: She'll probably see him though before eleven-fifteen I would think.

HMJr: Is there any way that I could talk to her before she sees the President?

B: Oh -- oh, yes.

HMJr: I'm very, very anxious to talk to her before she sees the President.

B: Yes, Mr. Secretary, I'll see that you do.

HMJr: Will you do that?

B: Yes, sir.

HMJr: And so when -- will you

B: I'll give you a ring as soon as I get hold of her.

HMJr: Thank you so much.

B: All right.

October 19, 1944

Herbert Gaston
Secretary Morgenthau

I don't know whether you heard Dewey last night but if you didn't I'm sure his speech is in the paper this morning. The part that I refer to is where he talks about the President taking me to Quebec and then goes on to say that Goebbels used it as propaganda with the result that there was great loss of blood. I wish you'd get the exact remarks that he made and then I'd like you to draft a letter for me to Mr. Stimson along the following lines: "My dear Mr. Stimson: You may or may not have heard what Governor Dewey said last night," and then quote that part. "For your information I am enclosing herewith copies of three newspaper stories, one by Clark, one by Hightower and the one in the Wall Street Journal. Please note the dates. Some person in Mr. Roosevelt's Administration committed the outrageous act of showing a highly confidential document belonging to the President to these men or else told them the contents of it. Now, what I'd like to know from you, Mr. Stimson, is this: in the opinion of your general staff, did the release of this confidential information to the American public

have anything to do with the fighting on the part of the Germans on the Eastern and Western fronts?" I want to particularly add the Western front because if you will take a look, Herbert, I think you will find that the Russians have been going right straight along. And the fact that we've met stiff resistance, I think, is due to two things: one, that the British were unsuccessful in the paratroop efforts; two, I understand from high authority that our great difficulty was supplies. But anyway I wish you would draft such a letter very, very carefully and then I want to sit down this afternoon and go over it with you and decide whether or not I want to send it. As a matter of fact if you could have it ready by 11:30, I'd like to go over it with you because I don't want this record made without getting an answer from the Army. Twenty years from now somebody will bring it up. I think the time to lay it is now.

In writing the letter instead of saying that "Germans fighting on the Eastern and Western fronts", I'd say how the Germans have been fighting on all fronts, because after all, we've been meeting them in Italy and I don't see that there has been any change there. The English met them in Greece and met no resistance and the Russians have been meeting very

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little resistance in going into Bulgaria. I'd say, "all fronts" because the more I think about it, the more it seems to me that we have run into a difficult situation in Holland. I repeat I have been reliably informed that we have not been able to get our supplies up to our men.

October 19, 1944
11:20 a.m.

HMJr: Hello.

Operator: Mrs. Brady.

HMJr: All right. Hello.

Dorothy
Brady: Hello.

HMJr: Where's your girl friend?

B: Well, she's not here and the Boss hasn't come
over either.

HMJr: Well, I'm just sittin'.

B: I know, dear, and I'm sittin' too, waiting to
telephone you as soon as I get hold of her or
him.

HMJr: Okay, darling.

B: All right. Bye.

HMJr: Take care of yourself.

B: All right.

October 19, 1944
12:01 p.m.

Operator: There you are.

White House
Operator: Thank you.

HMJr: Hello.

White House
Operator: She will be right on, sir.

HMJr: Thank you.

White House
Operator: Yes, sir.

HMJr: Hello. Miss Tully?

White House
Operator: She's coming -- be right on, sir.

HMJr: Hello.

Grace
Tully: Hello.

HMJr: Hello, Grace.

T: Good morning, Mr. Secretary.

HMJr: How are you?

T: Fine, thank you, sir. And you?

HMJr: Very well. Grace, I don't know whether you heard Mr. Dewey last night.

T: I certainly did.

HMJr: Well, I have a suggestion for the President I thought you might get to him. The sentence particularly -- if you've got a pencil

T: Yeah.

HMJr: in which he says, "We are paying in blood"

T: Yeah.

HMJr: ".... for our failure to have any ready -- have ready an intelligent program for the dealing with the invaded Germany." Now, what my suggestion was: after all, General Marshall is just back.

T: Yes.

HMJr: I understand from Harry that General Marshall visited every single Division.

T: Yes.

HMJr: Why wouldn't it be a good thing to let General Marshall go on the air and make a statement of his trip?

T: Yes.

HMJr: And not -- and in this statement explain what he saw

T: Yes.

HMJr: And not too ostensibly answering Dewey, but still saying that we were ready and that no ounce of blood unnecessarily has been shed for any thing.

T: Uh huh.

HMJr: See?

T: Yeah.

HMJr: Now, why -- he's just back. It's a logical thing to do.

T: Yes.

HMJr: And to tell the American public what he saw there.

T: Uh huh. All right. Fine. I'll make a memo for him and let you know what he said.

HMJr: Will you do that? And I think the sooner he does it, the better because that's a terrific thing to say.

T: Uh huh. Yes, it's a terrible thing because the headlines in the Times-Herald, of course, cracks at this -- I mean, they take it out as the headlines.

HMJr: Sure. But what do you think of my suggestion?

T: I think it's very good.

HMJr: Well, see what you can do with it.

T: All right. Fine. I'll -- I'll present it to him.

HMJr: And, Grace, one other split second, do you know yet how he's going up after he's speaking?

T: I think by train but I haven't checked it again.

HMJr: Well, you might find out. I might want to hitch hike.

T: All right, fine.

HMJr: If you'd let me know.

T: Yeah. All right, Mr. Secretary, I will.

HMJr: Thank you.

T: All right, sir.

October 19, 1944
2:40 p.m.

UNEMPLOYMENT PROGRAM SPEECH

Present: Mr. Cox
Mr. White
Mr. O'Connell
Mr. Gaston
Dr. Lubin
- Mr. Currie
Mr. Cohen
Mr. Bernstein
Mr. DuBois
Mr. Luxford
Mrs. Klotz
Mr. Henderson
Mr. Gass

MR. WHITE: There are three drafts, two emanating from Bob Nathan's shop - I guess the second one does, too, doesn't it, Oscar?

H.M.JR: Is this all the New Dealers we could get together on a Thursday afternoon?

MR. WHITE: And there is a longer draft which was prepared chiefly in the Treasury, though each have taken some from the others. (Refers to attached draft entitled "The Economic Bill of Rights")

Now, how would you like to proceed? I will distribute copies of the longer draft. Would you like to have one of them read, or described, or would you like to have--

H.M.JR: You take the one you like the least and see that I hear it first. Seriously, I have from now until four o'clock.

MR. WHITE: Then we will read the long one.

(Mr. Leon Henderson enters the conference)

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MR. WHITE: The first one I am going to ask Luxford to read, since the driving force in this has been imposed on us chiefly by Luxford and DuBois. It is about a thirty-five or forty minute speech that can be cut to anything desired.

H.M.JR: Just keep in mind that I have from now until four o'clock.

MR. WHITE: That will be enough time to read two, anyway, or you can stop at any point in the first if you think it is wrong in tone, and so forth. I know of no other way.

H.M.JR: If I might have my choice, I would like to have the one which has a plan.

MR. LUXFORD: This has a plan.

MR. WHITE: They all three have, but this has it much more definitely than the other. We got together and talked over as to what might be in it, but the degree of emphasis on the plan varies very greatly. It stands out most clearly as a program - specific program - in this longer draft.

H.M.JR: Harry, you have worked for me, you do it any way you think is all right, and stop sparring!

MR. WHITE: Luxford and I had an agreement that somehow I must work it so he could read it, because you would probably get tired, but I wanted to be strictly honest.

H.M.JR: I knew I would get the one you liked the best first.

DR. LUBIN: Could we save time by moving into the specific points and leave the introduction and peroration out?

MR. WHITE: Yes, you could save time, but the boys feel you would lose.

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(Mr. Luxford reads attached draft entitled "The Economic Bill of Rights")

(On Page 6, following line 12, interpolation as follows:)

H.M.JR: Let me interrupt you. Was that the original?

MR. LUXFORD: Those are precisely the Rights that he sent to Congress.

H.M.JR: They sounded new to me.

MR. LUXFORD: That shows how much you have to repeat them.

H.M.JR: That is why I am mentioning them.

MR. LUXFORD: The PAC has built their campaign on these Rights.

H.M.JR: They don't reach me.

MR. LUXFORD: They can't, after they are built.

H.M.JR: I take it when you use a figure like two hundred billion, it has been checked - you haven't just pulled it out of the air?

MR. WHITE: It is a reasonable figure, but we would check those figures.

H.M.JR: The answer is that it has not yet been checked?

MR. WHITE: No, but it hasn't been pulled out of the air.

H.M.JR: All right.

(Mr. Luxford continues reading through Page 12, line 24. Interpolation as follows:)

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H.M.HR: Somebody will have to sell that part to the President about increased production, increased wages, and letting business get its share - I mean, this thing of increased wages - increased wages and increased profits going hand in hand. I don't know any businessman who will agree. I do know the President has been an advocate for a long time of the annual wage, which I can freely subscribe to. This other thing - I raise a question. I think it would be a terrible danger signal to every businessman.

I am not going to argue, but somebody who believes in this very enthusiastically will have to defend it. I can cheerfully defend the annual wage. I question whether - after all, we are trying to make votes.

MR. WHITE: I see now it is not clear that increased wages go hand in hand with increased profit. If there is increased productivity, unless it is passed on in the form of increased wages, then you will not have profits. But it is not made clear.

MR. LUXFORD: As increased productivity occurs, labor must get its share in the benefit.

H.M.JR: That I subscribe to, but increased wages and increased profits go hand in hand, no.

MR. WHITE: I think you agree with the idea. We haven't stated it properly, that is all. I think we mean the same thing.

DR. LUBIN: Mr. Secretary, I think you are thinking of any particular corporation. If you take all of them together, increased earnings of labor means they can buy more, which means you can get still greater economies and still more profits.

MR. WHITE: But they can't get increased earnings unless there is increased productivity. That is the first essential starting point.

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MR. COHEN: Where he says, "...the worker's hours are cut back to peace-time levels his pay envelope will not be smaller" - no one contends that can be done without increasing prices.

MR. WHITE: You can move somewhere in that direction.

MR. COHEN: It is a rather serious thing, that suggestion, at this time. We will probably have to meet that problem within a few weeks after the Election.

MR. O'CONNELL: There will be an increase in prices if you keep the same--

MR. COHEN: I mean, I have grave doubts whether it is wise - that is, if we are considering on VE-Day cutting back to a forty-hour week. I should question the wisdom of suggesting that we give the same wage for forty hours as they have been getting for forty-eight. It is one thing to say that we are going to try to make some adjustment in the hourly rate, but this goes pretty far.

But I don't want to interrupt--

MR. HENDERSON: His pay envelope will be larger than it was before the war, that is one thing. But you can't do this even with mirrors.

H.M.JR: You question this, too?

MR. HENDERSON: You can't do it. There isn't any way, in my opinion.

MR. GASTON: As an immediate proposition, you mean, Henderson?

MR. HENDERSON: But this says when it is cut back to peace-time levels. There will be some industries already going back to peace-time levels, and the pay envelopes are already smaller.

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MR. WHITE: The intent of the statement - and it needs a qualifying phrase - is that the cut-back shall not bring with it a commensurate cut-back in pay. We can say it more carefully.

H.M. JR: One other thing. Listening to this thing very hastily, it cuts straight across the whole of the President's stabilization program.

MR. LUXFORD: It is a post-war program, though. We say that after the war we are going to do these things.

MR. COHEN: But this is something that people are immediately thinking about in connection with VE-Day.

H.M. JR: That is the point. Between VE-Day and victory in the Pacific they use eighteen months.

MR. LUXFORD: To the extent that consumers' consumption is increased.

H.M. JR: I thought I would be all by myself, but enough people evidently question it here.

MR. WHITE: This is for after the war, and this particular statement needs another qualifying phrase. But the idea that should be stressed - and the idea, I gather, everybody is in accord with - is that a reduction in the hours of pay should not be accompanied by an equivalent reduction in pay. And also, it is tied up with increased productivity. Now, that is awfully important. If there isn't an increased output, they don't get increased wages.

H.M. JR: Harry, I think whatever we say, it has to be made awfully clear what period we are talking about. When you say after the war - after all, we are going on the assumption that the war will last eighteen months after VE-Day. Are we talking about that eighteen months, or about final victory?

MR. WHITE: On this it is not made clear. Some parts of the program I think might well be initiated after VE-Day. Other parts of the program would have to be postponed.

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MR. LUXFORD: Mr. Secretary, labor does want to keep that envelope from dropping in size.

H.M.JR: Listen, what we are doing here today is trying to create a speech for the President to get him votes.

MR. LUXFORD: That is all right. That is what labor wants.

H.M.JR: Yes, but labor is part of it.

MR. LUXFORD: We have tried to address this to each group.

H.M.JR: He is going to get that, anyway. He has to get a lot of other votes.

MR. WHITE: Well, this is an appeal - however, go through the rest of it. If these are the only points that are raised they can be changed without changing the character of the speech. If, however, that is true of many more of the points, then it can't be.

H.M.JR: As I go along I raise my voice very timidly. I just gave a little squeak because I thought everybody in the room would jump on me, but they didn't, so I am a little encouraged.

MR. LUXFORD: All right. (Continues reading through Page 13, line 22. Interpolation as follows:)

MR. GASS: I should say that from our point of view that page is very nearly the kind of rhetorical statement which I believe this speech ought not to contain. A guaranteed annual wage doesn't mean anything unless you are talking about a guarantee of employment. You don't say anything at all about a guarantee of employment, you merely say we ought to recognize that as a problem. That is not a program; you are supposed to be suggesting a program. Are you going to guarantee employment? Are you going to make businessmen take up the load of guaranteeing an annual wage even though they are not employed all year? What are you going to do? This page doesn't say.

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MR. LUXFORD: It depends on how much good faith you want to give the President credit for. If you are going to read it as no good faith, why then--

MR. GASS: I am perfectly willing to give the President credit for good faith, but when he comes before the people with a program he is not saying, "You must believe in me as a man of good faith," he says, "I have a program and I am going to go at it that way."

MR. DuBOIS: We have to read the rest of the speech. But it shows you can have jobs for all.

MR. LUXFORD: We are offering a program for jobs for all.

MR. GASS: I'm willing to let it pass until we get through.

H.M.JR: It is a good point, anyway.

(Mr. Luxford continues through Page 14, line 19. Interpolation as follows:)

H.M.JR: Just in passing, you don't say anything about the export market which farmers are particularly interested in. I mean, the whole South, thirteen States, are very much interested in exports for cotton.

MR. LUXFORD: That is right.

MR. HENDERSON: They are going to vote for him, anyway. Isn't that what you said on labor?

H.M.JR: True, prior to the end of the war.

MR. LUXFORD: That is right.

MR. LUBIN: There ought to be one paragraph on farm housing.

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MR. LUXFORD: I agree. We put that under the farming program, but I think it is good to hit it here again.

(Mr. Luxford continues reading through Page 21, line 16. Interpolation as follows:)

MR. GASS: May I interrupt at this point, Lux? It follows social security except on one point, and that is the point about financing the program, and in terms of financing the program, I am afraid your conclusion is wrong. You say you have adopted the financing of the program by not differing from it.

MR. LUXFORD: No--

MR. WHITE: We argued about it and we thought we had better leave it out.

MR. GASS: But you have your six percent payroll tax and six percent employer contribution. The Social Security Board has taken that six percent payroll tax and six percent employer contribution, and a national income which corresponds to over one hundred and fifty billion dollars and calculated the net addition and net withdrawal of purchasing power in 194X - a year after cessation of hostilities - and then that would result in a net withdrawal of purchasing power of a billion and a half dollars. So by not transforming the financing of the plan, you vitiated your last paragraph.

MR. WHITE: We have been purposely vague and are subject to that criticism from technicians. We didn't think we would be subject to it from the people who listened to the program.

MR. GASS: You are going to be subject to criticism by well-informed people in Congress like Vandenberg, who have opposed this bill from the beginning, not on the ground of its content--

MR. WHITE: Maybe we should put a sentence in indicating--

MR. LUXFORD: We weren't hostile to it, Oscar; it was a question of whether you put it in or not.

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(Mr. Luxford completes reading the draft.)

H.M.JR: I would like to say on the over-all that I like it very, very much. The only thing that bothers me is the labor section, and I think our major omission is the job for the returning soldier, and that is a major omission, I believe.

MR. LUXFORD: We stress that all the way through.

MR. WHITE: You think that should be specially brought out?

H.M.JR: Definitely. Mrs. Rosenberg did a beautiful job at the New York Times Forum on that.

I mean, there are things in here - when you sum up about the fifteen million jobs, and two hundred billion national income, and the low tax on the Federal budget - those things will have to be examined very closely to make sure you are not subjecting the President to attack.

MR. WHITE: We didn't assume that this, Mr. Secretary, would go forward without being subjected to that.

H.M.JR: Over-all, I like it enormously.

MR. WHITE: There are two other approaches, Mr. Secretary, and I suggest that one of them be read, anyway.

H.M.JR: I have postponed my doctor's appointment until five, so I am all right until four-thirty.

MR. WHITE: Well, having in mind that if it is agreed, if you feel that that general approach is desirable, then, of course, we would have to go to work and try to get an agreement on both the figures and some of the other items.

Gass, why don't you select which of the two you want to read first?

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MR. GASS: I will give the Secretary a copy of that. We prepared two versions of the statement; one is the statement we would like to make and the other is a truncation of a statement we would like to make in view of cutting all the political corners. So I am not very much interested in the second statement.

I think if we can read the first, if there are things in the first you don't like, you think are politically inexpedient, we will achieve a document like the second by simply cutting them out of the first. There is no point in reading them both.

This is a statement, I think, probably about two-thirds of the length of the one that has just been read. It is designed, if possible, to be delivered evenly in something short of thirty minutes providing there is no interruption for applause and that sort of thing.

H.M.JR: You mean today!

MR. GASS: I gathered the speech before the teamsters was designed, also, for thirty minutes and took fifty-six minutes to deliver on account of the length of the applause. That is something one merely has to allow for in view of the character of the audience. I presume this will be given before a public audience where there will be ample applause, and one has to make generous allowance.

H.M.JR: We are hoping he will be making it in Chicago.

MR. GASS: There are one or two sentences in here - we just went on the assumption he was going to give it in Philadelphia, but it doesn't make any difference.

H.M.JR: Will you excuse me a moment? Gaston has Mayor Kelly downstairs. I would like to go and meet him.

Excuse me. (The Secretary leaves the conference temporarily)

(Mr. Gass reads attached draft entitled "An Economic Program for a New America." Following Page 4, line 6, interpolation as follows:)

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H.M.JR: Roosevelt would never say that. It is just a phobia with him.

MR. HENDERSON: What language!

H.M.JR: He wouldn't say, "I believe in free enterprise. I believe in the profit system." We asked him to do that in 1940 and he said, "My God, turn on that old record again?"

MR. GASS: This is a minor theme and slightly different song. In this song he might accept it.

H.M.JR: You leave it in, but I know he won't say it. He goes on the assumption that his record proves he believes in it.

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

October 19, 1944
3:45 p.m.

HMJr: Hello.

Operator: Go ahead.

Judge Sam
Rosenman: Hello.

HMJr: Henry, I wanted -- I want you to know this:
we -- I got some time with him today on this
speech for Saturday.

HMJr: Yes.

R: And I put it straight up to him about Marshall
making some statement.

HMJr: Yes.

R: And he said he was sure that Marshall would
turn him down.

HMJr: Yes.

R: And that he didn't want to ask him.

HMJr: Oh.

R: But I'm just telling you that but I -- I know
you'll proceed in your own way, but

HMJr: No, I just sent him a note on it and

R: Yes, but I told him without connecting it with
you -- I said, "This is going to hurt us and
if Marshall can say the fact that this is not
prolonging the war or costing us any extra lives,
it will be very helpful because they'll never
accuse him of politics."

HMJr: Yes.

R: He said he's sure that Marshall would not say --
and he wouldn't get in any argument with

HMJr: Well, my thought -- approach was different -- was
that Marshall should give a review of what he saw
in Europe and how the war was going. If it was
going well, say so, and if it wasn't, why it wasn't

HMJr:
Cont'd. going well. And not attempt to answer Dewey.

R: Oh. Well, do you think that would be construed
 as a denial of what Dewey said?

HMJr: I think it would help an awful lot.

R: Uh huh.

HMJr: I think

R: Well, maybe that's -- maybe that's smarter.

HMJr: That was the way I

R: Have you sent the memo over?

HMJr: Well, I -- I gave it to Grace.

R: Uh huh. Well, all right.

HMJr: No, I mean not attempt to answer him, just say,
 "I've been there. I visited every Division.
 Here's where" -- in other words, to tell
 everything that the Germans know but that we
 don't know.

R: Yep. Okay.

HMJr: And that -- why the war's going well and why it's
 going badly.

R: Yeah.

HMJr: Now, everybody that knows everything says it's
 going badly on account of the supply situation
 and I don't see why they can't explain that.

R: Uh huh. Well, neither do I.

HMJr: What?

R: Neither do I.

HMJr: I tried it out on Leahy at lunch and Leahy is
 wholly in sympathy with it and said he was
 willing to back me up

R: Uh huh.

HMJr: on that approach.
R: Okay. Well, let me try it again.
HMJr: What?
R: Let me try it again on
HMJr: What do you think on that?
R: I think that's very different.
HMJr: Well, that -- that's the thing -- the message
I gave to Grace.
R: Yeah. Okay.
HMJr: Right?
R: All right.
HMJr: Thank you very much.
R: All right. Bye.

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(Mr. Gass continues reading through Page 7, line 2. Interpolation as follows:)

H.M.JR: May I ask a question? How come so many general ideas that are the same?

MR. WHITE: We borrowed what we thought was good! We discussed them all. He sent us a copy of his.

H.M.JR: Right.

(Mr. Gass continues through line 15. Interpolation as follows:)

MR. COHEN: Don't you want to put the bankers in a special class like the farmers?

MR. GASS: They haven't received special cultivation by the Treasury!

MR. COHEN: They certainly did in the early days. I am serious. Both banking and farming received the greatest consideration, and both groups are the least grateful.

H.M.JR: Sure, we didn't close the Bank of America. Wasn't that special consideration?

MR. HENDERSON: That was a special consideration! The stability of our whole economy.

H.M.JR: With all courtesy, might I say this? I get the flavor of this, do you see? I would like to save as much time as I can for discussion. Would you mind if I just opened this thing up a little bit for discussion? I get your approach. I have to stop, but I want to get the benefit of other people.

MR. GASS: Why don't we skip the social security point and I will read only the passages which I think are very different from the others?

H.M.JR: Would you do that, please?

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(Mr. Gass reads from the bottom of Page 8 through line 8, Page 10)

MR. GASS: Then you can skip the next paragraph and Page 11, which deals with the housing program. It is not very different. Then we take up health and education, which is very like the draft which has been read. It can be skipped.

"Simultaneously with the improvement of the wealth and welfare of our people at home, our international economic relations must be expanded to broaden our foreign markets. We must increase our opportunities for investment abroad, and widen our mutually advantageous exchange of goods and services with other countries."

MR. HENDERSON: That is a major omission in the first draft, isn't it?

MR. WHITE: We had it in, but pulled it out because it doesn't fit with the economic rights.

MR. GASS: We use it on the demand side.

We go on: "This Administration pioneered in the direction of international economic collaboration with the reciprocal trade program. It has taken the lead in suggesting an international monetary stabilization fund and an international bank for investment in reconstruction and development. American capital can play a great constructive role in the development of the economies of other countries. Our greatest markets are in prosperous, industrialized countries. At the same time, we must take steps to make it possible for other countries to pay us by selling us their goods and services."

H.M.JR: I am glad Mr. Henderson is for Bretton Woods because evidently Luxford isn't!

MR. HENDERSON: I have probably preached more of it than the Treasury has since Bretton Woods!

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H.M.JR: I agree entirely with Mr. Henderson. When I was up in Bretton Woods I was convinced that this created jobs.

MR. GASS: We tried to slant it from that point of view.

H.M.JR: It is right that that should be in.

MR. GASS: The next approach is the same thing, creating jobs through international demand and through modifying the tax structure. "As soon as the threat of inflation is passed, we must release the purchasing power of consumers and businessmen by reducing individual and corporate taxes. The excess profits tax will be abolished, many excises will be repealed, and the exemptions under the individual income tax will be increased. The exemption limit of the individual income tax must be high enough to assure adequate purchasing power for mass consumption. No family of four should pay any tax until its income has passed \$50 per week."

The next section on "Responsibility of Government" is quite different, I think, from the preceding draft.

(Mr. Gass continues reading through line 19, Page 14)

H.M.JR: Somebody look up whether it was the Republicans who knocked out the appropriation for the National Planning Board.

MR. WHITE: I am sure it was.

MR. GASS: It might fit in with this approach.

(Continuing) "Mass unemployment is the greatest denial of opportunity, the greatest threat to democracy, and the greatest challenge to the continuance of the private enterprise system. Private enterprise must first be given every assistance in providing jobs for all our people. If however private enterprise temporarily fails, Government must step in and prevent a collapse which would be ruinous both to the welfare of our people and to the continuance of the private enterprise system. We must never again permit the mass unemployment, the mass poverty, the mass loss of respectability and the mass denial of individual freedom which characterized the last Republican administration."

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H.M.JR: I would like to stop a minute. What you are saying here is terrifically important. Whether the President would be willing to say that, I don't know, but it is the same philosophy here. It is a question of money, is the Government prepared to guarantee the loans if industry isn't? I think they are comparable. This takes a little digesting on my part, but at least there is something here which is definitely new, this idea that when it gets below fifty-five million the Government is going to underwrite it, just the way the same philosophy is going to underwrite farm prices, put a floor under jobs, and put a floor under interest rates.

MR. WHITE: Put a ceiling over it.

H.M.JR: Yes, but it is the same idea. You are putting a floor under farm prices. It can't drop to a minimum. Interest rates can't go above a certain rate. You might try to summarize that all into one, because that is the philosophy which runs through here that is so terrifically important. Whether the President will take it to his bosom, I don't know, but I want to advocate that at five minutes past four. I think a summation of this thing should be put together.

MR. GASTON: Yes, right at the end.

H.M.JR: And let it stand out that this is what he is proposing to do. That is something new in the platform.

What the other boys have done that is better than yours, if you don't mind my saying so, is their format. They have taken the eight principles and then enlarged them.

MR. WHITE: The two things can be melded together.

H.M.JR: I like the way they do it. That is taking something of last January and expanding it. This is something quite different. In that also would come this question of international monetary creation of jobs. There is a definite train of philosophy; if the President wants to take that, then I think he should take it boldly and say, "This is what I am offering." Then he is offering something new.

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MR. GASS: The single principle in which the thing can be summarized is, you are assuring a volume of demand of sufficient magnitude to employ all of your resources.

MR. LUXFORD: What worries me is the political aspect of the thing, that Dewey will say the President is fundamentally offering you the WPA again. The keynote of the speech we are trying to get out here is one of inspiration, and one of private jobs. I think it is implicit when the President makes the statements he is making here that he will provide those. But can we keep it off the note of the WPA as being the American way?

H.M.JR: I didn't say I accepted this, but at least if you are going to do it, and you have these various things, then I would like to sum them up into one page and see what they look like. But I prefaced it; I haven't yet described it. But if we don't do it, don't worry; they have bright boys there that will do it for us.

MR. WHITE: I think we can take care of your fears by saying the Government steps in only when--

MR. LUXFORD: I wouldn't politically acknowledge that this program could fail. I don't believe he can afford to acknowledge it.

H.M.JR: But, look, you are dealing with very, very bright people, and when you say--there is no difference when you say in your statement that if they won't lend the money at a certain rate the Government will step in and do it.

MR. LUXFORD: Not lend the money, guarantee the loan. You are guaranteeing against the loss. That is the world bank.

MR. WHITE: No, there is a similarity which lies in the fact that the Government steps in to maintain a given volume; in your case it happens to be of lending, in other words, to create jobs. You step in to maintain, if possible, no cut in pay. I think this can avoid the difficulty you have of charging it to WPA, because it only comes into

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operation when jobs drop below fifty-five million.

MR. GASS: I think the thing that needs to be brought out, Luxford, in this context in terms of the approach in establishing the given volume of investment is, when you say to the great public, and even to the well-educated public, and even to the people in this room that you are going to insure a volume of private investment of twenty million dollars, they don't know what it means. But when you say you are going to guarantee fifty-five million jobs, they do know what it means.

MR. LUXFORD: For political reasons I don't want to get into the WPA. We are in a period of full employment. A job with the WPA doesn't look good to anybody today.

MR. GASS: But, Mr. Luxford, this is a job at prevailing wages. It has nothing to do with WPA scales. It doesn't have that kind of approach.

DR. LUBIN: I think you answer the weakness of your statement in just one word, "Determined to provide public jobs for our people." What you want to say is, "Jobs financed by the Federal Government undertaken by private enterprise."

MR. LUXFORD: That helps.

MR. GASS: If "Undertaken by private people" means anything, it means at their risk and loss.

DR. LUBIN: No, the Government is going to give orders to private business.

MR. GASS: O.K., we are going to operate through private contractors.

DR. LUBIN: It is public jobs that means WPA.

MR. CURRIE: May I be excused, Mr. Secretary?

H.M.JR: Yes, sir.

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MR. CURRIE: I would like to say that I liked Luxford's draft very much; I liked that concept very much, and I doubt very much whether the President--and it is only my own judgment--would want to be so specific at this time in terms of an actual specific program of sixty dollars a month for everybody over sixty, and that sort of thing. But you can take a chance on it. He need not take it if he doesn't want it. The only substantial addition I would suggest to Luxford's draft is on the enormous opportunities in the foreign field. I think that slipped out of there some place.

DR. LUBIN: Can I take a minute of your time? I think this foreign field thing can be developed into a very significant aspect, namely, that you can't have peace in the world without prosperity, and you can't have prosperity anywhere unless you have it here.

MR. HENDERSON: No, I think as far as the foreign trade feature and the jobs are concerned, the emphasis could be on the availability of that demand, and the fact that that demand is for specific kinds of products that will feel the impact of cancellations of war orders. You might want to add the other, too, but I would say the assurance directly, to be more realistic, is that the big volume of business quickly is in the foreign field, and it is in the heavy goods industry--

MR. GASS: What are your orders of magnitude for the foreign field?

MR. HENDERSON: Well, FEA experts say from eight to fourteen billion dollars. I will settle for about eight billion.

MR. GASS: Eight billion dollars of gross exports, not net?

MR. HENDERSON: Gross exports.

H.M.JR: Well, are you through, Leon?

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MR. HENDERSON: Yes, on that.

H.M.JR: I am trying to think, because I haven't talked to anybody about this. But what it really gets down to is this, whether you want Mr. Roosevelt to say, "Look, if we do this, and this, and this, this is going to create fifteen billion dollars additional, and you have to take my word for it." That is what Luxford says.

The other thing says, "We are going to do all this thing, but if it falls below a certain number, then the Government is going to step in and create the jobs."

MR. LUXFORD: That is it.

H.M.JR: Now, you could say both, or you could only say one. I am not prepared this afternoon to say which.

MR. HENDERSON: I know very definitely what I would prefer. Maybe if you could get away with it I would prefer Luxford's idea, but I don't think you could. What people want to know is, "If there is a delay in achieving this new high level, what specifically do we look to?"

We can criticize Dewey, and have been criticizing Dewey because he has not offered anything except the vaguest of pretensions. I would like very definitely to say--and you can phrase it as felicitously as possible--that since this is a terrific job, as a matter of insurance, the Government will have a program, that it won't have to construct one and ad lib a program when the emergency comes, if it does. And I would like to have that said, because I am afraid it is coming.

H.M.JR: As to the latter part, we have been in that school for a year now. We have been afraid--in the room here--of the lack of preparation. I mean, there just isn't any. A lot of people know that. That is why I would like Mr. Roosevelt to put his teeth into this thing and say it in a way that people will believe, that in this interim period we are prepared to take care of people, and there will not be five million people walking the streets of America.

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MR. WHITE: I think it would be worth while if you could get him to say it. If he doesn't want to, he won't say it whether he comes in or goes out. But I think it would be a very worth-while thing. It would be a forward step, not only in our national policy, but--

MR. LUXFORD: Have a reservoir of public works, highways, Boulder Dams, and so forth, that would always be available. People like those terms.

MR. HENDERSON: Luxford, you could make it very definite this way by saying that due to the war demands there has been a postponement of things which all citizens, counties, States, and the Federal Government need. And we will take the responsibility of seeing they are advanced to the state at which they can readily be put into operation for the supplying of employment. Everybody knows that.

H.M.JR: On that you can show how the State and county debts have gone down while the Federal debts have gone up.

MR. HENDERSON: The Wall Street Journal had a very excellent article on the position of States not so long ago, but the important thing about the public works, as I have looked at it, is that none of us has progressed beyond the drafting board. And it would take quite a long time, as everyone knows, to put a PWA program in, or one in which there is a Federal underwriting of a State program.

MR. O'CONNELL: Leon, I don't think there will be much chance that any of those State programs progress much until there is definite assurance they are going to get a certain amount of Federal aid, or they are not going to. The Mayor of New Orleans says he has a great public works program, but he is not going to start to produce anything until he is sure he is going to get Federal aid, or he is sure he isn't.

MR. WHITE: But if the President makes a statement of that character, and he is then elected, he can go on the assumption that that is a mandate of the people. One of the first things he can do is prepare a program which can go into effect at such a time--

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MR. O'CONNELL: I was only making the point that there has to be a Federal decision with respect to the participation the Federal Government will have. Otherwise, they will all wait and see.

MR. WHITE: It could be a conditional one, that if you do this when we tell you, then we will help. And we will tell you when jobs drop below. That is an enormous step which has been advocated for many, many years, but, of course, we have never been able to get it as recognized Government policy.

MR. O'CONNELL: This last Congress was unwilling to pass legislation permitting the Federal Government to cooperate with the State planning boards.

MR. WHITE: This might be regarded as a mandate from the people if he is elected.

H.M.JR: Yes. As I say, I haven't had time, but the more I think about it, the more I would like to see the President go beyond just saying there are fifteen million jobs. I would like him to go beyond that. I mean, that is the way I have been leaning, because that would be something new.

MR. WHITE: There were a lot of new things in that.

MR. LUXFORD: That is the final one that is needed to clinch it.

MR. COHEN: As I listen here today, I am still gravely troubled whether one is trying to write a campaign speech or trying to develop a program. I don't believe at this time that one can do more than write a campaign speech. I wish it were the other way. There are so many things we haven't time to consider in detail in the program. These programs should have been figured out before. They require a good deal of thought. There are a lot of ideas here. They should be worked out, but if we were just going to consider them as a program, there would be a lot of spade work. Some of them should be taken up by special agencies; each one in a sense is a message or report in itself. Those things should have been done during the past

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years. Unfortunately, they haven't. If they were done, then we would build a speech on pretty sure ground. Because they have not been done, and because not only hasn't the basic preparation been done, but the public isn't prepared for it, I am so frightened without any preparation, because one doesn't know the effect of going all out in the last week of the campaign. We haven't talked to the people about these things in the last long four years. May they not try to think we are selling them a bill of goods, that we are trying to ride them into voting, and more particularly, those that are attracted by the program, who, by and large, are with us.

And while I agree that there will have to be some speeches in a general way which would be subject to criticisms from our own point of view, I don't know whether from the point of view of the campaign that much more than that can be done, and whether it is advisable to try to do what we think should have been done during the past few years, have those programs prepared. We are certain what we want, and we want to get those ideas out in the most attractive way so as to say we have had some mandate. That is, I am just troubled by the whole thing. But I don't want to deter you, because I may be out of step. I sympathize with the spirit, but I just don't know whether it will serve the purpose in the campaign. I am inclined to think the only thing that we can really move the doubtful votes on at this time is the foreign issue.

H.M.JR: As far as your doubts are concerned, I can see good grounds for that. As for the foreign issue, that is, the President's power to wage war successfully, I think they have made up their mind on that. To me the one thing they haven't made up their minds on is jobs. That was the whole purpose of the thing. If the people of the U. S. are not sold on Mr. Roosevelt's foreign policy and his power of success as Commander-in-Chief, there is nothing we can do in the next ten days. That was my whole thinking. It took me three weeks to get him to say yes. I don't even know whether he is going to do it, but at least he said yes as being willing to let this group do such a thing. But it took me three weeks.

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MR. WHITE: I would say that the decision as to whether it will or will not hurt the campaign can be much better made by the people around him than himself. It would seem to me that it is an important function that we can play to crystallize his ideas on this, coupled with the fact that they are couched in sufficiently bold terms so that he, with a few strokes, can eliminate some of the things which he thinks are most dangerous and yet leave it a document of prime importance, a document which could well stand in his post-election years as a program from which he could constantly lead off. He has no program; he hasn't developed a program in the last four years, and I venture a dollar to a doughnut he won't in the next four years. The only hope we have is that if he says so before he is elected and gets elected, then he can say he has a mandate from the people, and maybe we can do something with him.

Now, it is true that he is taking a chance, but he will measure that chance a whole lot better than we can.

MR. DuBOIS: And politically, if he is going to make a speech at all--your point seems to be that he shouldn't talk--but if he is going to make one, let him be on the offensive.

MR. LUXFORD: Ben is saying what the President is saying, that the President hasn't a program.

H.M.JR: I am going to have to wind this up. If you people would like to continue in White's office, I would like to say this: I would like to take the format which Luxford had, with some of these very excellent points that Gaston raised, something for the soldiers, and something on Bretton Woods, and then a summary of the political philosophy. You people juggle the thing so it won't look like WPA.

MR. WHITE: Couldn't we decide here without keeping the others longer that we will try our collective hand on a draft which synthesizes both of those, and then present them to you, and in the preparation, whoever has

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the responsibility can point out those dangers that you suggest, and that would still leave enough room so you could pick out of it some things which may appeal to him.

MR. GASS: And write on the margins, if you will, "This may be very dangerous."

MR. LUXFORD: Oh, no, we are not politicians.

H.M.JR: This is a program, and if he doesn't like it--I mean, he has a sixth sense which is superior to anybody else's as to what is good politically and what isn't. If it is dangerous, he won't take it; if it isn't, he will. But I would hate to go to him with a speech that hasn't got a program.

MR. WHITE: You would like to have it, Mr. Secretary--if only the President reads it--from the group that consists of New Dealers. If he throws it away--maybe he will come back to it some day--he will only file it away.

DR. LUBIN: I think we should some place try to weave in this whole idea of prosperity and jobs with the international picture. It is another guarantee that you will have peace; because if we are badly off, the rest of the world is; and if they are badly off, they are not going to have peace.

MR. WHITE: Except, you don't need any better reason for prosperity than prosperity.

THE ECONOMIC BILL OF RIGHTS

This evening I want to talk to you about the future which I feel is in store for the American people and to outline to you my plans for meeting here at home the problems of peace.

For the second time in twenty-five years America has proved her capacity to meet the challenge of total war. Twice in twenty-five years we have amazed the whole world - and ourselves - with our daring conception of what America could do when forced to war. We have astonished a grateful world by the stupendous number of planes, tanks and guns rolling off our assembly lines; with the bridge of ships we have erected across the oceans; by the overwhelming force with which America has turned the scales of battle.

Thus has America met the challenge of war - with boldness, courage and determination. Thus has America become the symbol - the world over - for the dynamic force of a free people fighting for a free world.

But what of the peace-time problems here at home which will follow the successful conclusion of this war? Is America prepared to meet the challenge of these peace-time problems as it has twice met the challenge of war? Will we approach the problems of peace with the same boldness of conception, the same courage and determination as we have approached the problems of war?

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In the answer to these questions lies the future of America. To anyone who has faith in America the answer is clear. The American people are prepared to meet the problems of peace in the same inspiring way that they have met the problems of war. The American people are resolved that we shall insure that the youth of this nation will never again be called upon to fight in another war. And the American people are equally resolved that when our boys return home from this war, they shall come back to the brightest possible, the freest possible, the finest possible place on the face of this earth - to a place where all persons, regardless of race, color, creed or place of birth, shall live in peace, honor and dignity, free from want and free from fear. To do otherwise would betray the faith of every soldier, every worker, every businessman, every farmer in this country who is doing his best for America.

In determining the course of action we should pursue after the war, it is well for America to pause and take stock of her capacities. For America's capacities should be the measure of America's future.

America's known capacities are not difficult to calculate. We are now producing goods and services to the gigantic total of \$200 billion a year with 52 million workers and 12 million soldiers. In simple language that means that today America is producing nearly twice as

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much as she had ever produced before the war. But an enormous part of the goods and services we are producing today does not find its way into the American home. No, it represents the ships, the guns, the planes and tanks we are using to fight this war.

But I know, and you know, that, if we can produce a huge flow of ships and guns and planes and tanks, we can also produce an abundance of houses and cars and clothing and private education and recreation and the other good things of life for all Americans.

And I know, and you know that when our boys return home from the war and are again able to put their power into the stream of peace-time production, America's capacity to produce will be even greater than it is today. Yes, much greater than today even if we remember that some of our returning soldiers will prefer to resume their education; that some older people will begin a retirement delayed to participate in war work; that many women will give up their jobs in favor of home-making. Making full allowance for these groups, the fact remains that America will have the capacity after the war for producing houses, cars, clothing, education, recreation and all of the other good things of life on a scale that staggers the imagination. That is what America can and will do if we have the courage and vision to give her the chance.

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But to accomplish this task of harnessing our full productive capacity to American needs, it is childish to think, as some have recently suggested, that we can depend upon the accumulated backlog of demand for 6 million automobiles, 3-1/2 million vacuum cleaners and 7 million alarm clocks! Why an America geared to that conception of our future will find it is faced with millions - if not tens of millions - of unemployed. In fact that kind of thinking sounds to me as though our doughboys returning from this war would have to face the prospect of peddling alarm clocks this time instead of apples. I say to you here and now that we cannot set our sights to a level which we have long since passed. The same people who set their sights too low for war are now asking the American people to set their sights too low for prosperity. They do not grasp the strength and the spirit of America.

Nor do any of us think for a minute that there is any quack remedy or cure-all that can be automatically applied. The sober facts are that genuine progress will be achieved only through concrete plans and a real effort.

I made plain my views on this subject in January of this year. In my message to Congress in January, I set forth eight self-evident economic truths. I said then and I say now that these economic truths represented a second Bill of Rights under which a new basis of security and prosperity can be established for all - regardless of station, race or creed.

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America led the world in establishing political democracy. It must lead the world once more in strengthening and extending political democracy by firmly establishing economic democracy. Let us not forget the painful lessons of the rise of Fascism. Let us remember that political democracy is at best insecure and unstable without economic democracy. Fascism thrives on domestic economic insecurity as well as on lack of or divided resistance to external aggression. Fascism is not only an enemy from without, it is also potentially an enemy from within.

We now must establish an Economic Bill of Rights not only out of common decency, but also to insure the preservation of our political freedoms. We must accord to this Economic Bill of Rights the same dignity - the same stature - in our American tradition as that we have accorded to the original Bill of Rights.

Let us therefore affirm this Economic Bill of Rights - and keep affirming it - until it is as familiar and real to us as the Constitution itself. This is the Economic Bill of Rights as embodied in my message to Congress last January: -

The right to a useful and remunerative job in the industries, or shops or farms or mines of the nation;

The right to earn enough to provide adequate food and clothing and recreation;

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The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, sickness, accident and unemployment;

The right to a good education.

But the achievement of this American Economic Bill of Rights will not come of itself. These rights will not come to those who merely sit and wait. They will not come through merely pious repetition. Our forefathers had to struggle for our political Bill of Rights; we will have to struggle for our Economic Bill of Rights. If we are going to make these Rights a living reality we must map out a vigorous and concerted course. We must set as our goal the implementation and fulfillment of the 8 self-evident truths which together constitute our Economic Bill of Rights.

The key to making this Economic Bill of Rights a part of the American way of life is as self-evident as are the rights themselves. The key is the wholehearted recognition by all our people of the simple fact that in America

the future of the American worker lies in the well-being of American private enterprise; and the future of American private enterprise lies in the well-being of the American worker. To me, the greatest single thing that this war has demonstrated on the home front is that when the American worker and the American businessman and the American farmer work together as one team, there are no limits on what America can accomplish.

But to work together as a team, however, there must be a common goal. In this war that goal has been the defeat of our enemies in the shortest possible period of time. In the peace to come the goal must be the well-being of America - and that is synonymous with the well-being of every American.

I want to now discuss with you my program for making each of these economic rights a part of our way of life. You will note this striking fact, namely, that to the extent that private enterprise grows in strength the Economic Bill of Rights grows in reality and to the extent that the Economic Bill of Rights grows in reality American private enterprise grows in strength. Thus, all the measures which are proposed in this program for the implementation of the Economic Bill of Rights are at the same time designed to make American capitalism and private enterprise work in the same great manner in peace as it has worked in war. All of the measures have the fundamental

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purpose of increasing the demand for American goods and services and making it possible for American business to offer productive jobs for all Americans who wish to work. For there is only one way in which the people of this country can be sure of jobs for all and that is by making it possible for them to buy all the goods which American business and American agriculture are able to produce. And only if we have a high standard of living corresponding to the enormous productive capacity of America can we be sure of plenty of jobs, good wages, economic security and a fuller life for all.

When I enunciated this Economic Bill of Rights last January I said that after this war is won we must be prepared to move forward, in the implementation of these rights, to new goals of human happiness and well-being. I asked the Congress to explore the means of implementing these rights and stated that from time to time I would have more to say on the subject.

Tonight, I want to discuss this Economic Bill of Rights with all of you. I want you all to see how the adoption of concrete measures to implement these rights represents the very foundation of American prosperity in the years to come.

I

The first economic right is "the right to a useful and remunerative job in the industries, or shops, or farms or mines of the nation."

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To assure the full realization of this right to a useful and remunerative job, an adequate program must provide America with 60 million productive jobs. This means private enterprise working at expanded capacity and employing 15 million more workers than before the war.

With 60 million employed workers producing the goods that our consumers and business men buy, we shall need new facilities, new plants and new equipment. To that end we must facilitate the establishment by private enterprise of new industries and the expansion of old industries. With business profits geared to jobs for all there will be an enormous demand for machinery and equipment for old and new industries, by firms large and small.

Now this program of peace time expansion will require large outlays of money which should be raised through normal investment channels. But while private capital should finance this expansion program the Government should recognize its responsibility for sharing part of any special or abnormal risk of loss that might be attached to such financing. Therefore I propose that these loans be financed through the usual financial channels and that the Government guarantee the lender against all special and abnormal risks. This will provide new and expanding industry with plenty of credit at reasonable interest rates. By this program we will merely be extending to the financing of old and new business the principles

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which have proved so successful in our experience with the V Loans, T Loans and the Federal Housing Administration loans.

A comprehensive investment program dedicated to expanding the peace time productive capacity of America is the very epitome of the American way of raising our standard of living. We build the plants for greater production so that all of us may share in their greater output. And the benefits of this plant expansion are not confined to the increased output. In fact, these benefits also include the wages paid to the labor employed in building these plants, in constructing the machinery to be used in the plants and in operating the plants after they are erected. These payments as wages all contribute to the nations buying power so that as a nation we will have more money with which to buy the goods produced by these expanded plants.

As a matter of fact a comprehensive investment program of this character could make possible \$20 billion of new private investment each year. Why, just the job of building these plants and the machinery for them would give America 5 million more jobs a year in expanding American productive capacity than we had before the war. And this does not include the workers who would be needed to operate these plants after they are built.

In a nut shell, then, if we are going to have
productive jobs for all, we must have an expanded

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private industry capable of hiring millions more men. I propose that the Government do its part in helping private enterprise finance this expansion of our industrial plant. It will be privately owned, privately operated and privately financed but the Government will share with the private investor the unusual and abnormal financial risks which may be involved in getting started.

II

The second economic right is "the right to earn enough to provide food and clothing and recreation."

America must remain pre-eminently the land of high wages and efficient production. Every job in America must provide enough for a decent living.

During the war we have been compelled to hold down wage increases that might have provoked runaway inflation. With all the arms and war materials we were producing, there was only a limited amount of consumption goods available. Increasing wages without increasing the amount of goods available to the consumer would have been an open invitation to inflation. By resorting to drastic price and wage control measures, I am proud to report that America is succeeding in holding the line against inflation.

However, the end of the war, even the end of the war in Europe, will change this picture. Then there will be more goods available for America to buy and it is only good common sense to see that the working man is paid enough

Therefore, I propose that the American worker's wages should be increased as soon as it is possible to increase the production of consumers' goods. Further, I can say that so long as I am in the White House, American labor can be assured that there are not going to be any wage cuts that I can stop. What is even more important - I am going to see that when the worker's hours are cut back to peace time levels his pay envelope will not be smaller. We can do it and I know we should do it. And I propose that wages should be constantly increased as the productivity of industry is increased. In an expanding American economy there is more than enough to give business its profits and the worker good wages. In fact - you know and I know, that unless the worker does get his share of America's increased production in the form of increased wages and unless business gets its share in the form of increased profits - neither will prosper and all will lose.

But an increase in wages is not the only benefit the American worker should secure from increased productivity. He should also benefit in the form of shorter hours of work, in the form of increased leisure and opportunities for healthful recreation. Thus increased wages and shorter hours go hand in hand in solving prosperity the American way.

There is one further aspect of the wage-earner's problem that I want to touch on tonight. That is his

aspiration for an annual wage or guaranteed annual income from his job. It is a terribly important part of any real attempt to implement America's Economic Bill of Rights. The size of the wage-earner's pay envelope is important - vitally important to American prosperity. But we all know that it is equally important to know how many pay envelopes he gets during a year. I want to see him get a guaranteed minimum annual wage and I think the time has come for America to begin tackling this most difficult problem.

Now this goal cannot be attained overnight. It cannot be achieved in a manner to harm business. Nor can it be achieved with the same speed in every business.

But we can start on the job of giving labor an annual wage. We can do a lot if we all will only agree that it is a problem business and labor must solve and if we all approach the problem with a genuine desire to succeed. And Government must do its part too. It must aid business in stabilizing its labor needs so that the burden of an annual wage will not be uneconomical. This in my opinion is the American way to bring about the annual wage and I have confidence in the American way of doing things.

III

The third economic right is "the right of every farmer to raise and sell his products at a rate which will give him and his family a decent living."

American farmers now have by far the largest farm income in history. This is their due reward for the greatest agricultural production in history. We must assure the farmers that there will always be a market for all their output at good prices. Concretely I propose to maintain an adequate floor on farm prices and thereby assure the farmer against the dangers of falling prices for his products. Our farm program must be one of expansion rather than curtailment. With jobs for all at good wages the people will buy all the increased production our farmers will want to sell.

I propose to establish a comprehensive federal crop insurance program which will secure the farmer against the hazards of crop failure. We must also take steps to raise the standard of living on the farm and in the rural areas by a complete program of rural electrification and improvement. In this way we can bring to the rural communities modern facilities for decent and healthful living.

IV

The fourth economic right is "the right of every business man large and small to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad."

Where this Administration is to be distinguished most sharply from some others is in its refusal to curry

favor with big business or entrenched monopoly. Our economic Bill of Rights like our political Bill of Rights is based on freedom of enterprise - freedom of enterprise not merely and exclusively for the few, but broadly and inclusively for the many. The political Bill of Rights insured the destruction of special prerogatives and privileges. The economic Bill of Rights will insure the destruction of special economic prerogatives and privileges.

No special class of business deserves to be the spoiled darling of government. This Administration has been mindful from its earliest days, and will continue to be mindful, of the problems of small business as well as large.

We must break through the barriers of monopoly and international cartels that stand in the way of a healthy expansion of free enterprise. Against these real enemies of free enterprise we shall continue unremitting warfare.

We must overcome the monopolistic frame of mind which thinks of business in terms of restricted output at high prices per unit. We must pass on to workers and consumers the benefits of technological progress and large scale production. Free enterprise in the American tradition can flourish only by doing a large volume of business at a small profit per unit.

My Administration is determined to protect free enterprise against monopolies and cartels through continued

vigorous enforcement of the anti-trust laws. Private enterprise yields its full advantage to the consuming public and to other business only when it is genuinely free and competitive. Beware of that sinister enemy of free enterprise who pays lip-service to competition but also labels every anti-trust prosecution a "persecution."

Our economy has important new expanding sectors in air transport, frequency modulation, television, synthetic rubbers and fibers, plastics, and many other fields. These new expanding areas in particular must be kept free of the constricting hand of monopoly. There must be a place in them - as everywhere in our economy - for enterprising small firms. It is from these new and small firms that the great industries of the future will grow. We need new industries, new firms to have industrial progress and shall not permit them to be stifled by monopoly.

V

The fifth economic right is "the right of every family to a decent home."

Concretely, I propose that we adopt a housing program looking toward the construction through private enterprise of 2 million housing units a year and ridding this country of its urban and rural slums. We need to build at least 15 million new housing units if we are to eliminate all

our slums and sub-standard dwellings. The right to a home is meaningless when that home is a hovel. We cannot afford slums.

A well-housed America must have modern homes - homes with all the latest electrical and mechanical equipment which will eliminate the drudgery of household work. We must be a land of homeowners, and to that end we must assure every family an opportunity for home ownership by making certain that there is available private credit on terms which will reduce the down-payment and cut by one-third the monthly cost of buying homes.

New residential construction and the modernization of America's homes alone can provide jobs for 4 million people a year. This is 2 million more than the maximum amount engaged in such work prior to the war.

VI

The sixth economic right is "the right to adequate medical care and the opportunity to achieve and enjoy good health."

As Selective Service has revealed, too large a proportion of our younger men now fall below reasonable health standards. This is a warning signal to America with respect to the state of health of all segments of our population. This condition calls for immediate and drastic action.

We cannot permit the health of our people to be impaired by poverty or lack of medical and hospital facilities. I say to you that your Federal and State Governments have just as much responsibility for the health of their people as they have for providing them with education and police and fire protection. Health and adequate medical and hospital care are not luxuries. They are basic necessities to which all are entitled.

We must see that medical attention is available to all the people. Adequate maternity care must be available to every mother. But this health program must be achieved in the American way. Every person should have the right to go to the doctor and hospital of their own choosing. My program calls for the Federal and State Governments to work hand in hand in making health insurance an integral part of our Social Security program just as old age and unemployment benefits are today. And these health insurance benefits must be adequate to provide private medical and hospital care for every person in the United States.

We need more hospitals and doctors. I propose that we make sure that such facilities are available and that we build hospitals in every community, rural and urban, that does not now have such facilities for all of its people.

Never again can we afford the waste of poor health in America because of poverty or inadequate facilities. And I say to you now that this program will prove in the long run to be a saving to America.

We must not be content to provide medical attention for people after they become sick. We must implement and extend our knowledge of preventative medicine. To the end that we shall be much better able to attack diseases and to prevent diseases I propose that the Government appropriate a substantial sum to finance medical research in private and public institutions.

VII

The seventh economic right is "the right to adequate protection from the economic fears of old age, sickness, accident and unemployment."

We must assure people who are disabled and temporarily unemployed that they will be taken care of adequately. We must assure them that they will not be in want because of loss of income during this period of compulsory unemployment. We cannot neglect these groups without incurring serious dangers to the stability of our whole economy.

But we should be wary of those who only pay lip-service to the principle of Social Security but have a sorry reputation when it comes to delivering on their promise. In 12 years of Republican Administration this, the richest country in the world, fell far behind other

industrial nations in the development of Social Security legislation. Every step in the establishment of our social security system has been fiercely resisted by the Republican Old Guard. Even now while advocating the extension of social security in vague, vote-catching terms, the Republican party evades all major concrete steps to expand Social Security. The Republican candidate for the Presidency, some weeks ago, made his formal obeisance to the need for Social Security by limiting his remarks to a few piddling generalities.

Meanwhile, for more than a year, there has languished in Congress a carefully-drawn, comprehensive Bill to extend the coverage and increase the benefits of Social Security. I refer to the Wagner-Murray-Dingell Bill, introduced into Congress by three liberal Democrats. It gives effective universal coverage and provides benefits for old age, unemployment, medical care and disability. Yet no prominent Republican - in or out of Congress - has raised his voice in support of this Bill. That in my mind is the tip-off of what America can expect when the "chips are down."

Being introduced in wartime, when we have been concerned about restraining consumers' demand rather than expanding it, the Wagner-Murray-Dingell Bill will need to be revised to suit our postwar world.

A broader program will be needed after the war. Old age insurance should be adequate to provide all of our

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older men and women with the means for decent living. Our present old age benefits are definitely inadequate. I propose that we immediately establish the principle of giving a minimum Federal old age pension of \$60 per month to every person who has reached the age of sixty. This minimum \$60 per month pension should be available to every man and woman over the age of 60 who makes application. If both husband and wife are over sixty, this will mean a monthly income of \$120 per month. It should be deemed to be a right, not a charity, a right springing from the years of service each person delivers to the sum total of a better America.

This social security program will, of itself, by adding to the spendable purchasing power available to the people and by placing a floor on consumption, add from two to three million jobs a year.

VIII

The eighth economic right is "the right to a good education."

We must have an educated and informed America. Even now most of our rural areas and some of our urban areas are poorly provided with schools. Our teachers are underpaid. Our schools are badly understaffed. We need more schools and at least one-half million more teachers. Through Federal aid to poorer communities for the development of locally controlled educational programs, we

propose to equalize and extend educational opportunities throughout the land. We propose to provide facilities for technical and higher education for all qualified young men and women without regard to their financial means. In This America, the pioneer of free education, the right to technical and higher education should be as universal as the right to a secondary school education.

* * * * *

This is the program that will bring to reality our Economic Bill of Rights. It is a program that will provide jobs, economic security and rising standards of living for all Americans - regardless of race, color or creed. Our democracy can be a living force only if it means the good life for all the people.

The 15 million more productive jobs that this program will bring are jobs in industry. They are jobs based on the expanded demand for the output of our economy for consumption and investment. And this program need place no real burden on the Federal budget. On the contrary, a program of this character can provide America with a national income of \$200 billion. With a national income of this magnitude it will be possible to reduce the high war time tax rates on personal incomes, on business profits, and on consumption, and still collect enough tax revenues to meet the needs of the Government, including orderly retirement of the national debt.

This, my friends, is our immediate goal, once final victory over our enemies has been achieved.

Now there will be, I am sure, those who will say that the goal which I have set for you is fantastic. There are the persons of limited vision and blunted imagination. These are the same persons who said I was dreaming when I declared in 1940 that the American people would produce 50,000 planes in one year. In fact the American people produced 125,000 planes in one year. These persons also labelled s _____ ships in one year a dream. The American people actually produced _____ tanks was supposedly another dream. In fact we produced _____ . And these are also the same persons who scoffed at the idea that America could in less than 4 years build the greatest Army, the greatest Navy and the greatest air force in all the world. Do these Monday morning quarterback- backs have that great faith in the American people, and in their way of life, which is required in order to understand the meaning of America?

And yet these same great visionaries who see but dimly into the future have excellent hindsight. As the great events of history march forward, while they look back, they are at least able to recognize what has passed them by. Only then do they shake their heads wisely and proclaim that of course it must be so. They have seen it with their own eyes. Thus, for example, they say, and I

am quoting:

"Of course, we need security regulation.

Of course, we need bank-deposit insurance. Of course, we need price support for agriculture. Of course, the farmers of this country cannot be left to the hazards of a world price while they buy their goods on an American price. Of course, we need unemployment insurance and old age pensions and also relief whenever there are not enough jobs. Of course, the rights of labor to organize and bargain collectively are fundamental."

I suppose that after this program to which my Administration is pledged has become an accepted part of our way of life, the battle-cry of the hindsight artists will go something like this. They will say that of course the right to a useful and remunerative job in the industries, or shops or farms or mines of the nation is self-evident; of course the right to earn enough to provide adequate food and clothing and recreation is self-evident; of course the right of every farmer to raise and sell his products at a return which will give him and his family a decent living is self-evident; and of course this and of course that. Oh, I forgot - there is one more "of course" that they will add. They will say, "Of course, we could have done it better."

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I am confident, however, that the great majority of the American people share the same great faith in

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America and in the American way of doing things which I have expressed tonight. We know our way and the road ahead is straight and broad although there are many hills which we must climb. The program which I have set forth is only the first milestone, for the capacity of the American way of life in the years to come is beyond the vision of man. The American system of free enterprise is the best the world has ever known and through it we can obtain, God willing, the best that this world has to offer.

*Pass Draft -
10/19/44*

ECONOMIC PROGRAM FOR POST-WAR AMERICA

or

A PROGRAM FOR MORE JOBS

My fellow Americans:

We are approaching another great turning point in our national life.

Record and Prospect

In 1933, when my Administration took over responsibility for the executive branch of our Government, we stood at one great time of decision. Most of our economic resources were running to waste. Our industrial workers were unemployed, our plants idle, our farmers in distress, our monetary and banking system in ruins.

In eight years of peace, we increased our employment by 12 million workers. We tripled our farm income. We converted a corporate loss of \$3.6 billion in 1932 to a corporate profit (after taxes) of \$5.8 billion in 1940. We re-established the dollar as the strongest, most sought-after, currency in the world.

We had not by 1940 -- and we have not yet -- solved all our domestic economic problems. Yet, in contrast with the demoralizing years of the Hoover depression, in those eight years of peace and reconstruction, our people found renewed grounds for a reasoned faith in the promise of American life.

* * *

Then came the war. It confronted us with another series of hard decisions -- military, diplomatic, and economic. It put an end, for the duration, to the possibility of a major further improvement in our standard of living. It revealed a productivity that is the marvel of the world. At the peak of our war production, we have produced nearly as great a supply of munitions as has been

produced by all the other countries of the world added together.

Those men of little faith, who -- like the Republican candidate for the Presidency -- proclaimed glibly that we could not produce 50,000 planes a year, have been reduced to silence by the demonstration that we could produce 100,000. While assigning 12 million of our most productive men to the armed forces, we have raised our total production to a peak fully two-thirds higher than in our best peace year, 1940. This means two-thirds more in terms of real things -- food and clothing and housing, as well as guns, ships, planes and tanks. The home front has worked long hours, faithfully, with skill and ingenuity, to accomplish this production record.

This great productivity is the challenge and promise of a renewed and strengthened post-war America. It is the challenge of jobs and the promise of abundance when those jobs are provided.

* * *

I know and you know that, if we can produce a huge flow of ships and guns and planes and tanks, we can also produce an abundance of houses and cars and clothing and education and entertainment and all the other good things of life.

At the present time we have nearly 12 million men and women in the armed forces and 51 million of our people in civilian employment. Some of our returning soldiers will prefer to resume their education; some older people will begin a retirement delayed to participate in war work; many women will give up their jobs in favor of home-making. Yet, when allowance has been made for all these changes, when the war in the Far East is over and demobilization is completed, perhaps 57 million of our people will want to hold jobs. There must be jobs available for all of them.

At the present time, when we are working long hours, we have pushed our National Income up to an annual rate of about \$160 billion. Our working hours may average 15 or 20 percent lower in

the years of peace, yet -- with full employment and a stable price level -- we will be able to produce a National Income of about \$150 billion. This means, with 57 million jobs, an average production of over \$2600 of goods and services per worker.

* * *

Fifty-seven million jobs, a National Income of \$150 billion, an average income of about \$2600 per worker -- these are the targets for American business, labor and government in the immediate post-war years! They mean a growing, buoyant America, a creative democracy, employing all its people and in condition to bear its part in the family of nations.

The American people -- and its elected representatives -- can draw both pride and confidence from the accomplishments of the last twelve years. We have met the problems of depression; we are surmounting the trials of war; we have taken firm steps in the direction of permanent peace. It may well be, however, that -- rather than on these accomplishments -- posterity will finally judge us most in terms of whether we had the understanding and the determination to meet our greatest challenge -- the provision of jobs.

We must not be found wanting in the face of this challenge.

Opportunity for Free Enterprise

I am proud to speak here tonight under the auspices of Business Men for Roosevelt, Inc. I believe in free enterprise. I believe in the profit system. I believe in exceptional rewards for daring innovation, skill and risk-taking. I am convinced that -- given appropriate policies on the part of business, labor and government -- we can normally give full employment to our people, in private enterprises. I believe, therefore, that government policies should be designed to encourage the maximum employment of our workers by private business. The post-war era must witness the greatest peace-time business expansion in our national history. Our productive power makes such an expansion possible, and we will not again

sit by idly -- as in the days of the Hoover depression -- and allow our resources to go unused.

Private business gives jobs when there is adequate market demand, at a profit which justifies necessary business risks. Far larger markets than any we have ever had before in peace-time are necessary if private business is to give jobs to all our people. Mass production cannot continue for long without mass consumption. If we are to produce a National Income of \$150 billion, our consumers and businessmen must buy \$150 billion of goods and services -- food and clothing and houses and cars and plants and equipment. For a time, if we are willing to invest abroad, we can have markets without consuming or investing at home, but as the income from these foreign investments increases, we must correspondingly expand purchases by our own consumers and businessmen. The consumers and businessmen of America constitute our ultimate market.

* * *

A great deal of nonsense has been spoken about the attitude of my Administration towards profits. We inherited a regime of staggering business losses. Every American who is old enough and honest enough to recall the true facts cannot forget those black days of Republican Administration. He cannot forget the thousands upon thousands of well-run businesses which went into bankruptcy because there wasn't a market for their products. In 1931 corporate business suffered a loss of \$1.6 billion, in 1932 a loss of \$3.6 billion. By 1934 we had pulled business out of the red, and from then on profits expanded until in 1940 -- the year before our entry into the war -- corporate business showed a profit, after taxes, of \$5.8 billion. In the year 1943, corporate business made a profit, after taxes, of \$8.9 billion. In each of the past three years corporate business has made far greater profits, after taxes, than in any other years of our national history. Does that look like the record of an administration determined to eliminate reasonable profits?

I say to American business that, if we rise to the opportunity of creating an economy of abundance, the greatest years of private business profits lie ahead of us. As soon as the burden of financing the war has been lifted, and the danger of inflation has passed, we shall abolish the excess profits tax. We shall give more generous exemptions from the individual income tax. We shall remove the special war-time excises on consumers' durable goods, on entertainment, on transportation and communication. These goods and services are luxuries in war-time, but they must be things of mass consumption in post-war America. We shall lift all production and price controls, encouraging private business to produce more of the things to which we are accustomed, and thousands of new products, in ever-increasing volume, under conditions of free and open competition. We must strive for a small margin of profit on each dollar of sales but a large profit in the aggregate.

* * *

Where this Administration is to be distinguished most sharply from some others is in its refusal to curry favor with big business or entrenched monopoly. No special class of business deserves to be the spoiled darling of government. This Administration has been mindful from its earliest days, and will continue to be mindful, of the problems of small business as well as large. We shall be vigilant to assure that small business is given every facility to buy government-owned plants, equipment and inventories. The special credit and capital requirements of small business will be met. In an expanding economy, there will be room for thousands of additional small firms both in the supply of older products and in developing new products. Our economy has major new expanding sectors in air transport, frequency modulation, television, synthetic rubbers and fibers, plastics, and many other fields. These new expanding areas must be kept free of the constricting hand of monopoly. There must be a place in them -- as everywhere in our economy -- for enterprising small firms.

My Administration is determined to protect free enterprise against monopolies and cartels, through continued vigorous enforcement of the anti-trust laws. Private enterprise yields its full advantage to the consuming public and to other business only when it is genuinely free and competitive. Beware of that profound enemy of the private enterprise system who pays lip-service to competition but also labels every anti-trust prosecution a "persecution".

* * *

One class of business has, perhaps, received special attention from this Administration, in compensation for the long years of neglect which it suffered when the Republican Party was in power. That is the business of farming. Of all our economic achievements, I take perhaps the greatest pride in what we have done in these past twelve years to give the farmer his equal share in the progress of the American economy. Through liberalization of farm credit, rural electrification, soil conservation and farm price support, new vigor was breathed into our farms so that they are now able to play their great part in the feeding of the United Nations. From 1932 to 1939, net farm income -- after all expenses -- approximately tripled; from 1939 to 1943 it approximately tripled again.

The farmers of the United States have been asked to undertake an unprecedented expansion of their production to meet war needs. They must be protected in the transition to peace-time quantities and types of output. Their immediate protection lies in vigilant government measures of price support. I propose to request the Congress to appropriate the funds necessary for such price support. The permanent protection of our farmers, however, can be achieved only through the prosperity of the four-fifths of our people who live in cities.

Assurance of Markets

Every farmer and businessman and worker knows that the impoverishment of the American people is not in the interest of good business. Private business can provide jobs only when there is adequate demand for the goods and services which business produces. Our people must have the buying power to absorb the vast production which our industries will be able to make available after the war. We can maintain a National Income of \$150 billion continuously only if the masses of our people have the means to consume the tremendous output represented by such a level of income.

To assure sufficient markets for all that we can produce, all wages must rise from year to year, as productivity increases; there must be no stragglers in the general march of national economic progress. There must be no return to sub-standard wages as the load of war work eases.

To prevent the return to sub-standard wages, I propose to request the Congress to increase the minimum wage required by the Wages and Hours Act immediately to 60 cents an hour. Sixty cents an hour means only \$24 for a 40 hour week, only \$1250 for a full working year. This is surely little enough for an economy which can produce over \$2600 of goods and services per worker each year. If we are to avoid idle plants, collapsing farm prices, and unemployed workers, we cannot afford to give any of our workers less than 60 cents an hour.

Minimum wages must not be used to depress higher wages. Every sensible employer knows that more productive workers must receive higher wages, in proportion to their productivity. In the interest of good business, as well as in fairness to labor, we must all be vigilant to assure that the increase of wages does not lag behind rising productivity.

* * *

Good wages, good farm prices, and reasonable profits must be the main foundations of our national prosperity. There are, however, other groups in our community who cannot be provided for by the normal wage and market mechanisms. These are the aged, the sick, the disabled and the temporarily unemployed. We cannot leave these groups "out in the cold" without grave moral injustice and without incurring serious dangers to the stability of our whole economy. For these groups, modern society has devised Social Security.

In twelve years of Republican Administration, this country fell far behind other industrial nations in the development of Social Security legislation. Every step in the establishment of our present Social Security system has been fiercely resisted by the Republican Old Guard. Even now, while advocating the extension of Social Security in vague, vote-catching terms, the Republican Party resists all major steps to expand Social Security. The Republican candidate for the Presidency, some weeks ago, made his formal bow to the need for Social Security but limited his remarks to a few piddling generalities.

Meanwhile, for more than a year, there has languished in Congress a carefully-drawn, comprehensive Bill to extend the coverage and increase the benefits of Social Security. I refer to the Wagner-Murray-Dingell Bill, introduced into Congress by three liberal Democrats. It gives effective universal coverage, and provides benefits for old age, unemployment, medical care and disability. No prominent Republican -- in or out of Congress -- has raised his voice in support of this Bill.

Being introduced in war-time, when we have been concerned about restraining consumers' demand rather than expanding it, the Wagner-Murray-Dingell Bill is based on methods of financing which will need to be modified to suit our post-war world. If we are to have adequate consumers' demand, as we extend our social security, we must shift its financing away from payroll taxes. We will need the payrolls of our workers in the market for consumers goods and

services. Moreover the payroll tax on employers imposes an unfair burden on the employer in whose total costs wages bulk disproportionately large. Social Security revenues should be raised in accordance with the progressive principle of ability to pay.

In one other respect also, we must go beyond the Wagner-Murray-Dingell proposals. Their bill provides old age benefits ranging from \$20 to \$120 per month, depending on amount of contribution. \$20 a month is not enough. Old age insurance should be adequate to provide each of our older men and women with the means to acquire comfortable houses, adequate food and clothing, medical care and other necessities. \$20 a month is not adequate for these purposes. I propose to request the Congress, immediately after the end of hostilities in Europe, to enact legislation giving a minimum Federal old age pension of \$50 per week to every person who has reached the age of sixty and does not wish to hold a job. The America of abundance can afford to provide decently for its old people.

* * *

One of the greatest markets for business and one of the greatest sources of employment, in the post-war period, should be in the construction and equipment of new housing. We need to build at least 15 million new housing units in the next 10 years, if we are to eliminate all our slums and sub-standard dwellings. The construction of one and a half million housing units each year will provide over two million jobs.

As much housing as possible should be built by private initiative. Government can facilitate private building operations by reducing still further the cost of financing home buying. By a reduction in mortgage interest rates and a moderate increase in the period of amortization, the monthly cost of buying a home can be reduced at least one-quarter. This reduction in costs means more markets and more jobs.

The elimination of slums must be made a first principle

of our national economic policy. With our great productive capacity, we cannot afford to have slums. If, even with continued jobs and higher minimum wages, some groups are not able to pay for a desirable minimum standard of housing, Government must subsidize a minimum housing standard. Construction and equipment can, in any case, be handled by private business. Government must do the things that private business cannot do.

* * *

Two things that Government must do, on a scale never attempted before, are provide education and medical facilities. As selective service revealed, two-fifths of our younger men now fall below reasonable minimum standards of education or health. This must never happen again. Our rural areas, in particular, are poorly provided with schools. Our teachers are badly underpaid. Many gifted children fail to be educated to the extent of their talents merely because they happened to be born into needy families. This is a denial of the first principle of democracy -- an equal start in life for every citizen. It is a denial, also, to the whole nation, of the value which could be derived from latent, uncultivated talents.

I propose to ask Congress to establish a comprehensive system of Federal aid to needy school districts and federally financed scholarships for deserving pupils. Only so can we make a liberal education available to all our people, without distinction of wealth.

The broadening of our Social Security System will provide individuals with funds to procure medical services. There is a great shortage, however, of medical facilities -- of medical schools and, still more, of hospitals. A hospital is not a business institution. It is a public welfare institution, even if founded under private auspices. We need thousands of new hospitals. We particularly need modern, well-equipped hospitals in small towns and rural districts. The national Government must see to it that these medical facilities are established, with Federal funds if no

other funds are available.

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Simultaneously with the improvement of the wealth and welfare of our people at home, our international economic relations must be expanded to broaden our foreign markets. We must increase our opportunities for investment abroad, and widen our mutually advantageous exchange of goods and services with other countries.

This Administration has pioneered in the direction of international economic collaboration with the reciprocal trade program. It has taken the lead in suggesting an international monetary stabilization fund and an international bank for investment in reconstruction and development. American capital can play a great constructive role in the development of the economies of other countries. Our greatest export markets are in prosperous, industrialized countries. At the same time, we must take steps to make it possible for other countries to pay us by selling us their goods and services.

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As soon as the threat of inflation is passed, we must release the purchasing power of consumers and businessmen by reducing individual and corporate taxes. The excess profits tax will be abolished, many excises will be repealed, and the exemptions under the individual income tax will be increased. The exemption limit of the individual income tax must be high enough to assure adequate purchasing power for mass consumption. No family of four should pay any tax until its income has passed \$50 per week.

Responsibility of Government

If we do these bold things to assist private enterprise and to assure a sufficient volume of market demand, we shall be able to achieve a National Income of \$150 billion and 57 million jobs. That is our goal. We favor private employment over Government employment. Therefore I am recommending to the American

people the above, rounded program for expanding private consumers' and businessmen's demands so as to provide jobs in private business for all who want jobs.

We prefer private employment. Yet we also prefer Government employment to mass unemployment. Consequently Government, under my Administration, is determined to provide public jobs for our people whenever and wherever private business does not do so.

We set a target of 57 million jobs. Some fluctuations in employment are inevitable in a competitive system. For these minor fluctuations, we provide unemployment insurance. But should the total number of jobs available in private business and normal Government activities decline to 55 million, Government must undertake to provide enough special jobs to keep the total from falling significantly below that figure. These jobs must not compete with private business. They should consist of valuable public works, to be undertaken whenever the jobs provided by private business falls to the danger-point. The knowledge that Government stands ready to provide these jobs will act as an immense stabilizing force on the whole economy. It will prevent the emergence of any cumulative panic among business whenever -- as inevitably occurs, from time to time, in a competitive society -- some large area of business suffers major losses. On such Government jobs as are provided, workers will be paid prevailing wages and will be required to work as efficiently as in private industry.

Mass unemployment is the greatest denial of opportunity, the greatest threat to democracy, and the greatest challenge to the continuance of the private enterprise system. Private enterprise must first be given every assistance in providing jobs for all our people. If however private enterprise temporarily fails, Government must step in and prevent a collapse which would be ruinous both to the welfare of our people and to the continuance of the private enterprise system. We must never again permit the mass unemployment, the mass poverty, the mass loss of respectability and the mass denial of individual freedom which characterized the last Republican administration.

* * *

The strengthened and renewed America, towards which all our efforts are bent, must offer the good things of life to all its people, without distinction of race, national origin, or religion. Racial, national and religious prejudices grow in the dank, thwarted atmosphere of economic insecurity. Many such prejudices will die when exposed to the sun of assured jobs.

I am proud of the work that has been done by my Administration to prevent the denial of jobs on the grounds of race, national origin, or religion. We have done much to protect ourselves against the backwash of prejudice coming, in large part, from the enemy we are defeating on the battlefield.

We must do more. The powers now wielded by the Fair Employment Practices Committee need to be strengthened. I propose to request the Congress to transform the Committee into an administrative board, with the right to call upon the courts to impose fines and criminal penalties upon violators of fair employment practices. We need to go beyond a Platonic, vote-catching expression of sympathy with racial, national, and religious minorities. We need to arm our Government with powers to protect those minorities, so that they will not be excluded from the good things of American life.

* * *

If we have the vision, courage, and democratic good-will to adopt these policies, we can go forward into the post-war years with confidence. Such an America will have plenty of jobs. It will be jealous of the public interest but tolerant of individual, group, local and regional differences. It will be an America of equal opportunity and special rewards for special achievements. It will be a strengthened and renewed America. We will have succeeded in re-stating the traditional American aspirations in terms of the needs of the twentieth century.

October 19, 1944

Admiral Leahy said at lunch today, "You will never get your program through on Germany, and you know I was opposed to it at Quebec."

My comment is that I didn't know this and it is very interesting.

Rush 233

TO:

Secretary Morgenthau

Here's a rough first
draft of the proposed joint
statement on Germany
that I mentioned to you
this morning.

Oct 19, 1944

OJC

OSCAR COX

9-2356

1st ✓
234

Draft - October 19, 1944

The Secretary of War, the Secretary of State, the Secretary of the Treasury and the Foreign Economic Administrator announced that:

1. Mr. Dewey's statement about the lack of plans for the occupation of Germany ^{is} are inaccurate.

2. Beginning about a year ago plans were started in the American Government to work out a joint and unified policy by the War Department, Navy Department, State, Treasury, Foreign Economic Administration and the other interested departments and agencies.

3. Contrary to popular speculation, the basic plans to be used immediately after the occupation of Germany were worked out and unanimously agreed upon by all the interested agencies of the United States Government months before any American soldiers set foot in Germany. All of the pre-surrender terms and the directives to be used by the American military were worked out in concrete form even before this.

4. The proclamation issued by General Eisenhower as Allied Commander was based on the agreed pre-surrender plans and on the other plans for the occupation of Germany as were his orders for the abolition of the Nazi racial, sterilization, concentration camp and other similar Nazi laws and institutions.

5. The detailed plans for the unconditional surrender of Germany have been worked out not only in the American Government but with our Allies.

-2-

6. The long range plans dealing with what should be done over a period of years to control Germany's will, power and capacity to make war have been worked on for a long time in the American and in the Allied governments but no final decisions can obviously be made on all phases of this problem until the relevant facts are known about what the conditions are in Germany after it is completely defeated.

7. If the Germans senselessly continue their resistance, in view of the certainty of victory, they will invite increased destruction of their industries and their economic system by Allied bombers and Allied land forces. A good part of Germany's industrial and economic system has already been destroyed or damaged by the Allied air forces. The destruction from bombing raids continues to mount. Now with land fighting on German soil, the Germans, as illustrated at Aachen, are inviting further and more devastating destruction by United Nations artillery and other land force action. If, in addition to this destruction which the Germans are bringing on themselves, they wantonly follow a scorched earth policy, the destruction of the German industrial and economic system will be even greater and more complete.

When we and our Allies know with definiteness how much the Germans have destroyed their own industrial and economic system we will know better what to do about it.

-3-

8. One central thing is clear. We do not intend to destroy or enslave the German people; but we do mean effectively to control their will, power and capacity to make war again.

9. Based on this central principle, the available facts and the alternative possibilities depending upon the length of the war against Germany and what the Germans do to destroy their industrial and economic system, work on the long range plans both in the United States Government and the Allied Governments is moving along as speedily as possible.

Mrs. FDR ON "MORGENTHAU PLAN" 7

BUFFALO.--MRS. FRANKLIN D. ROOSEVELT TOLD A PRESS CONFERENCE THAT CONTROVERSY OVER THE SO-CALLED MORGENTHAU PLAN FOR POST-WAR DESTRUCTION OF GERMAN INDUSTRY "AMUSED ME, INASMUCH AS THERE IS NO SUCH PLAN."

THE PRESIDENT'S WIFE DECLARED SHE HAD BEEN UNABLE TO FIND ANYONE, "INCLUDING MR. MORGENTHAU WHO CAN TELL ME ANYTHING ABOUT IT."

"AS FAR AS I CAN SEE, THE SO-CALLED PLAN IS JUST A SERIES OF MEMORANDA FOR DISCUSSION," SHE SAID. "THERE IS NO SUCH THING AS A MORGENTHAU PLAN."

AS TO THE TERMS OF SURRENDER TO BE IMPOSED ON GERMANY, MRS. ROOSEVELT SAID SHE DID NOT FEEL QUALIFIED TO SPEAK AND "THE PROBLEM SHOULD BE LEFT TO RESPONSIBLE PERSONS TO DECIDE."

10/19--S1256P

October 19, 1944.

Dear Mr. Nicholson:

I read with appreciation your editorial of September 26 entitled "A Hard Peace."

As you perhaps know, I have not made any public statement of my views on the question of the treatment to be accorded Germany, but naturally I have followed the newspaper discussion with a great deal of interest.

I think the discussion in editorial columns generally has been, like that in *The Times Picayune*, on a high plane of sincerity and devotion to the public interest.

It is my hope that the leading American newspapers will continue to scrutinize critically all proposals with respect to treatment of the enemy from the standpoint of whether they will or will not contribute to lasting peace.

This is intended only as a personal communication for you and any members of your staff who may be interested in the subject.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. L. K. Nicholson
President, *Times Picayune* Publishers
New Orleans, Louisiana

HEG/mah

A 'Hard' Peace

Differences in the president's cabinet committee on postwar Germany go right to the core of the long-term German problem. To the major aim, which is that of rendering Germany incapable or indisposed to make war within the foreseeable future, no member of the committee interposes any dissent. What brings Secretary Morgenthau into conflict with Secretary Hull and Secretary Stimson, the other two members of the committee, is the method to be chosen for shackling the German war potential.

The search is for the simplest workable plan, though any program to redirect the thinking and traditional aims of a nation of some 90,000,000 people cannot be very simple. The Morgenthau "ruthless" reorganization would undoubtedly prove efficacious for a long time to come. For a nation that had to give up most of its industrial machinery, close most of its mines, and convert from a modern industrial to an agricultural economy would be in no position to think about making war. But to divert the economy of a country the size of Germany from its natural course and reorganize it down to its very roots would be a vast and complicated undertaking involving the application of force within Germany much longer than some nations would like.

Secretary Hull and Secretary Stimson evidently prefer a program a good deal less radical than that called for in breaking up land holdings into small farms and resettling the German factory population on them. They have recognized that industrial and trade controls will be necessary to keep

Germany from again utilizing its industrial plants and technical talents either to make weapons or to keep a large part of central Europe in a relative state of poverty. But just how controls would be applied has not been indicated by anybody among the Allied peace planners. Presumably they would depend for their effectiveness upon the co-operation of neighboring countries in the matter of tariff laws, import quotas and currency matters; and possibly Mr. Morgenthau fears that the program would not long stand up under German pressure for its relaxation. He would rely rather, on the radical reorganization within Germany.

The public is hardly in position to have an opinion on the Hull-Stimson views as opposed to those of the secretary of treasury until it is told exactly what the majority proposes and how it is planned to keep the Germans from worming out of the obligations imposed by the peace as they evaded the conditions of the Versailles treaty. Conceivably any program agreed to by the cabinet committee may be largely the plan that is finally put into effect. For London apparently is not predisposed to any particular plan and Moscow's main interest seems to center in building up friendly neighbors, obtaining German labor battalions for reconstruction work, and developing Russian industry. Any report the committee makes, therefore, will have a global interest. The peace will have to be a "hard" one in order to effect its aim of allaying the German warmaking propensities. It won't be an easy one for the Allies, either, if they have to go as far as Mr. Morgenthau thinks they will to uproot the Nazi power for making war.

October 19, 1944.

Dear Mr. Wiley:

I have read with appreciation your editorial of September 26 entitled "Conversion of Germany."

As you perhaps know, I have not made any public statement of my views on the question of the treatment to be accorded Germany, but naturally I have followed the discussion in the newspapers with a great deal of interest.

I think the editorial discussion generally has been on a high plane, which reflects great credit on the American press as an instrument of Democratic government.

It is my hope that the leading American newspapers will continue to scrutinize critically all proposals with respect to the treatment to be accorded to the enemy from the standpoint of whether they will or will not contribute to lasting peace.

I hope you will regard this letter only as a personal expression of appreciation for your eye and any of your staff who may happen to be interested.

Sincerely,

(Signed) H. Mergenthau, Jr.

Secretary of the Treasury.

Mr. W. F. Wiley
Editor and Publisher
Cincinnati Enquirer
Cincinnati, Ohio

HEG/mah

Conversion Of Germany.

While we wish to take no definite stand on the matter until fuller details are available, still we must admit that Maj. George Fielding Elliot made a strong case on Monday for Secretary Morgenthau's proposal for converting Germany from an industrial into an agricultural state. The Major pointed out that German industry has been the cornerstone for her wars of aggression; that the Nazis used these industries to turn out inhuman and destructive weapons which served no real military purpose, but which exacted a tremendous toll in civilian life and property. Such a people, he insisted, cannot be trusted.

The Germans have had a brilliant industrial record. Their inventors and their technicians have contributed much to the progress of civilization. But we wonder whether or not much of that contribution has not been obliterated by their record of destruction; we wonder if, in the last analysis, the world might not have been better off without German industrial genius than it has been with it.

It should be remembered that the Germans are excellent agriculturists and that agriculture can contribute to world happiness just as certainly as industry. This is particularly true in Europe, where large food imports have been necessary for these many years.

As we have said, we take no stand on this matter, but we do feel that these are points which should be seriously studied. The "de-industrialization" of Germany would be, indeed, a drastic and far-reaching act. But the thought of another slaughter, forged and welded in those same industrial plants, is fraught with horror and terror.

OCT 19 1944

My dear Lord Keynes:

As you requested, I am returning the War Cabinet Paper which you were kind enough to send me. We have examined this report with interest.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Right Honorable Lord Keynes,
United Kingdom Treasury Delegation,
Box 680,
Benjamin Franklin Station,
Washington, D. C.

Enclosure

FILE COPY

Handwritten initials and date: HMW 10/19/44

Vertical handwritten note on the right margin: 10/19/44

OCT 11 1944

Dear Lord Keynes:

Thank you very much for your letter of October 6, 1944 enclosing the War Cabinet Subcommittee report on the rehabilitation of the South-East coast towns. I shall give the report careful attention as one specimen of the domestic problems your country faces in the post-war period. I am sure some of my colleagues will likewise be glad to examine the material.

The document and its contents will be held in strict confidence and will be returned to you in due course.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Right Honorable Lord Keynes,
United Kingdom Treasury Delegation,
Box 600,
Benjamin Franklin Station,
Washington, D.C.

10/11/44

act. 244

UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

TELEPHONE EXECUTIVE 2020

6th October 1944.

Dear Mr. Secretary,

It is sometimes the case that material for our own internal purposes gives a more vivid insight into our difficulties than material especially prepared for use here. I venture, therefore, to enclose a War Cabinet Paper which has just reached me, in case you may care to glance at it. It deals with the state of our south-east coast towns, which comprise altogether a population of several millions. As mentioned in the Paper, the present position can only be described as the abomination of desolation. If you can find time to glance at this Paper you will see in a few minutes a specimen of the domestic problems we have, apart from our external tasks.

I should be grateful if you would let me have this back in due course, as strictly speaking I ought not to let it out of my hands, but, of course, please feel free to show it to any of your colleagues who might be interested.

Sincerely yours,

Keynes

The Hon. Henry Morgenthau, Jr.

October 19, 1944

My dear Lord Keynes:

Thank you very much for the book of charts which was prepared for the Prime Minister, and which you sent me on October 5th. I am now returning this for your files.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Lord John Maynard Keynes,
United Kingdom Treasury Delegation,
Willard Hotel,
Washington, D.C.

UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

TZ 245
→ 1. white

TELEPHONE EXECUTIVE 2020

5th October 1944.

Dear Mr. Secretary,

It occurs to us that you might like to see a book of charts which we have before you go away and before we are in a position to deliver to you our main literature. This book was prepared for the Prime Minister about a month ago before he went to Quebec. He is, as perhaps you know, very partial to this method of presentation. I do not know whether it appeals to you also, but perhaps it may. There are certainly some diagrams in this book which are rather striking. For example, the chart in the first section, marked E.1 in the corner, which gives the net reserves against British banking and other quick liabilities.

I should emphasise that the figures used in compiling this book are not so up-to-date as those we shall be using in the documents submitted next week. In particular, they are pre-Quebec and take no account of any changes made necessary by the Quebec decisions.

As this is a unique copy, we should be grateful if we could have it back some time, but please feel free to show it to any of your colleagues who might be interested.

Ever sincerely yours,

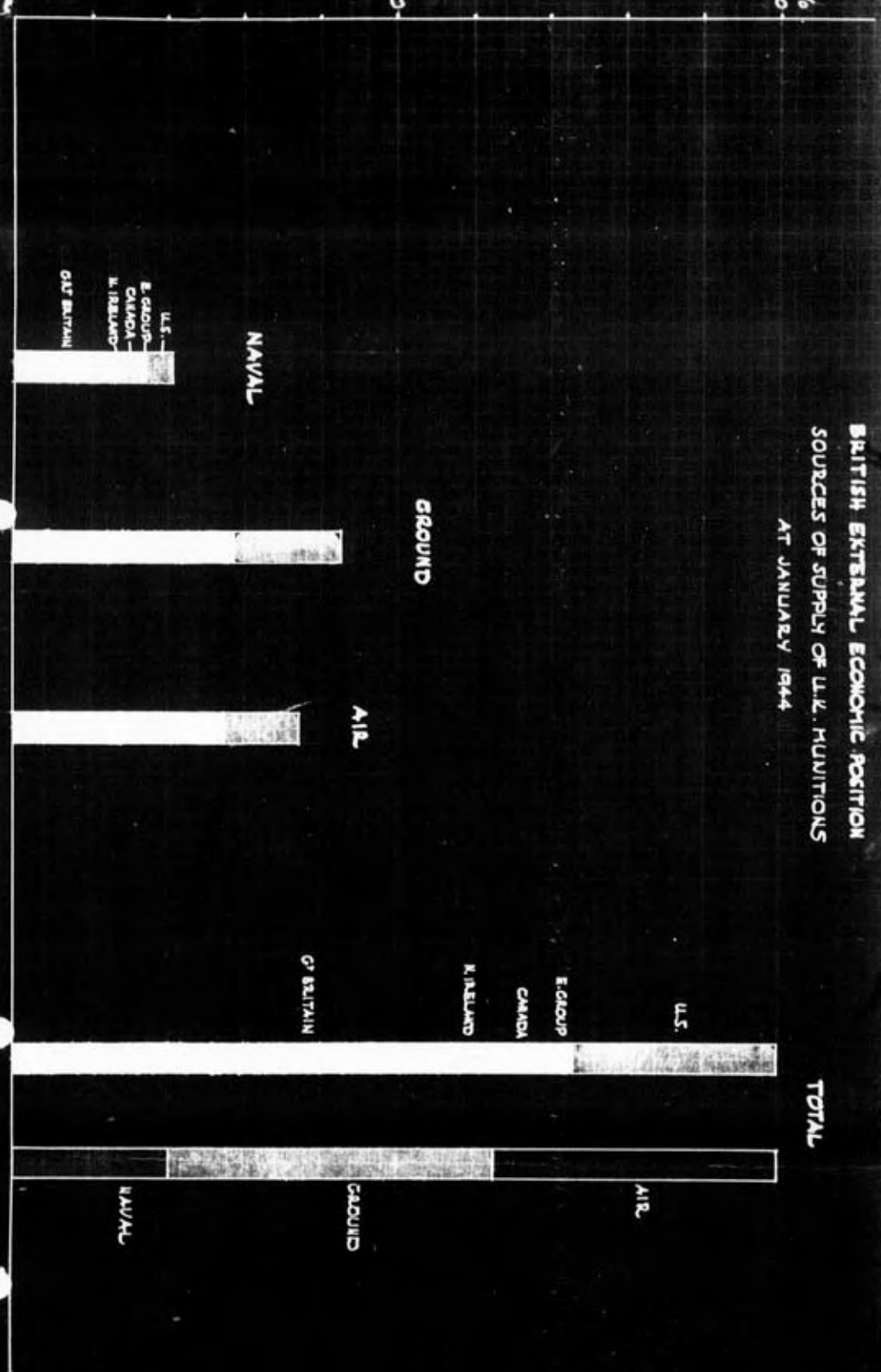
Keynes

The Hon. Henry Morgenthau, Jr.

100 %

AT JANUARY 1944

BRITISH EXTERNAL ECONOMIC POSITION SOURCES OF SUPPLY OF U.S. HUUNITONS



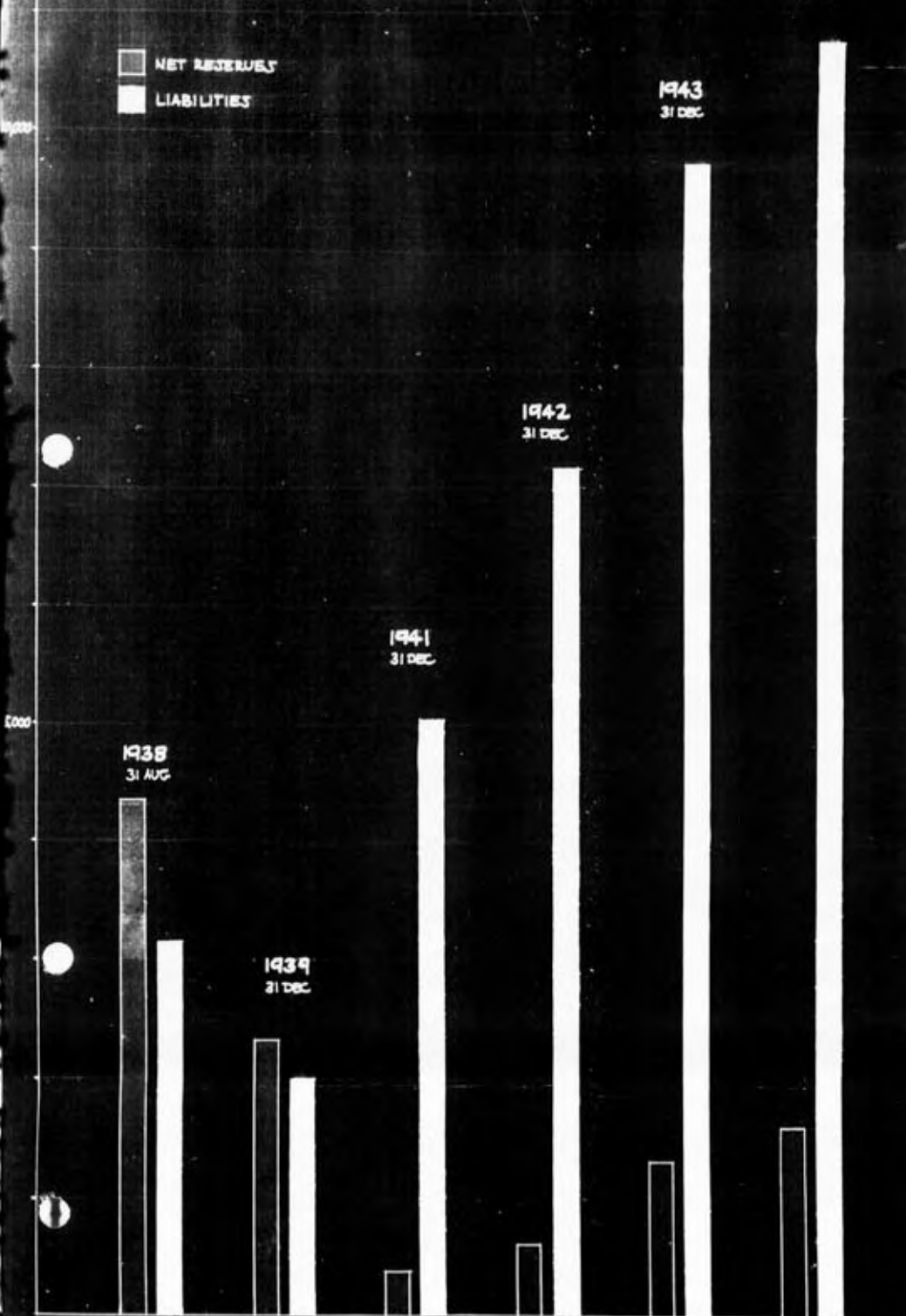
ECONOMIC FOR
EXTERNAL

BRITISH EXTERNAL ECONOMIC POSITION

NET RESERVES AGAINST BRITISH BANKING AND OTHER QUICK LIABILITIES

1944
30 JUN
(EST)

NET RESERVES
LIABILITIES



£ MIL

3000

2000

1000

BRITISH EXTERNAL ECONOMIC POSITION

BRITISH BANKING & OTHER QUICK ASSETS

AT 31 MARCH 1944

TO ALL OTHER COUNTRIES

TO ALLIED GOVERNMENTS

TO NON-BRITISH STERLING AREA COUNTRIES

TO BRITISH STERLING AREA COUNTRIES
(INCLUDING EAST-WEST COAST)

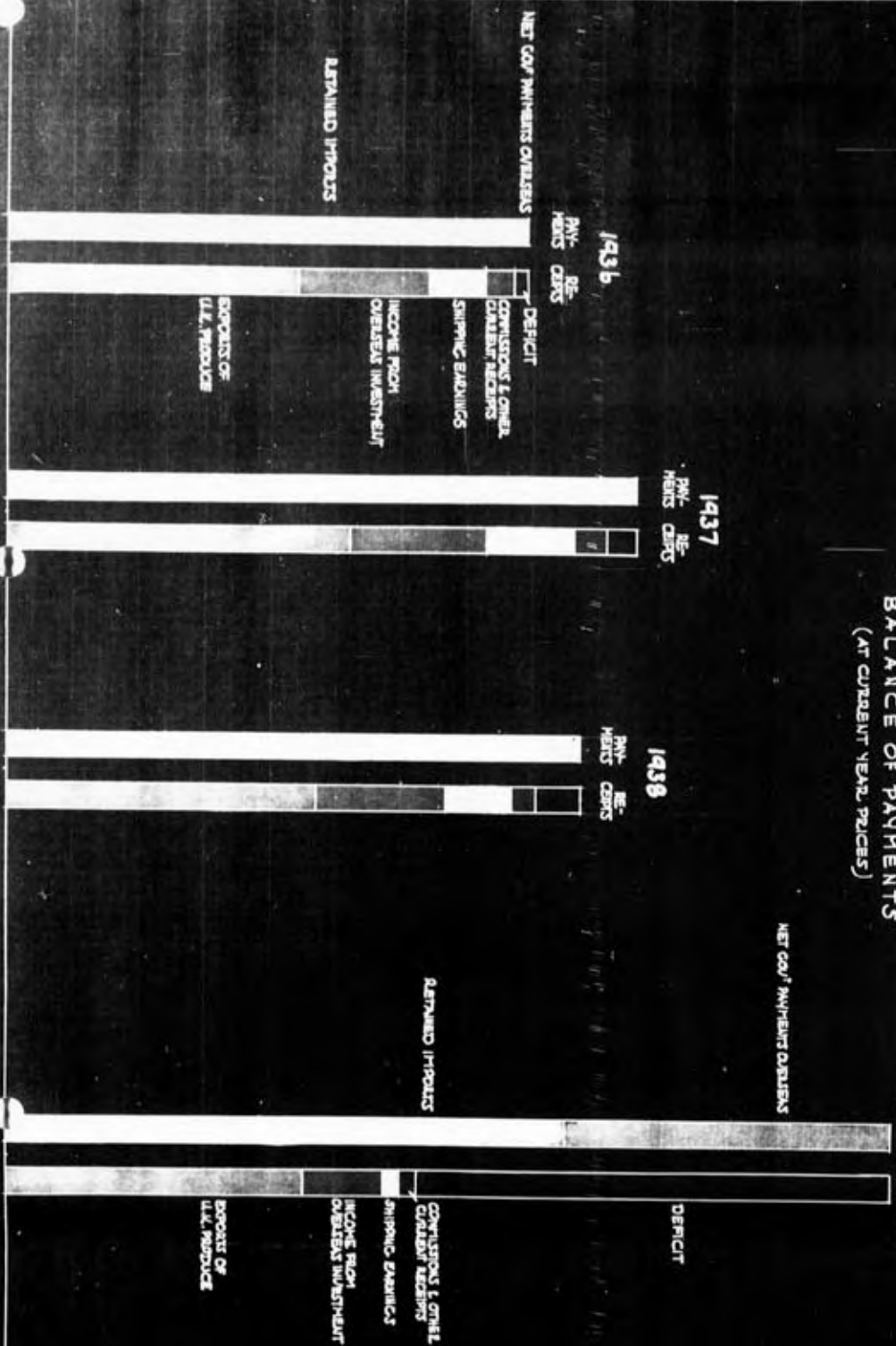


BRITISH EXTERNAL ECONOMIC POSITION BALANCE OF PAYMENTS (AT CURRENT YEAR PRICES)

STAGE II FIRST YEAR ESTIMATES

1000-

500-



£ MIL

700

600

500

400

300

200

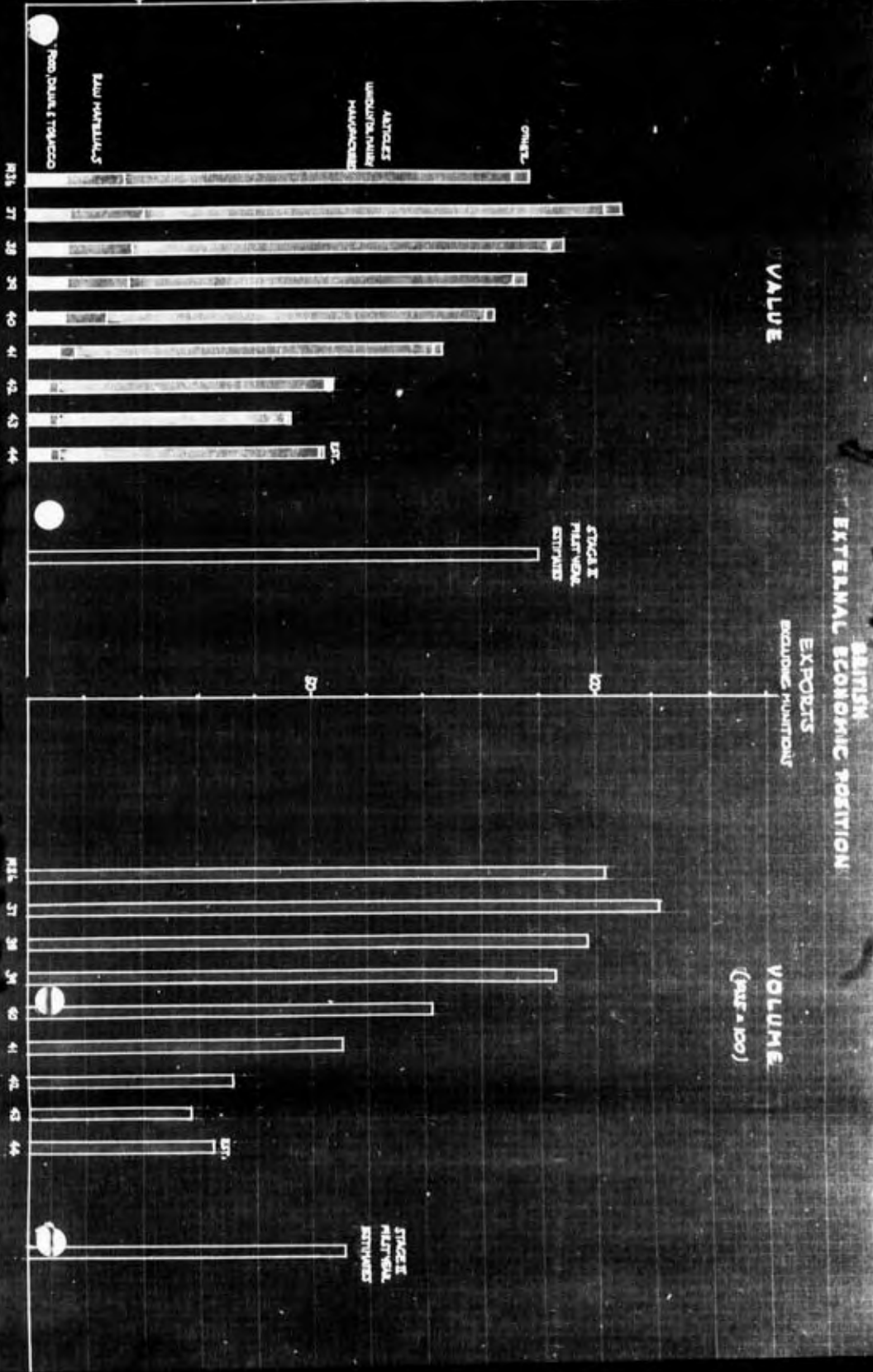
100

BRITISH EXTERNAL ECONOMIC POSITION

VALUE

BRITISH EXPORTS

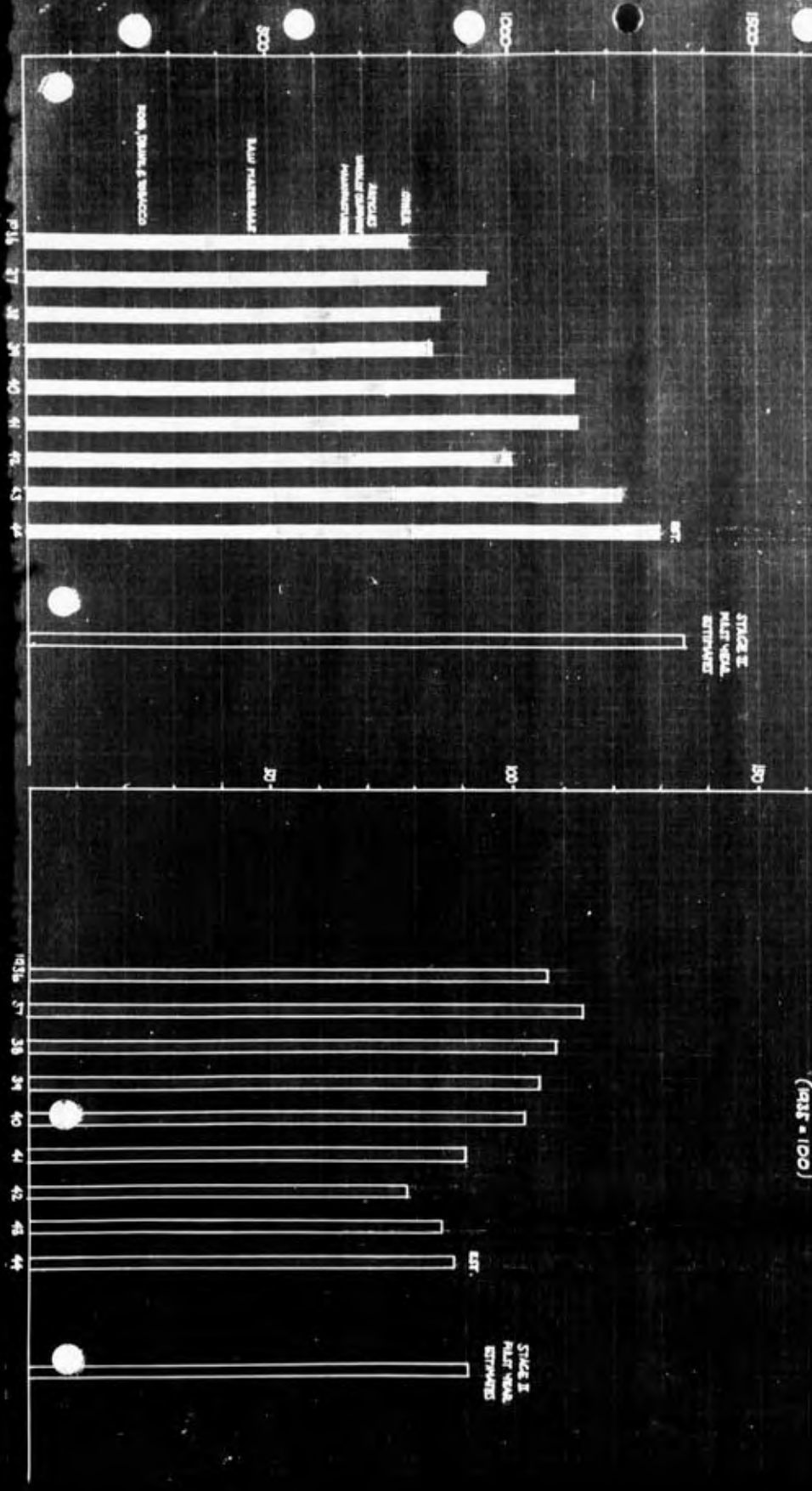
VOLUME
(1957 = 100)



BRITISH
EXIT ECONOMIC POSITION
RETAINED IMPORTS

VALUE

VOLUME
(1937 = 100)



IMPORTS TO U.K. RAW MATERIALS & MANUFACTURES

PRE-WAR
AVERAGE 1934-1939

MANUFACTURES
INCLUDING
METHONE
(DIBACCO)

MISCELLANEOUS

FERTILISERS
& CHEMICALS

HIDE & LEATHER
ETC

PAPER, &
PAPERMAKING
MATERIALS

TIMBER

TEXTILES

NON-FERROUS
METALS

IRON & STEEL

1941

TOTAL



1942

TOTAL



1943

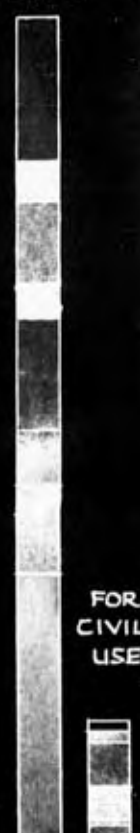
TOTAL



1944

AT RATE OF JAN-JUN

TOTAL



EDWARDS
LITERATURE

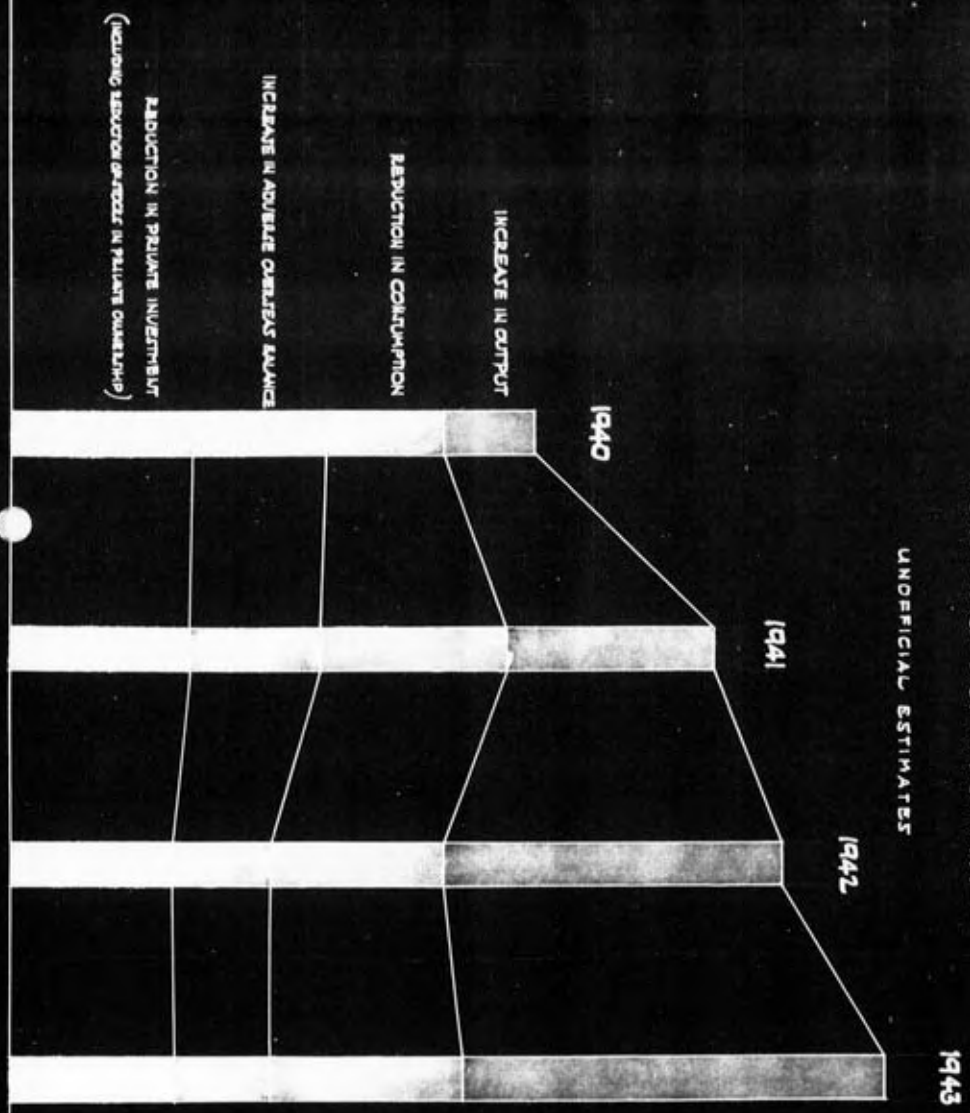
3000

2000

1000

BRITISH INTERVAL ECONOMIC POSITION REAL SOURCES OF WARTIME FINANCE

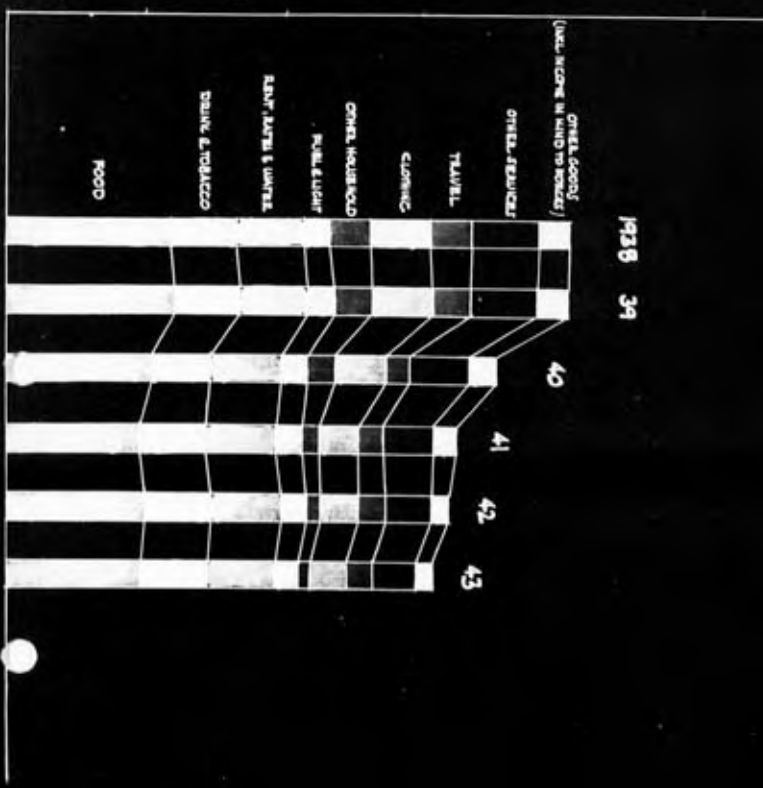
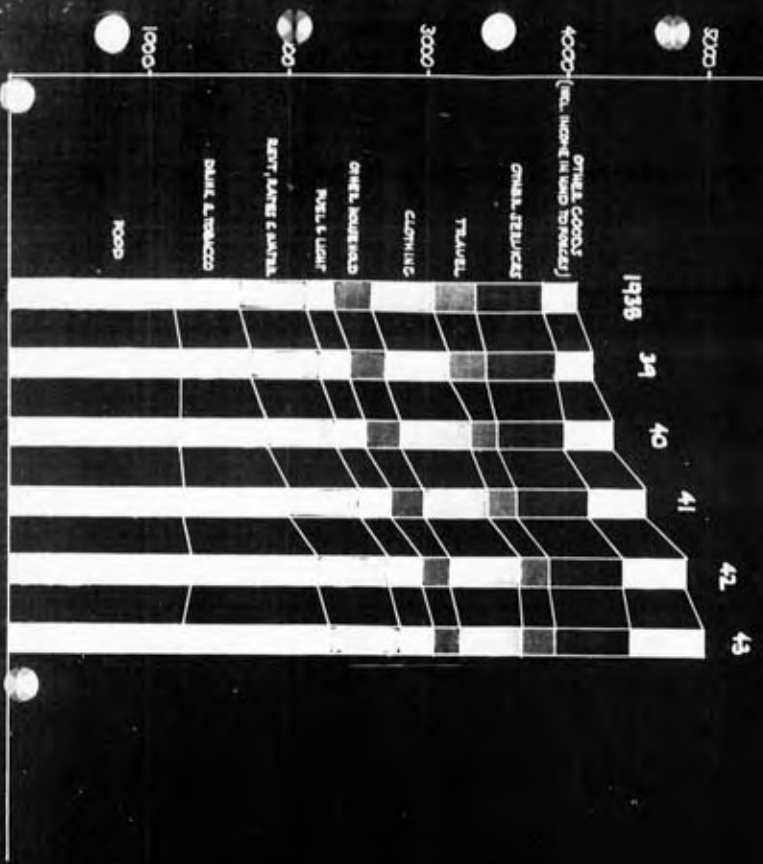
UNOFFICIAL ESTIMATES



BRITISH INTERNAL ECONOMIC POSITION
PERSONAL EXPENDITURE ON CONSUMPTION

AT ACTUAL MARKET PRICES

AS AT 1939 PRICES



BILLION DOLLARS

70

60

50

40

30

20

10

AT ACTUAL MARKET PRICES

1939

1940

1941

1942

UNITED STATES PERSONAL EXPENDITURE ON CONSUMPTION

AS AT 1939 PRICES

70

60

50

40

30

20

10

1939

1940

1941

1942

1943

SERVICES

OTHER NON-DURABLE

OTHER DURABLE

FACTORY FOLI

HOUSING

AUTO-BILLS

CLOTHING

REPAIRS, MAINTENANCE & HOUSEHOLD EQUIPMENT

TOLACCO

FOOD

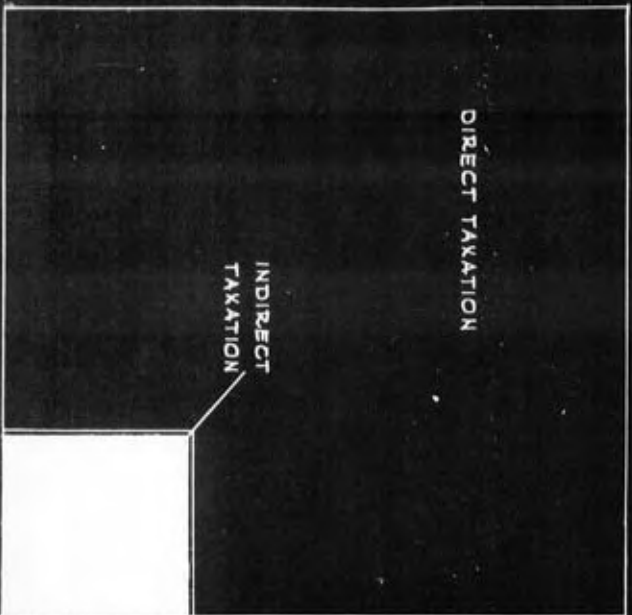
SOURCE: BUREAU OF ECONOMIC ANALYSIS, APRIL 1944

BRITISH INTERNAL ECONOMIC POSITION
TAXATION & RETAINED INCOME IN VARIOUS INCOME GROUPS

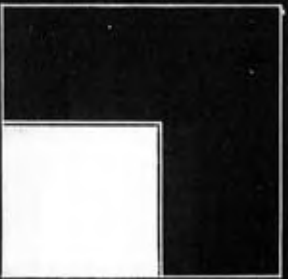
1944-45

COMPARE OPPOSITE CHART

£50,000 P.A.



£10,000 P.A.



£2,000 P.A.



£1,000 P.A.



£500 P.A.



BRITISH INTERNAL ECONOMIC POSITION
TAXATION & RETAINED INCOME IN VARIOUS INCOME GROUPS

1937-38

COMPARE OPPOSITE CHART

£50,000 P.A.



£10,000 P.A.



£2,000 P.A.



£1,000 P.A.



£500 P.A.



CLOTHING BOUGHT DURING ONE WAR YEAR BY TEN MEN
AV. 1941-43

OVERCOATS



SUITS



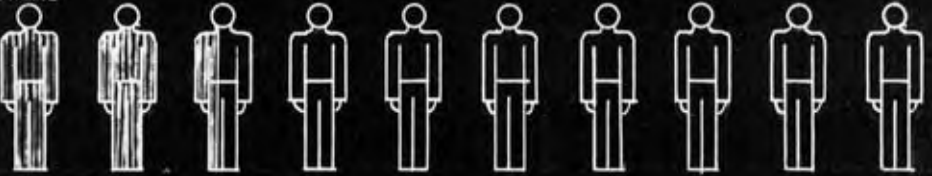
SHIRTS



UNDERWEAR



PYJAMAS



PAIRS OF SOCKS



PAIRS OF SHOES



CLOTHING BOUGHT DURING ONE WAR YEAR BY TEN WOMEN
AV. 1941-43

OVERCOATS



DRESSES OR SUITS



UNDERWEAR



NIGHTWEAR



PAIRS OF STOCKINGS



PAIRS OF SHOES

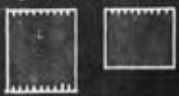


PRODUCTION OF HOUSEHOLD GOODS

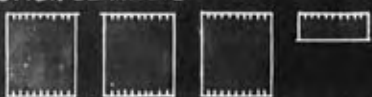
PRODUCTION IN THE YEAR 1943 TO EVERY TEN HOUSEHOLDS

- 1 2 3 4 5 6 7 8 9 10

WOOLLEN BLANKETS



COTTON BLANKETS



SHEETS



HALDWARE



CUTLERY



CARPETS ETC

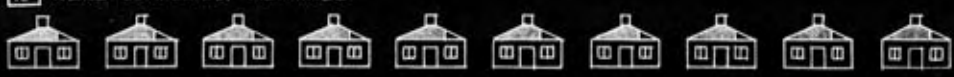


HOUSE REPAIRS (BEFORE FLYING BOMBS)

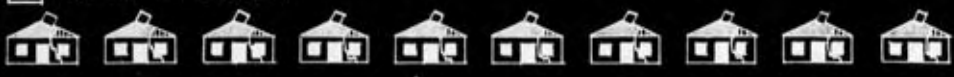
UP TO MAY 1944 22 OUT OF EVERY 100 DWELLINGS HAD BEEN DAMAGED

OF THESE—

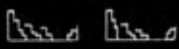
10 WERE "COMPLETELY" REPAIRED



10 WERE NOT YET REPAIRED



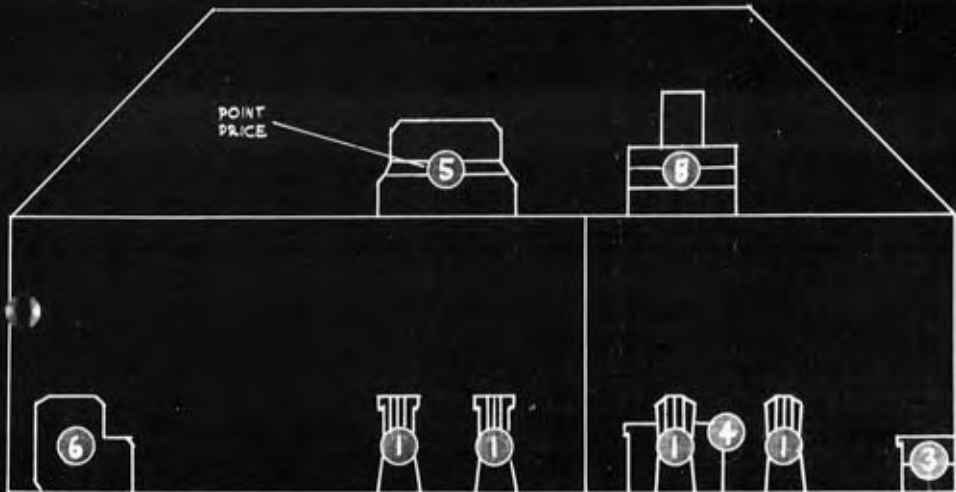
2 WERE BEYOND REPAIR



UTILITY FURNITURE FOR THE NEWLY MARRIED*

ALLOWANCE JULY 1943 - AUGUST 1944

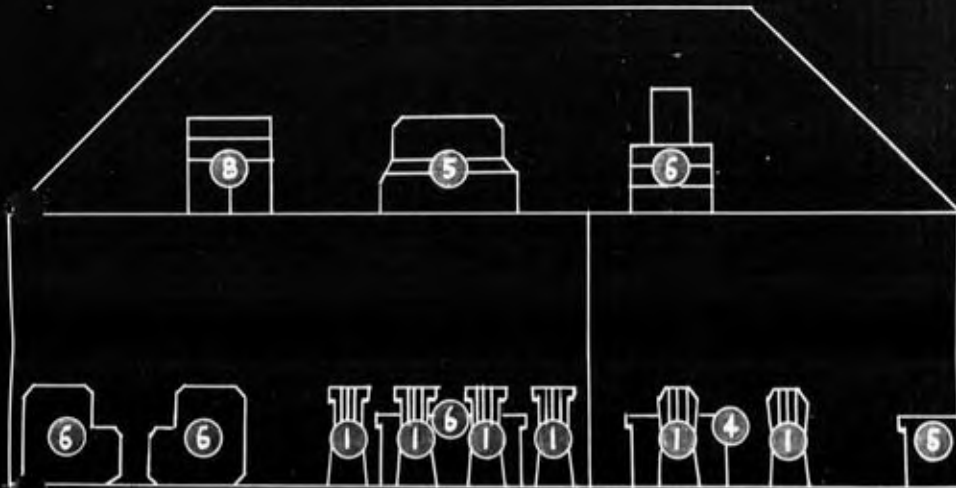
30
POINTS



IT IS PLANNED TO INCREASE THE TOTAL ALLOWANCE FROM AUG 1944 TO

60
PTS

OF WHICH ONLY 30 POINTS WILL BE IMMEDIATELY AVAILABLE



* FURNITURE POINTS ARE GIVEN ONLY TO COUPLES SETTING UP HOUSE WHO DO NOT ALREADY POSSESS A MINIMUM OF FURNITURE.

BRITISH INTERMEDIATE ECONOMIC POSITION: CIVILIAN MOTORING.
 CARS & MOTORCYCLES LICENSED & PETROL CONSUMED
 (1939 = 100)





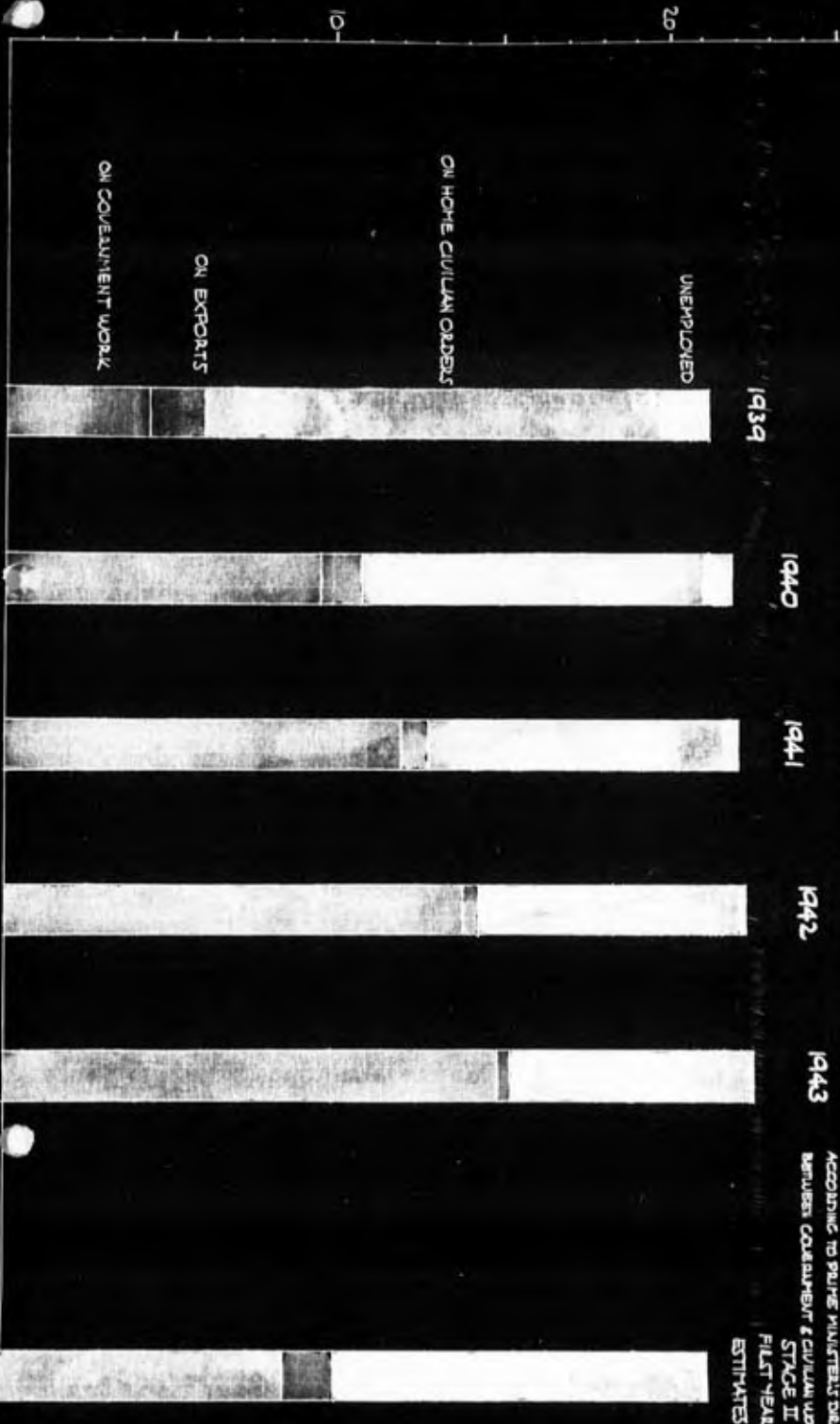
MANPOWER

Regraded Unclassified

MILLIONS

MANPOWER

DISTRIBUTION OF BRITISH OCCUPIED WORKERS BETWEEN GOVERNMENT, HOME MARKET & EXPORTS



NOTE: STAGE II ESTIMATES ARE BASED ON MINISTRY OF LABOUR'S ESTIMATE OF MANPOWER SUPPLY PLUS ESTIMATE OF DOMESTIC SERVICES PLUS EFFECT OF RETROGRADING ELEMENT OF SCHOOL LEAVING AGE PLUS UNEMPLOYMENT AT AT PRESENT. THEY ARE CONTRIBUED ACCORDING TO PLANS MINISTER'S DIRECTIVE. THE DIVISION BETWEEN GOVERNMENT & CIVILIAN WORK IN 1939 IS UNDISSEMINATED.

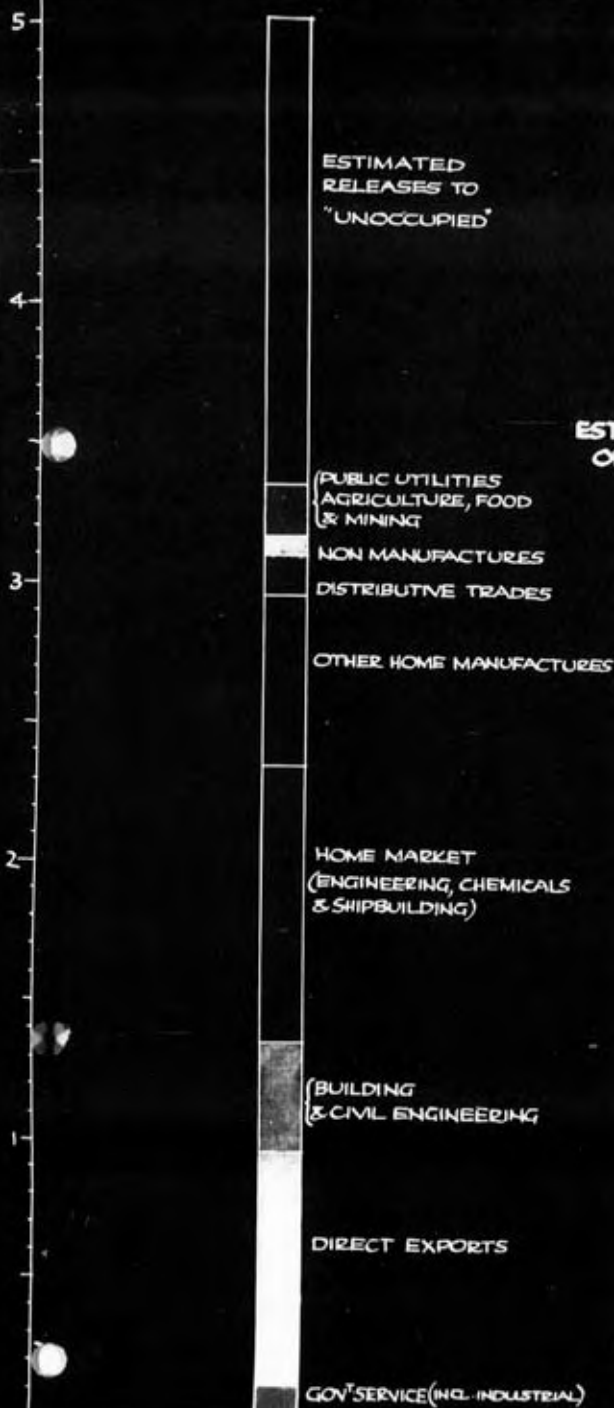
STAGE II
FIRST YEAR
ESTIMATES

MANPOWER

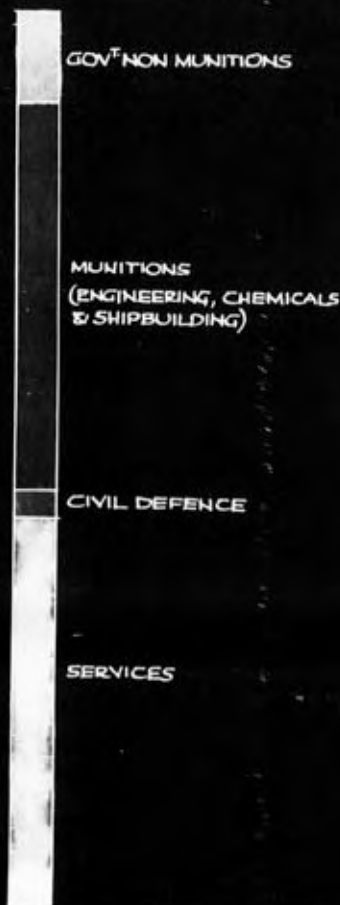
Mⁿ

MANPOWER REQUIREMENTS & SUPPLIES IN STAGE II

ADDITIONAL DEMANDS



ESTIMATED RELEASES OF MANPOWER



THOUSANDS

INDUSTRIAL DISTRIBUTION OF BRITISH MANPOWER

29,000

19,000

(PUBLIC UTILITIES, AGRICULTURE, FOOD, RETAILING)

(NON-MANUFACTURES)

(DISTRIBUTIVE TRADES)

(OTHER MANUFACTURES)

(IRON, METALS, CHEMICALS, TEXTILES, (FURNITURE, SHIPBUILDING & SHIPBUILDING))

(BUILDING & CIVIL ENGINEERING)

(DISCRETE LABOR)

(MANUFACTURING, CHEMICAL, TEXTILES, (OTHER STORES))

(SERVICES, CIVIL SERVICE, (SPECIALIZED INDUSTRIES))

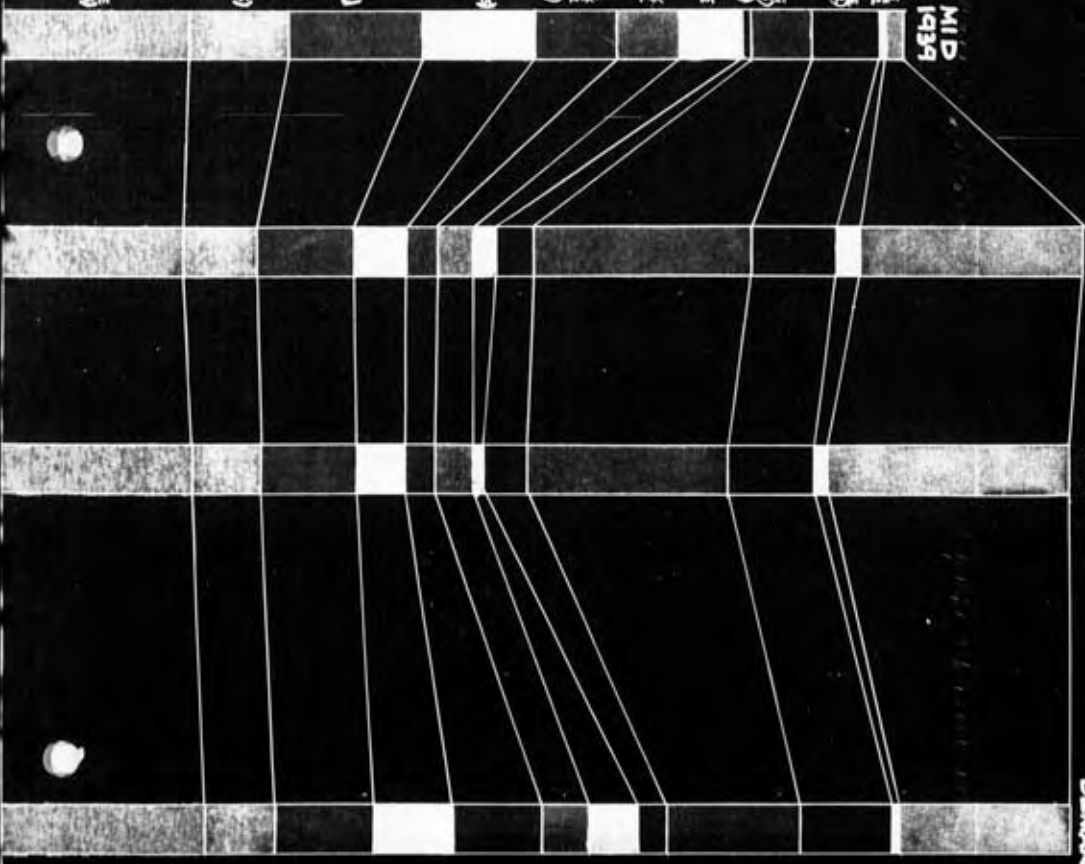
MID 1939

MIL 1943

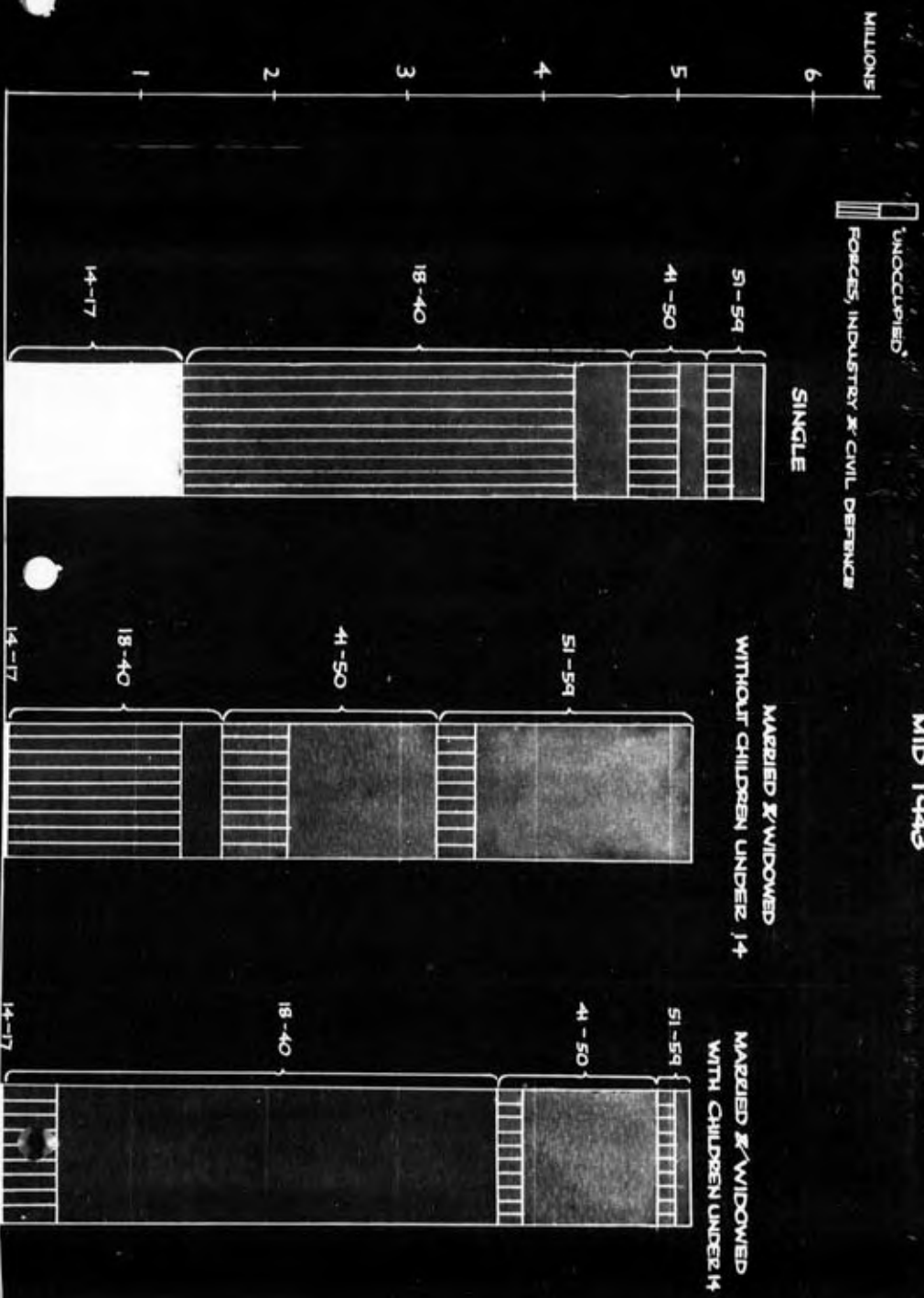
END 1944

STAGE II DEMANDS

ESTIMATED MANPOWER AVAILABLE IN STAGE II



MANPOWER EMPLOYMENT OF WOMEN ACCORDING TO AGE GROUPS (14-59) MID 1943





TREASURY DEPARTMENT

WASHINGTON

October 19, 1944

Dear Mr. President:

Subject to your approval, I propose to offer for cash subscription, under authority of the Second Liberty Bond Act, as amended, issues of 2-1/2 percent Treasury Bonds of 1966-71, 2 percent Treasury Bonds of 1952-54, 1-1/4 percent Treasury Notes of Series C-1947 and one-year 7/8 percent Treasury Certificates of Indebtedness, all to be dated December 1, 1944.

These four issues, Series E, F and G Savings Bonds, and Treasury Savings Notes, will constitute the securities available in the Treasury's Sixth War Loan Drive, with an objective of \$14,000,000,000 to be sold to nonbanking investors. In general, the terms and conditions of the new securities will be similar to those sold in previous drives, and the amount of securities to be issued will not be specifically limited. I propose to start the drive and make the new securities available for subscription on November 20. I am planning to permit commercial banks holding savings deposits and issuing time certificates of deposit to make a limited investment in the two Treasury bonds concurrently with, but not as a part of, the drive.

In order to refund the certificates of indebtedness maturing December 1 and the 4 percent Treasury Bonds of 1944-54 called for redemption on December 15, I propose to offer holders of the maturing certificates a 13-month 0.90 percent Treasury Note, and holders of the called bonds either of the two bonds or the note to be sold in the drive. In the case of commercial bank holders of the called bonds, they will be offered only the 2 percent bond and the note. These exchange operations also will be conducted outside of the drive.

The authorizing act provides that bonds and notes may be issued only with the approval of the President. Accordingly, I trust that the proposed issues will meet with your approval.

Faithfully yours,

Secretary of the Treasury.

The President,

The White House.

APPROVED:

10-20-44

FOR DEFENSE



BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS

October 19, 1944.

Dear Mr. Merrill:

I want to thank you, and the other members of your committee, for your very kind invitation of October 6 to address a luncheon meeting of the Payroll Savings Division of the Onondaga County War Finance Committee. As you know, nothing gives me more pleasure than to be able to visit with our War Finance people in the field, learn at first hand their problems, obtain the benefit of their advice, and extend to them whatever help I can.

Having just participated in regional meetings of War Finance officers in Atlantic City, New Orleans, and Los Angeles, it will be impossible for me to accept your kind invitation much as I would like to do so. I have the utmost confidence that your meeting will be a great success and that you will lay final plans for setting a new record of accomplishment in the Sixth War Loan.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. A. B. Merrill
Chairman, War Finance Committee
918 O.C.S.B. Building
Syracuse 2, New York

HN:mes
HEG/mah

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE Oct. 18, 1944

TO: Miss Chauncey

FROM: Harold Mager *Hm.*

Here is a letter I have prepared for the Secretary's signature.

*Yes, I
but have edited it.
HM*



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear Mr. Merrill:

I want to thank you, and the other members of your committee, for your very kind invitation of October 6 to address a luncheon meeting of the Payroll Savings Division of the Onondaga County War Finance Committee. As you know, nothing gives me more pleasure than to be able to visit with our War Finance people in the field, learn at first hand their problems, obtain the benefit of their advice, and extend to them whatever help I can.

Having just ~~visited with our people~~ in Atlantic City, New Orleans, and Los Angeles, it will be impossible for me, ~~much as I would like to~~, to accept your kind invitation. I have the utmost confidence ~~however~~, that your meeting will be a great success, and that you will lay final plans for ~~going over~~ the top in the Sixth War Loan.

participated in regional meetings of War Finance Officers
Setting a new record of accomplishment
Much as I would like to do so

Sincerely,

Mr. A. B. Merrill, Chairman
War Finance Committee
918 O.C.S.B. Bldg.
Syracuse 2, New York

FOR DEFENSE



BUY
UNITED STATES
SAVINGS
BONDS
AND STAMPS



OFFICE OF STATE CHAIRMAN

TREASURY DEPARTMENT
WAR FINANCE COMMITTEE



918 O.C.S.B. Bldg.
Syracuse 2, N. Y.

October 6, 1944

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

My dear Mr. Secretary:

We all know that the Payroll Savings Division of all county War Finance Committees in industrial areas is one of the most important groups in the sale of E Bonds. Since there is now a tendency toward reduced pay-rolls in many plants, it is imperative that every effort be made to increase individual participation in bond purchases by employees in institutions having a Payroll Savings Plan.

The Onondaga County War Finance Committee has decided to start off the Payroll Savings Division on the Sixth War Loan wall in advance of November 20th by having a great get-together meeting of the Executives and Plant War Bond Chairmen of these establishments, including a luncheon under the auspices of the American Legion on Tuesday, November 14th. We hope to arrange to broadcast at least a part of the program over either a national or state-wide hook-up.

If you, in your capacity as Secretary of the Treasury, would accept our invitation to be the principal speaker at this luncheon, we are sure that suitable arrangements could be made for broadcasting your speech. Your remarks would carry great weight and would be a great influence in maintaining and increasing the interest in Payroll Savings that means so much in the financing of our war effort. Therefore, we have no hesitancy in asking you to be our honor guest at the luncheon on November 14th.

Sincerely yours,

R. M. ..., Chairman
N.Y. War Finance Committee, Dist. #4

A. ..., Chairman
Onondaga County War Finance Committee

Edward ..., Chairman
Payroll Savings Div., Onon. Co. W.F.C.

Dwight C. Dale, Chairman
Small Plants Section, Payroll Savings
Division, Onondaga County W. F. C.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

276

SECRET

AMERICAN EMBASSY

No. 2260

Quito, October 19, 1944

Subject: Assistance to Refugees from Axis Persecution

The Honorable
The Secretary of State,
Washington.

Sir:

Referring to the Department's secret circular airgram of September 19, 1944, 9:15 a.m., in regard to the safeguarding of lives of holders of documents of the American republics, I have the honor to enclose a copy, with translation, of a note from the Foreign Office dated October 17, 1944, received in reply to a communication which I sent to the Minister for Foreign Affairs in pursuance to the Department's airgram under reference.

It will be noted that the Foreign Office communication states that the Ecuadoran representative in Switzerland has been instructed to take the action desired; i.e., to confirm or suggest changes in the list being compiled by the United States Legation at Bern of holders of documents purporting to indicate Ecuadoran nationality.

Respectfully yours,

/s/ R.M. Scotten

Enclosures:

1. Copy of note as stated
2. Translation of above note

Copy to the Consulate General, Guayaquil
File No. 840.1
JWG:rbm

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Akrin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Leiser, Marks, Mannon, McCormack, Pehle, Files.

Enclosure No. 2 of Despatch No. 2260 dated October 19, 1944
from American Embassy, Quito, Ecuador.

REPUBLIC OF ECUADOR
MINISTRY OF FOREIGN AFFAIRS

No. 54-D-16

Diplomatic Department

Quito, October 17, 1944

Mr. Ambassador:

I have the honor to acknowledge the receipt of Your Excellency's esteemed note No. 390 of the 5th of this month informing me that at the suggestion of the authorities of Switzerland and for the purpose of protecting the holders of documents issued in the name of the American Republics in German-controlled territory, the Government of the United States of America is taking steps to compile lists of such holders for the purpose of transmitting them to the German Government through the Swiss Government.

Your Excellency adds that, notwithstanding the present circumstances, the Legation of the United States of America in Bern is undertaking to compile lists as complete as possible for the purpose aforementioned.

Your Excellency takes occasion to inform me that, with respect to the list of individuals claiming Ecuadoran nationality, the Government of the United States would be grateful if my country would instruct its representative in Switzerland to confirm or suggest changes in the list which is being compiled by the Legation of the United States of America in Bern.

In reply I am pleased to inform Your Excellency that, complying with pleasure to your request, I have instructed the Ecuadoran representative vis-a-vis the Swiss Government in the sense requested.

I avail myself of the opportunity to reiterate to Your Excellency the assurances of my highest and most distinguished consideration.

For the Minister,
The Under-Secretary:

/s/ TOBAR

His Excellency
Mr. Robert McGregor Scotten,
Ambassador Extraordinary and Plenipotentiary,
of the United States of America,
City.

San Salvador, El Salvador, October 19, 1944

278

No. 2094

SECRET

SUBJECT: Citizens of the American Republics Held in
German Concentration Camps.

The Honorable
The Secretary of State
Washington

Sir:

With reference to the Department's secret circular
airgram of June 26, 1:00 p.m., regarding citizens of the
American Republics held in German concentration camps,
I have the honor to enclose a translation of a note dated
October 11 (but received only yesterday) from the Minister
for Foreign Affairs, in which he expresses thanks for
acquainting him with the Department's message to the Le-
gation at Bern and the hope that his Government will be
informed of the result of the representation, so far as
it might concern Salvadorans or individuals who claim Sal-
vadoran nationality.

It will be observed that no mention is made of taking
parallel action.

Respectfully yours,

Gerhard Gade
Charge d'Affaires a.i.

Enclosure
Translation of note
dated 10/11/44

711
GG/mdm

To the Department in original
and hectograph.

Miss Chauncey (for the Secy) Abrahamson Ackermann, Akzin, Cohn, Drury,
Edwards, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCracken, Pehle,
Files.

bringing this important message to my knowledge, permit
 me to advise you that my Government would be highly grate-
 ful if your Government would inform it, if there is no
 objection, of the result of the representation entrusted
 to the United States Legation in Bern, so far as it might
 concern Salvadoran nationals or individuals who claim Sal-
 vadoran nationality, detained in the said places.

(TRANSLATION)

I beg Your Excellency to accept the renewed assurances
 of my highest and most distinguished consideration.

Republic of El Salvador, C. A.

Diplomatic Section

A.800-D-2222

His Excellency

Julio E. Avila

National Palace,

San Salvador, October 11, 1944

Mr. Ambassador:

By Your Excellency's esteemed note no. 344 of July
 1 last, I have had the honor to acquaint myself with the
 terms of the message which was sent by the Department of
 State to the American Legation in Bern, regarding na-
 tionals and persons who claim the nationality of the
 United States and of other American Republics, detained
 in camps located in Germany and German-controlled terri-
 tory to which the protecting Powers and the International
 Red Cross have been granted no access or else such strict-
 ly limited forms of access that they have been unable ef-
 fectively to assist the detained individuals.

In thanking Your Excellency for your kindness in
 bringing this important message to my knowledge, permit
 me to advise you that my Government would be highly grate-
 ful if your Government would inform it, if there is no
 objection, of the result of the representation entrusted
 to the United States Legation in Bern, so far as it might
 concern Salvadoran nationals or individuals who claim Sal-
 vadoran nationality, detained in the said places.

I beg Your Excellency to accept the renewed assurances
 of my highest and most distinguished consideration.

Julio E. Avila

His Excellency Walter Thurston,
 Ambassador Extraordinary and Plenipotentiary of
 the United States of America.

Here.

Miss Chauncey

AVH-68
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Rome
Dated October 19, 1944
Rec'd 9:34 a.m., 20th

Secretary of State
Washington

550, October 19, 2 p.m.

Following for Joseph Schwartz American Joint
Distribution Committee New York from Arthur Green-
leigh.

Item one. In accordance with your instructions
have personally initiated request of G five AF head-
quarters and United States political adviser this
theater for Resnik enter Italy from London Jacobs
enter from the United States and Greenleigh to France.
It is estimated will take ~~from~~ one to two weeks to
complete arrangements. Will keep you informed of
progress and am advising Pilpel. Strongly urge you
continue follow up your end and keep me advised.
Item two. Have finally received 15,000,000 lire.
Item three. Relative to your cable about repayment
of debts am detailing instruction in letter. Item four.
Because of size of problem in France am uring steps
be taken now to provide additional staff. Would
suggest Harry Biele to assist me and later Perlman
when he returns to Europe after consultations.

KIRK

WSB

CABLE TO NORWEB, LISBON, FROM WAR REFUGEE BOARD

Please deliver the following message to Robert Pilpel from
Ms.A. Leavitt of the American Jewish Joint Distribution Committee:

QUOTE VAAD HAHATZALA HAS ASKED SPANISH AMBASSADOR WASHINGTON INTERVENE WITH JAPANESE REGARDING RELEASE 500 RABBIS, DEANS AND SCHOLARS NOW SHANGHAI TO A NEUTRAL COUNTRY. SPANISH AMBASSADOR HAS REFERRED MATTER TO HIS GOVERNMENT BY CABLE. VIEW FACT SPANISH GOVERNMENT IS PROTECTING POWER JAPANESE INTERESTS HERE, AMBASSADOR BELIEVES SUCH INTERVENTION MIGHT BRING RESULTS. PLEASE URGE BLICKENSTAFF FOLLOW UP MATTER WITH APPROPRIATE AUTHORITIES AND PUSH IT YOURSELF. FOR YOUR INFORMATION VATICAN HAS ALSO INTERVENED BUT THUS FAR RECEIVED NO REPLY FROM JAPANESE AUTHORITIES. PLEASE KEEP US ADVISED. UNQUOTE

THIS IS WRB CABLE TO LISBON NO. 108.

11:15 a.m.
October 19, 1944

FD-883
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

dated October 19, 1944

Rec'd 8:38 p.m.

Secretary of State

Washington

3182, October 19, 7 p.m.

THIS IS WRB 225 JDC 93 FOR LEAVITT FROM PILFEL.

It is of greatest importance that Amembassy Madrid intervene strenuously with Spanish Government regarding 155 sephardics referred to in our telegram 59. Advise action taken. Also Spanish Ambassador, Berlin should use good offices to obtain their release and admission into Switzerland rather than Spain.

NORWEB

WMB

GEK-84

PLAIN

Lisbon

Dated October 19, 1944

Rec'd 10:38 a.m., 20th

Secretary of State,
Washington.

3183, October 19, 7 p.m.

FOR LEAVITT FROM PILPEL JDC 94 WRB 226

Grand Rabbinate, Istanbul acknowledges receipt
\$62,000 equivalent 110,418 Turk pounds. Kessler
advises Grand Rabbinate applied and received permission
use \$62,000 Istanbul relief and repatriates upon
receipt of advice that funds arrived. Consequently
has no permission use any portion these funds elsewhere.
Therefore suggest prompt remittance \$50,000 for use
Smyrna Edirne Ankara Brouesa.

NCRWEB

JMB

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

October 19, 1944

1 p.m.

STOCKHOLM

2096

The cable below for Olsen is WRB 110.

Reference your 4088 to Department, Section 2, WRB's 89
of October 7, 1944.

The Board's concern with the welfare of refugees in
neutral countries arises only when it bears a direct relation-
ship to the reception of additional refugees from enemy con-
trolled areas. Consequently, the Board does not consider
that the matter raised in the telegram under reference is
one which is properly to be dealt with by it. For that
reason, the Board has referred the problem in its entirety
to the Department of State.

HULL
(GLW)

WRB:MMV:KG
10/16/44

NCW

SE

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, Stockholm
 TO: Secretary of State, Washington
 DATED: October 19, 1944
 NUMBER: 4262

SECRET

US URGENT

See my 4204, October 16, 5 p.m.

Today the Swedish Foreign Office transmitted a wire to the Swedish Minister at Budapest requesting that the appeal of the King of Sweden concerning the treatment of Jews, particularly those four thousand who have been given Swedish passports, be again brought to the attention of the present Hungarian authorities.

In addition the Minister was instructed to ask for a prompt answer. The matter of withdrawal of his mission if assurances are not promptly given was left to the Minister's discretion. It is the opinion of the Swedish Foreign Office that maintenance of the Swedish Legation at Budapest so long as possible in order to give aid to the Jews is desirable. However, it fears that the demarche will have little effect since Foreign Office today received a wire from its Legation there reporting that the statement has been made by Hungarian officials to the effect that they will not respect Swedish passports issued to Jews before March 13. In addition, this wire reports that Legation at Budapest are in real danger of being killed. Members of the Legation staff who are not Jews are being molested also, one motorcycle and one auto have been taken from them already. The request has been made by the Swedish Foreign Office that this not be released for publication purposes.

The four Salasy adherents have been thrown out of the Hungarian Legation by Swedish Government who, in order to ensure safe return of Swedish personnel at Budapest, contemplates keeping them as hostages.

JOHNSON

10-20-44
 DCH:EMS

cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Mannon, Marks, McCormack, Pohle.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, STOCKHOLM
TO: Secretary of State, Washington
DATED: October 19, 1944
NUMBER: 4263

SECRET

For WRB 93.

See 2041 from the Department of the eleventh of
October.

Our attempts to have message conveyed to German
officials have not been successful as the private individuals
who have access to Himmler have announced that they would not
dare communicate to him such a message. See 4206 from the
Legation of the sixteenth of October. It is concluded by
the Swedish Foreign Office that the only means of conveying
the message would be by radio or through the protecting
power.

JOHNSON

DCR:MLG
10-20-44

cc: Miss Chauncey (For the Sec'y), Abrahamson, Akzin, Cohn,
Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Mannon,
Marks, McCormack, Pehle.

CABLE TO MINISTER HARRISON AT BERN AND MCCLELLAND

Reference your 6839 to Department of October 13 concerning Slovakia.

The following is the text of a communication received from the Apostolic Delegate in Washington under date of October 14:

QUOTE I have received the following communication from the Secretariate of State, Vatican City: The Holy See has continued its efforts in favor of the Jews in Slovakia. According to the Apostolic Nunciature in Bratislava, on October 5th the Minister of Foreign Affairs notified the German Legation that the Slovak Government could not consent to the deportation of Jews since they are under the protection of the Constitution and Laws of Slovakia.

QUOTE Likewise, Mr. Carol Sidor wrote as follows to the Vatican: Jews having American citizenship, who have asked the protection of the Slovakian Government, have been gathered together and are living in a castle at Marianka where they are protected by Slovak police.

QUOTE Referring to your letter of September 21, 1944, I wish to say that the Secretariate of State assures me that your message for Dr. Tiso has been transmitted to the Apostolic Nunciature in Bratislava.
UNQUOTE

Carol Sidor is understood to be a member of the Tiso cabinet. The "message for Dr. Tiso" was a repetition of previous warnings of the position this Government takes with respect to the deportation and other persecution of Jews. "Jews having American citizenship" is assumed to mean Jews holding passports and other documents issued in the names of American republics or otherwise claiming the nationality of an American republic.

THIS IS WRB CABLE TO BERN NO. ___226

11:15 a.m.
October 19, 1944

CABLE TO MINISTER HARRISON AND McCLELLAND FROM WAR REFUGEE BOARD.

In response to recent requests of Saly Mayer through Pilpel in Lisbon for credit of 20,000,000 swiss francs, we have been advised by the Joint Distribution Committee that they have authorized this amount in substitution for the amount referred to in Department's 2990, WRB's 153 of August 30. No commitment to make any payment from this amount can be entered into without approval here. Mayer should be fully advised of all of the foregoing.

THIS IS WRB BERN CABLE NO. 227.

4:15 p.m.
October 19, 1944

MB-724

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

Bern

Dated October 19, 1944

Rec'd 2:03 p.m.

Secretary of State,

Washington.

6927, October 19, 11 a.m.

FOR WRB, MCCLELLAND

Riegner of the World Jewish Congress, Geneva, informs me their representative at Stockholm, Hilelstorch, has secured permission of Swedish authorities and has purchased foodstuffs sufficient make up 40,000 five pound parcels intended for Jewish deportees in Bergen-Belsen and Theresienstadt. Riegner has forwarded individual names and addresses of 2,200 Bergen-Belsen and 4,000 Theresienstadt internees to Stoch for initial shipment.

Storch wired Riegner October 13 that there was some difficulty concerning final export license, Swedes and I believe our Legation have requested assurance that International Red Cross would verify proper distribution and reception these parcels.

I discussed the matter with International Red Cross October 18. Committee states that as is known they have only been able visit Theresienstadt once and have not yet succeeded obtain permission visit Bergen-Belsen. Individual receipt card system, however, has produced very satisfactory results as far as both places are concerned, particularly Theresienstadt. Parcels from International Red Cross reach addresses regularly and as normally as can be expected under the circumstances. Hungarians from Bergen-Belsen now in Switzerland also report satisfactory arrival and distribution such parcels while they were there.

International Red Cross willing instruct their delegate in Sweden affix International Red Cross labels, enclose standard receipt cards these parcels.

Would much appreciate any steps you could take facilitate granting clearance this lot parcels. Seems to me this project very similar \$100,000 JDC-ICRC (Department's 437, February 9, noon 1944) program which was authorized although I am

unacquainted

Regraded Unclassified

-2- 6927, October 19, 11 a.m., from Bern

unacquainted source WJC funds used Stockholm purchase these foodstuffs.

View time element involved transport goods from overseas and increasingly difficult transport situation inside Germany and German occupied areas as well as scarcity purchasable foodstuffs, rapid used any goods immediately available in Europe most recommendable.

HARRISON

BB

FMH-804

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

BIERN

Dated October 19, 1944

Rec'd 5:26 p.m.

Secretary of State,

Washington.

6932, October 19, 2 p.m.

FOR WRB FROM MCCLELLAND

Sternbuch of Union Orthodox Rabbis received following message October 10 from Joseph Klarman, his representative who went to Bucharest a few weeks ago from Istanbul. Am passing it on to you since it contains interesting statistical information present situation Jews remaining in Rumania which might be of value to appropriate Jewish organizations in United States: "Although Jews have been reinstated in their former status and in principle enjoy full civic rights no practical steps have been taken their economic rehabilitation.

Out of approximately 290,000 Jewish survivors the following categories are almost completely destitute: 90,000 returned from forced labor service, 17,000 repatriated deportees, 20,000 returned from outlying district capitols, 10,000 evacuees from war stricken regions, 20,000 persons who have been bombed out in Bucharest.

Dr. Fildermann JC representative told me unless government takes steps remedy situation these Jews shortly one million five hundred thousand dollars will be needed for shelter clothing and food for a three months period. Fildermann appeals to World Jewry for immediate assistance.

Mr. Zissu, President National Jewish Party and Zionists told me that the above mentioned financial help from abroad could be no more than palliative. He believes that fully 150,000 ruined Jews will never be economically reestablished. Foresees therefore Palestine emigration as only solution."

End of Klarman's message.

HARRISON

HTM

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

JMM-835

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

Bern

Dated October 19, 1944

Rec'd 6:10 p.m.

Secretary of State

Washington

6938, October 19, 6 p.m.

FOR WRB FROM MCCLELLAND.

Sternbuch informs me that courier recently arrived Switzerland from Bratislava reports that 300 to 400 Jews holding Latin American documents arrested in Bratislava were first interned as result intervention Central Jewish office at Mariathal near Bratislava. On or about October 8 they were summarily transported, it is believed to Germany. (Courier declared that Slovak Government knows where they have been taken. Apparently about 90 were bearers El Salvador nationality certificates balance Paraguayan passports. Legation's 6839 October 13.

Would it be possible through Vatican and Papal Nunciature at Bratislava determine destination this group with view to ultimately requesting Swiss and Spaniards once group is located, exercise protection?

Repeated to Ackermann of WRB care Ampolad.

HARRISON

EH

cc: Miss Chauncey (For the Sec'y.), Abrahamson, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Mannon, Marks, McCormack, Pehle

DMH-848

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

Bern

Dated October 19, 1944

Rec'd 7:57 p.m.

Secretary of State

Washington

6941, October 19, 7 p.m.

FOR WRB FROM MCCLELLAND. FOR UNION ORTHODOX RABBIS FROM STERNBUCH.

"We have paid out to date (October 6) in Swiss franc equivalents: for Poland, Hungary and Rumania 435,000; for Slovakia 305,000; for Italy 30,000; for France, Holland and Belgium 140,000.

Recently dispatched through Intercross car load including 5000 kilos sugar and 5,000 kilos macaroni to the Resienstadt. Our people will undertake distribution these foodstuffs."

HARRISON

EH

10 55

CABLE FOR AMBASSADOR STEINHARDT, ANKARA, FOR ROBERT F. KELLEY,
CONSULAR OF EMBASSY, FROM J. W. PEHLE

Please transfer \$5,000 to Herbert Katzki for his use in
connection with War Refugee Board operations. This is in
addition to previous \$10,000 authorized in our No. 621 of
July 10. Please confirm transfer by cable.

THIS IS WRB CABLE TO ANKARA NO. 117.

9:30 a.m.
October 19, 1944

CABLE TO AMEMBASSY, ANKARA, TURKEY, FOR KATZKI

Reference is made to Department's 650 of July 21, WRB's 81 and Department's 680 of August 5, WRB's 90. By note of August 12, Swiss Foreign Office informed Amlegation Bern that Bulgarian government expressed willingness to accord transit visas to Neulanders and Schleifers for which application must be made at Bulgarian legation in Bucharest. By cable to Bern dated August 23, Swiss government has been requested to inform Neulanders and Schleifers through its Bucharest legation of the foregoing, as well as to advise them to communicate, upon arrival in Turkey, with Amembassy regarding United States immigration visas for children.

Since Neulanders and Schleifers have not been heard from, please inquire as to their whereabouts and circumstances through Filderman and all other appropriate channels and endeavor to bring foregoing information to their attention.

Please advise Board promptly of all information that you may receive concerning this family.

THIS IS WRB CABLE TO ANKARA NO. 118.

10:00 a.m.
October 19, 1944

AIRGRAM TO AMEMBASSY, ANKARA, TURKEY

Please transmit the following message, with enclosures, from the War Refugee Board to Mr. Katzki:

Please endeavor to have the attached photographs of letters delivered to the beneficiaries named therein, as it is thought possible that they may thereby be afforded some measure of assistance.

THIS IS WRB CABLE TO ANKARA NO. 119.

10:00 a.m.
October 19, 1944

CABLE TO AMBASSADOR STEINHARDT AT ANKARA AND KATZKI

Reference your 1976 to Department, your 164 to WRB of October 14.

The following is the text of a communication received from the Apostolic Delegate in Washington under date of October 14:

QUOTE I have received the following communication from the Secretariate of State, Vatican City: The Holy See has continued its efforts in favor of the Jews in Slovakia. According to the Apostolic Nunciature in Bratislava, on October 5th the Minister of Foreign Affairs notified the German Legation that the Slovak Government could not consent to the deportation of Jews since they are under the protection of the Constitution and Laws of Slovakia.

QUOTE Likewise, Mr. Carol Sidor wrote as follows to the Vatican: Jews having American citizenship, who have asked the protection of the Slovakian Government, have been gathered together and are living in a castle at Marianka where they are protected by Slovak police.

QUOTE Referring to your letter of September 21, 1944, I wish to say that the Secretariate of State assures me that your message for Dr. Tiso has been transmitted to the Apostolic Nunciature in Bratislava.

UNQUOTE

Carol Sidor is understood to be a member of the Tiso cabinet. The "message for Dr. Tiso" was a repetition of previous warnings of the position this Government takes with respect to the deportation and other persecution of Jews. "Jews having American citizenship" is assumed to mean Jews holding passports and other documents issued in the names of American Republics or otherwise claiming the nationality of an American Republic.

THIS IS WRB CABLE TO ANKARA NO. 120.

11:15 a.m.
October 19, 1944

LC-14
This telegram must be paraphrased before being communicated to anyone other than a Government agency. (RESTRICTED)

Ankara
Dated October 19, 1944
Rec'd 4:20 a.m., 20th

Secretary of State,
Washington.

1998, October 19, 3 p.m.

FROM KATZKI TO FEHLE, WAR REFUGEE BOARD.
ANKARA'S 167.

Radio broadcasts from Budapest intercepted in Istanbul indicate renewed and stringent measures taken against the Jews in Hungary. The line is being taken that the difficulties in which Hungary now finds itself is in part the fault of the (*) and "accountability" is implicit in the broadcasts. Jews have been forbidden to leave their homes under any circumstances until further notice and their homes may not be visited by non-Jews.

In a radio broadcast from Budapest made October 17 Gabriel Vajna, Hungarian Minister of the Interior in the new government, stated that he will not recognize any baptized Jews. To him Jews were and remain Jews whether baptized or not. He will not recognize any foreign passports whose bearers are Jews as such persons are living under Hungarian laws by which they are bound. Any "atrocities, crimes or irregularities" committed against Hungarian soldiers and their allies will be punished by increasing severity upon the Jews of Hungary, he concluded. It is apparent that under the present regime in Hungary renewed excesses against the Jewish people in that country may be expected. It is of the utmost importance that all possible steps through all available channels be taken to protect the Jewish people.

STEINHARDT

JT

(*) apparent omission.

CABLE TO AMBASSADOR HARRIMAN, MOSCOW, FROM WAR REFUGEE BOARD.

Kindly refer to Department's 1812 of July 28.

The Department considers it desirable to inform the Soviet Government of the following. The Department has been advised that discussions have recently taken place on the Swiss border between representatives of the Jewish groups in Budapest, accompanied by reputed Gestapo agents, and Swiss citizens representing the Swiss Jewish community in an effort by the latter group to forestall, if at all possible, the continued deportation and extermination particularly of Jews from Hungary and Slovakia. No commitments or agreements have been entered into in these discussions and the Swiss citizens involved have acted in the belief that lives have been saved to date and that precious time has been gained by prolonging discussion pending the solution of the problem by military action. American Jewish groups are being kept informed of the discussions and Moscow will be further advised of any significant developments.

4:15 p.m.
October 19, 1944

DEPARTMENT
OF REB
STATE

OUTGOING
TELEGRAM

October 19
9 a.m.

300
DIVISION OF
COMMUNICATIONS
AND RECORDS

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

DEPARTMENT OF STATE
DIVISION OF
OCT 21 1944

AMEMBASSY

CHUNGKING
1350

FOR AMBASSADOR AND FRIEDMAN FROM TREASURY

The following is for Ambassador's and your own information only:

1. Reference despatch No. 2841, August 7, 1944, and telegram 1629, September 30, 1944, concerning the sale of United States dollar exchange to persons in China by the United Clearing Board, Chungking. As indicated in our A-193 of September 2, 1944, Treasury has notified both the National City Bank and the United Clearing Board that these facilities are not to be extended to military, naval, or civilian government personnel. Treasury is willing to consider making an exception for government personnel about to leave China who must dispose of their personal and household effects and who desire to convert the proceeds of such sales in Chinese currency into United States dollar drafts. But Treasury feels that since these exceptions might be difficult to administer and might weaken the effectiveness of the prohibitions against

-2- #1350, October 19, 1944 9 a.m. to Chungking.

against other sales to government personnel, your further comments and recommendations would be appreciated in the light of the following:

2. Can not the departing personnel convert Chinese currency without appreciable loss in (a) the same open market wherein their Chinese currency was originally acquired or (b) exchange the Chinese currency for the U. S. currency now being received by other personnel as pay or being brought to the area by newcomers.

3. If an exception should be made for government personnel leaving China to permit them to purchase United States dollar drafts from the United Clearing Board, it would be necessary to establish a procedure for certifying to the United Clearing Board that governmental personnel desiring to purchase United States dollar exchange are leaving China and are entitled to purchase the exchange. While it might be relatively easy for you to provide such certifications for civilian government personnel, it might be quite difficult with respect to military and naval personnel in view of the
wide

-3- 1350, October 19, 9 a.m. to Chungking

wide areas over which such individuals are stationed and the secrecy which normally surrounds their prospective movements.

HULL
(GL)

FMA:GL:ST
10/18/44

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 340

Information received up to 10 a.m., 19th October, 1944.

1. NAVAL

NORWEGIAN WATERS. On 14th and 15th Carrier borne aircraft laid mines off Norwegian coast. A grounded cargo ship of 3,000 tons damaged off Trondheim and two protecting flak ships set on fire. 18th. TIRPITZ seen at Tromso surrounded by a boom.

HOME WATERS. 18th. During gale in S.W. approaches, two landing craft sunk and three others seriously damaged. Ten tank landing craft can now be handled at Le Treport on one tide. Calais will accommodate five coasters when entrance has been cleared.

MEDITERRANEAN. 15th. Four of H.M. Cruisers with Destroyers and Minesweepers anchored off Piraeus.

2. MILITARY

WESTERN EUROPE. East of Cornimont, French troops advanced two miles on front of 6 miles. In area east of Epinal U.S. troops have advanced one to two miles against stiff resistance.

In Aachen area U.S. troops made small gains in house to house fighting in town and also in area N.E. and N.W.

On 2nd Army front British and U.S. armour advanced up to four miles east of Deurne. British Infantry completely occupied Venray and advanced further two miles southwards.

South of Scheldt Canadian troops have captured Ijzendijke and are within two miles of Breskens.

ITALY. Heavy rain continues on both army fronts. In Adriatic sector Canadian troops have secured small bridgehead across Pisciatelle. Enemy continues resistance just south of Cesena but further south he has been driven back across Savio.

South of Galatea Allied forces made some progress and reached within about three miles of the town.

3. AIR OPERATIONS

WESTERN FRONT. 18th. 127 escorted Lancasters dropped 611 tons Bonn in good visibility. 300 U.S. heavies dropped 777 tons M.T. works Cassel; 139 dropped 347 tons on M.T. works and marshalling yards Cologne; 42 bombed other targets. No enemy air opposition reported. 11 heavies missing and 10 of 604 escorting fighters. 958 fighters (13 missing) operated in support of ground forces. 464 aircraft carried supplies to continent. Six Mustangs engaged 6 ME 109 F over Aalborg and destroyed them all without loss.

18th/19th. 54 Mosquitoes despatched (1 missing) - principal targets Hanover and Mannheim.

MEDITERRANEAN. 16th/17th. Heavy and medium bombers dropped 179 tons Zagreb railway centre.

17th. 346 escorted Fortresses attacked rail centres and other targets in South Eastern Europe including 241 tons on oil plant Blechhammer. Sixteen heavies and two fighters missing for four enemy fighters destroyed. 329 light bombers and fighters (2 missing) operated in close support of ground troops.

4. HOME SECURITY

18th/19th. 23 flying bombs plotted.