

Diary

Book 738

June 1-2, 1944

- B -

Baruch, Bernard M.
See Post-War Planning

Book Page

- C -

Cabaret Tax
See Revenue Revision
Cornell University
See Inflation
Correspondence

Mrs. Forbush's mail report - 6/2/44..... 738 260

- D -

Democratic Party
Texas situation discussed by Ickes and HMJr - 6/1/44.....
a) Discussion by 9:30 group.....

4
7

- F -

Field (Marshall) & Company
See Procurement Division: Surplus Property, Disposal of
Fifth Avenue, New York City
Dedication as "Avenue of the Allies": See Financing, Government
(War Savings Bonds - 5th War Loan Drive)
Financing, Government

Non-essential Expenditures, Committee on Reduction of:
Government automobile report revised; Treasury now approves -
6/1/44..... 128
Security Markets (High-grade) - current developments in:
Bank Earnings: Haas memorandum - 6/2/44..... 249
Social Security Board: Re-investment of Old Age Insurance
Funds discussed in letters to Altmeyer and Perkins -
6/2/44..... 282, 294

War Savings Bonds

Redemption of Bonds: Federal Reserve Bank slips as to
reason reported in mail report - 6/2/44..... 260

5th War Loan Drive

O'Connor, J.F.T., letter concerning HMJr's appearance in
California - 6/1/44..... 113
(See also Book 741, page 203, and
Book 746, page 30)

\$10 Bond for servicemen discussed at 9:30 meeting -
6/2/44..... 195

a) War Department allotments, in view of manpower
situation, discussed by Generals Somervell and
Carter; D.W. Bell and Gamble - 6/2/44..... 217

b) Discussion of publicity by 9:30 group - 6/6/44:
See Book 740, page 14

c) Issuance - Bell memorandum - 6/13/44: Book 743,
page 26

81 million people purchasing bonds - Haas report -
6/2/44..... 215

- F - (Continued)

	Book	Page
Financing, Government (Continued)		
War Savings Bonds (Continued)		
5th War Loan Drive (Continued)		
New York City rally to include Waldorf-Astoria luncheon and dedication of Fifth Avenue as "Avenue of the Allies" - 6/2/44.....	738	232, 237
"Free Ports"		
See War Refugee Board		

- G -

Germany		
See Occupied Territories		

- H -

Hancock, John		
See Post-War Planning		

- I -

Ickes, Harold (Secretary of the Interior)		
See Democratic Party		
Inflation		
Cornell University Bulletin of Economics (February 1944)		
calls subsidies inflationary; discussion at 9:30 meeting - 6/1/44.....		9
HMJr-Vinson-Jones-Pearson-Myers-Haas conference - 6/7/44:		
See Book 740, page 187		
a) Conference reported to FDR - 6/7/44: Book 740, page 207-A		
Internal Revenue, Bureau of		
Salary Stabilization Unit: Report on activities by Haas - 6/2/44.....		272

- L -

Lend-Lease		
United Kingdom: Federal Reserve Bank of New York statement showing dollar disbursements, week ending May 24, 1944 - 6/1/44.....		137

- M -

McBain, Houston (Marshall Field & Company)		
See Procurement Division: Surplus Property, Disposal of		

- N -

	Book	Page
New York City		
See Financing, Government: War Savings Bonds (5th War Loan Drive)		
Non-essential Expenditures, Committee on Reduction of		
See Financing, Government		

- O -

Occupied Territories		
Germany: Exchange rate for mark discussed by Treasury group -		
6/1/44.....	738	80
a) Correspondence between McCloy and Treasury concerning -		
6/7/44: See Book <u>740</u> , page 319		
O'Connor, J.F.T.		
See Financing, Government: War Savings Bonds (5th War Loan Drive)		

- P -

Pegler, Westbrook		
See War Refugee Board: "Free Ports"		
Post-War Planning		
Baruch-Hancock report, "War and Post-War Adjustment Policies":		
Blough comment on references to tax policy - 6/1/44.....	132	
Procurement Division		
Surplus Property, Disposal of		
McBain (Marshall Field & Company) tells HMJr he is		
releasing "3 top-flight men" to Olrich - 6/1/44.....	33	
Trucks: Need in various districts of the country listed		
in Olrich report - 6/2/44.....	286	

- R -

Redemption of Bonds		
See Financing, Government: War Savings Bonds		
Revenue Revision		
Cabaret Tax		
See also Book <u>728</u>		
Discussion at 9:30 meeting - 6/1/44.....	12,206	
a) HMJr gives strict instructions that the Treasury		
is not to fight that part of the amendment exempting		
servicemen - 6/1/44.....	14	
b) Conferees' decision reported - 6/5/44: See Book <u>739</u> ,		
page 236		
Swope - letter to - 6/6/44: Book <u>740</u> , page 115		

- S -

Salary Stabilization Unit	
See Internal Revenue, Bureau of	

*b) 10¢ rate, as a compromise, discussed by Glasser at Treasury group meeting - 6/28/44: See Book 747, page 185

Security Markets (High-grade)
 See Financing, Government
 Social Security Board
 See Financing, Government
 Subsidies
 See Inflation
 Swope, Herbert Bayard
 See Revenue Revision

- T -

Taxation
 See Revenue Revision
 \$10 Bond
 See Financing, Government: War Savings Bonds
 (5th War Loan Drive)
 Texas
 See Democratic Party
 Trucks
 See Procurement Division: Surplus Property, Disposal of

- W -

War Department
 See Financing, Government: War Savings Bonds -
 5th War Loan Drive (\$10 Bond)

War Refugee Board

"Free Ports"

FDR, HMJr, and Pehle discuss - 6/1/44.....	738	39
a) "Emergency Refugee Shelter" favored by FDR		
b) Support for camps in U.S. enumerated.....		42
Army Camp promised HMJr by McCloy; may be Fort Ontario -		
6/2/44.....		225, 229
a) Correspondence - 6/5/44: See Book <u>739</u> , page 251		
FDR-HMJr-Pehle conference - 6/8/44: Book <u>741</u> , page 47		
a) FDR cable to Murphy in Algiers: Book <u>741</u> , page 49		
FDR's message to Congress - 6/12/44: Book <u>742</u> , page 226		
FDR sent copy of Murphy's cable on arrangements - 6/13/44:		
Book <u>743</u> , page 41		
Oswego, New York, Chamber of Commerce thanks FDR for		
selecting Fort Ontario - 6/14/44: Book <u>743</u> , page 135		
Pegler's adverse comment - 6/14/44: Book <u>744</u> , page 187		

War Savings Bonds

See Financing, Government

June 1, 1944
9:33 a.m.

HMJr: Hello.

Anthony
Muto: Yeah.

HMJr: Good morning.

M: Good morning. How are you, sir?

HMJr: Fine. Look, Tony, I didn't want to say anything yesterday in front of your boss....

M: Yeah.

HMJr:but I don't think -- may I talk to you just as man to man?

M: Sure. Absolutely.

HMJr: I don't think you realized the way it sounded yesterday -- I mean, you were awfully rough with little Fitz, you know. And it sounded terrible and the fellow is a cripple and I'm sure you don't mean that.

M: Oh, no. I was doing it more in joking than anything else.

HMJr: Well, I thought you were, too, but then you got so dead serious about it that I -- I started the thing -- kidding, you know?

M: Oh, I was kid -- I picked you right up on it.

HMJr: Yeah. Well, I didn't know, but I thought you wouldn't mind my calling.

M: Oh, not in the slightest.

HMJr: Because I didn't want to say -- I didn't want to make an issue in front of your boss but it didn't sound like kidding.

M: Oh, no. It was absolutely on the -- it was absolutely on the square kidding.

HMJr: Okay. That's

M: (Laughs)

- 2 -

HMJr: better. And

M: No, I -- I've tracked that business down and I've found that your people weren't entirely to blame on it.

HMJr: They weren't?

M: No. No.

HMJr: Well, it was just the thing because I know that you've always taken good care of us and I take it for granted that you want to.

M: Oh, sure. That goes without saying.

HMJr: Well, if that was kidding, okay.

M: ? Absolutely, believe me, it was strictly -- it was strictly kidding.

HMJr: Okay.

M: (Laughs)

HMJr: Now, you might tell your boss....

M: Yeah.

HMJr:to take a look on page two or three of New York Times today on the pictures of the people in Italy.

M: Yeah....

HMJr: I was talking about faces.

M: Yeah.

HMJr: Well, they've run it today for the first time.

M: Uh huh.

HMJr: You might mention it to him.

M: All right, I will when -- I'll be talking to him in about twenty minutes.

HMJr: Okay, Tony.

M: Thank you.

HMJr: You're welcome.

M: Bye.

HMJr: Bye.

June 1, 1944
9:37 a.m.

4

HMJr: Hello.

Secretary
Ickes: Henry.

HMJr: Good morning.

I: You saw what happened in Texas last week.

HMJr: Yes, sir.

I: Well, now, my information is that the Roosevelt
opposition down there was headed up by -- among
others -- by O'Daniel.

HMJr: Yeah.

I: And by Jesse Jones men and Will Clayton men.

HMJr: Yeah.

I: Now, I'm also told that O'Daniel has announced
that he has raised fifty thousand dollars

HMJr: Yeah.

I: and he was seeking to raise five hundred
thousand.

HMJr: Yeah.

I: There's been a hell of a lot of money raised
down there.

HMJr: Yeah.

I: I'm reading from a letter: "It is reported that
contributions to him are marked for education...."

HMJr: Yeah.

I: "....in American Government."

HMJr: Yeah.

I: "And that the Treasury Department has cleared this
as a contribution to a charitable purpose and de-
ductible for income tax purposes."

HMJr: Yeah.

- 2 -

I: I thought you would be interested in that latter part.

HMJr: Well, we'll have a look at it.

I: Yeah.

HMJr: Yeah.

I: The -- it's -- it's bad medicine down there.

HMJr: So they tell me.

I: It's damned bad.

HMJr: I'll

I: The letter I have -- I don't mind telling you -- is from Alvin Wirtz

HMJr: Yeah.

I: who used to be my Under Secretary and who led the Roosevelt fight down

HMJr: Yeah.

I: in Texas. But the thing looks bad.

HMJr: Well, we'll have a look at it. You noticed the crack the President got off at Cabinet about South Carolina and Texas.

I: Yes.

HMJr: Yeah.

I: Oh, I know, but good God! And Jesse gets away with murder.

HMJr: He does.

I: Four weeks -- four years ago his brother contributed to Willkie.

HMJr: That I didn't know.

I: And his brother depends on Jesse for -- he's -- he just represents Jesse down there. He's Jesse's hired man.

HMJr: Yeah.

I: Four years ago Will Clayton contributed five thousand dollars to Willkie. The President, himself, told me that. And yet he puts these fellows in the two powerful positions that they're in and seems to think it's a joke, you know.

HMJr: Yeah.

I: It's a damned poor joke from my point of view.

HMJr: I agree with you a hundred per cent.

I: Yeah.

HMJr: I'll have a look at it Harold.

I: Thanks.

HMJr: I thank you.

I: Good bye.

HMJr: Bye.

7
June 1, 1944
9:50 a.m.

GROUP

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

H.M.JR: Charlie put on a wonderful show for the boys and girls. I haven't heard any complaints yet from across the street.

Mr. Ickes just called me up, Mr. Sullivan, in a strictly non-partisan matter - Texas. He says there is a man down there by the name of O'Daniel who is taking in contributions for an educational society which has been passed on by the Treasury and it is kosher.

MR. SULLIVAN: Do you know the name of the society?

H.M.JR: No, I guess it is the O'Daniel Society.

MR. SMITH: Society for Education Concerning the American Government. There was a big story in Time about it a week ago.

H.M.JR: Have you anybody in the Bureau who could get after this?

MR. SULLIVAN: Aye, aye, sir. Will do.

H.M.JR: You are leaving tonight?

MR. SULLIVAN: Yes, sir.

- 2 -

H.M. JR: I would like to know before you leave tonight.

MR. SULLIVAN: Yes, sir.

H.M. JR: I read it. He was going to get a paper, and he was asking for five hundred thousand subscribers at a dollar apiece.

MR. SMITH: No, that is not this. This is an educational society to teach the people of the South how the Government should be run.

H.M. JR: It said how the President lets ^{he} Jesse Jones and Will Clayton continue when they are the principal people back of this - I don't know - he said they were in 1940 and they are now.

MR. SULLIVAN: I don't know enough to deny it, but I would be surprised to learn that it is true.

H.M. JR: I am just quoting him. He quoted the President as saying that Clayton gave five thousand dollars to Willkie in 1940, and that this is a Jesse Jones-Clayton thing. We do know that Jesse was working for him at Chicago in 1940.

MR. SULLIVAN: I wasn't denying it as to Jesse.

H.M. JR: I am just repeating. The conversation just took place this minute.

MR. SULLIVAN: I see. I will find out for you.

H.M. JR: Now, I have a couple of other things I would like to clear up. Now, Harry, this thing from Hull to me, in regard to his letter to the President about a loan to the Netherlands, I simply thought I would sit tight and wait until I heard from the President.

MR. WHITE: You can.

- 3 -

H.M.JR: I doubt if the President will do anything without talking to me, but he may. If he does, that is that.

MR. WHITE: Maybe it might be better not to mention it and see how the Dutch behave at the Conference. Maybe there will be an opportunity there.

H.M.JR: George, there is some stuff I am going to give you from the President to me in regard to the February Bulletin of Farm Economics at Cornell, and I want you to study up on the thing - this letter and another letter which you will get. The point is that the thing they object to in this bulletin is, Pearson of Cornell says that a subsidy is inflationary.

MR. HAAS: Bill Myers treated it the same way.

H.M.JR: Bill Myers and Pearson are coming down - find out from outside - sometime next week - the 7th - and Marvin Jones and Vinson will be here. I wish you would talk to me about it before they come down so I will know what some of the answers are - if you know what the answers are.

MR. HAAS: I know the answers. It is inflationary unless you take the whole problem.

MR. D.W. BELL: Less inflationary than some.

MR. HAAS: Because it holds labor wages down.

H.M.JR: Well, you better not only read that bulletin, but what Pearson has been saying, and have something for me to answer.

MR. HAAS: Yes. We discussed it with Bill but I don't think we got anywhere.

H.M.JR: Well, he is coming down.

- 4 -

Now, Harry, here is the letter from the Army to the President in regard to that memorandum prepared by Clay and the others, on China. The President writes me, "What do you think?"

I can see where he just thumbed this thing and didn't read it. But the interesting thing is that he is very good about that kind of thing. He will send me a memorandum and say, "What do you think?" But he will give Henry Wallace instructions to go out and put this price control in China. In other words, when he does it ad lib. he isn't so good, but when it comes to the written stuff, he is very good.

MR. WHITE: You want an answer?

H.M.JR: A one-page answer, if you please, and I would like it fairly promptly. (Hands Dr. White letter of May 26 from General Clay to the President)

And then to Frederick Smith, I think that Texarkana Gazette is super-duper.

MR. SMITH: Isn't it!

H.M.JR: Very good. That cleans my desk.

MR. C.S. BELL: Mr. Bartelt has made a suggestion that you might like to write a little note to the mothers and fathers of service men that are killed in action when they were formerly Treasury employees, or a relative of our Treasury employees.

H.M.JR: It would be very nice.

MR. C.S. BELL: I thought I would get a line on about how many letters that would amount to.

MRS. KLOTZ: Do them gradually.

H.M.JR: That is very good. Tell Eddie that is a very nice idea.

- 5 -

MR. D.W. BELL: There was one in the Bureau of Accounts last week. The brother of one of the girls up there was killed in action. Eddie wrote the family a nice letter.

H.M.JR: Now, seeing how good you are doing this, coming back to my original idea from which this sprang, I still would like to do something for the girls in the Treasury.

MR. S.C. BELL: Just the girls in the Treasury?

H.M.JR: That is what I started, you know. Somebody says, "How did this thing start?" I suggested we might hold a dance in the evening in the cafeteria - clear the thing out and have a dance for the Treasury girls - let them blow off steam.

MRS. CLOTZ: Where are you going to get the boys?

MR. C.S. BELL: We have no eligible young men.

H.M.JR: What about the Army and Navy and Marines?

MR. C.S. BELL: If the girls were very attractive, they would fall into it; if they weren't, they would go over to the Stage Door Canteen which operates every night. You couldn't draw the crowd. It might be embarrassing.

MRS. KLOTZ: It was tried before, Mr. Morgenthau.

MR. C.S. BELL: It is just that this isn't the time to do that. In normal times we could do it and get away with it.

H.M.JR: You are implying that the Treasury girls aren't sufficiently attractive.

MRS. KLOTZ: The attractive ones don't come to the dance.

MR. BLOUGH: They don't need to.

- 6 -

H.M.JR: What about all this stuff that there are forty girls to every man?

MR. C.S. BELL: In civilian clothes?

H.M.JR: No.

MR. C.S. BELL: In uniform - I doubt that. I think we had three thousand out there last night. Easily a thousand of those boys that turned in last night don't ordinarily go to the Canteen. They were around Keiths theater in this neighborhood and saw what was going on and drifted in.

H.M.JR: There was no trouble?

MR. C.S. BELL: Not a bit, orderly throughout.

H.M.JR: That is grand.

Well, anyway, about once a month I will bring this thing up.

What else?

MR. C.S. BELL: That is all, sir.

MR. D.W. BELL: The Senate passed the Debt Bill with the cabaret tax amendment attached, reducing the tax rate from thirty to twenty.

H.M.JR: Any connection between the two?

MR. D.W. BELL: Well, maybe by reducing we ought to up the debt limit a little! I should think we wouldn't fight much about it. It is not much reduction and it is in line with the other rates. So far as the Treasury is concerned, I think we might accept it.

H.M.JR: It is all right with me. They did what I have been suggesting. You fellows said it couldn't be done ethically and morally and taxwise - we couldn't exempt the service men.

- 7 -

MR. BLOUGH: I was going to say we ought to fight that, Mr. Secretary. It is absolutely incapable of administration. There will be no more cabaret tax of any kind collected.

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

MR. BLOUGH: Soldiers will be paid to stand in the cabarets and pay the bills for civilian customers.

H.M.JR: It is very funny. While Henry was in the New York area before he left, I saw more cabarets than I have seen in twenty years. We asked this cousin of ours to meet us there, Mr. Goodhart. He hadn't been out to a night place since he lost his wife, thirty years ago. So he came in in tuxedo and we were five minutes late. He said if he had stayed there a little bit longer enough people would have slipped him a dollar to get them a table - he could have paid his income tax. It was marvelous. He was standing there having a wonderful time. Everybody would come up to him and say, "Here is a dollar. Will you get me a table?"

So I have been to these places. Ninety percent of the tables have a service man. Look, don't fight it.

.... MR. BLOUGH: We have to fight it, Mr. Secretary, or give up the tax. It just simply can't be done.

H.M.JR: Then give up the tax, to hell with it. Those are orders. I don't want to fight it. Go out and fight joint returns.

MR. BLOUGH: You say not to fight it, but I am telling you, no more cabaret tax.

H.M.JR: And so what!

MR. SULLIVAN: Oh, wait a minute; let's not get so emotional about this.

- 8 -

H.M.JR: I am not emotional.

MR. SULLIVAN: You are! You are not even listening to Roy.

MRS. KLOTZ: He should bring it up tomorrow!

H.M.JR: No, no, no. I have been right on all this question of exemptions and all the rest of the stuff. I am not going to go up and have a Treasury representative protest against service men being exempt.

Listen, I asked these people to do this business about a man who was killed in action and his family doesn't have to pay. They wouldn't listen to me. Arthur Vandenberg came through and put the thing through.

MR. BLOUGH: It is still bad. I know people who haven't paid a dollar of tax for three years to get out of that.

H.M.JR: Listen, this is a matter of people's feelings. Now, I said to you then - I have a good memory - that a widow shouldn't have to pay the accumulated tax where she loses her husband in action. Do you remember?

MR. BLOUGH: Yes.

H.M.JR: You disagreed with me. Theoretically you fellows are right, but you can't do that to the American public. They won't stand for it. I was the first person that wanted to say that the man who went overseas should get exempt from his taxes. You fellows wouldn't go along. It was up to three thousand dollars, but you didn't want to advocate it. You talk about public relations. This is straight public relations, isn't it?

MR. SMITH: Yes.

H.M.JR: And I am not going to have a Treasury representative go up and say that a service man - you don't have to be present - let it go by the board.

- 9 -

MR. BLOUGH: Suppose they ask the Board for a report?

H.M.JR: I will write them a letter. This is just straight public relations. Look, when everything goes wrong and is unpopular, I have to take it. It isn't Sullivan or Blough, or anybody else. I read two days ago, this thing in Scripps-Howard, "Secretary of the Treasury Morgenthau's Treasury is fighting this thing," and so forth and so on. That is what they call it - Henry Morgenthau Jr.'s Treasury.

MR. BLOUGH: That is all right.

H.M.JR: You write the letter. I will sign it.

MR. BLOUGH: It is your problem, and I just want you to know how I feel about it. But if you make up your mind, that is that.

MR. WHITE: Isn't there a compromise? You don't have to fight it, if after it is being administered - I presume there will not be a long lapse of time before the returns - the revenue will be forthcoming. You are able to segregate the revenue, aren't you? If, after five or six months of that you find you are getting no revenue you can re-examine whether you want to complain. But you may find that your fears--

H.M.JR: How many months, Harry? (Laughter) It is a good compromise.

MR. WHITE: The election has nothing to do with it.

H.M.JR: Look, I will bet anybody in the room, and give them three to one odds, that no matter what we do, the service man will be exempt by the Hill. Why stick our neck out? Anybody want to take me?

MR. SULLIVAN: That is assuming you give them the right to fight it, which you are not giving them. Are you making a bet or making a bet?

H.M.JR: I am making a bet and going to help myself.

MR. BLOUGH: If we don't touch it, I think you're right.

H.M.JR: Just stand by on the sidelines, will you? I will compromise to that extent. If they ask the Bureau, I will write the letter and I will sign it.

MR. SULLIVAN: I will tell the Bureau this morning to give no report.

MR. BLOUGH: The Bureau sent over a report, or is sending one.

MR. O'CONNELL: Was it voluntary?

MR. BLOUGH: We asked Bliss to tell us what he thought about the service men's section of it.

H.M.JR: Well, this is once in a while. I don't do it very often, but I am going to have my way today.

MR. BLOUGH: It's not an important tax.

MR. HAAS: Is it a good tax?

MR. SULLIVAN: It goes on the people out in the evening who haven't anything else to do but spend money.

MR. HAAS: That depends on what action the provider takes to avoid the tax.

MR. O'CONNELL: He puts it on the bill.

MR. HAAS: Yes, but they dispense with the entertainment, then the incidence is on the entertainment.

MR. SULLIVAN: What is wrong with that?

MR. HAAS: Why throw those people out of work?

MR. SULLIVAN: I should think that with the labor shortage, if there is any group that should be put in gainful entertainment, it is the night club entertainers.

-11-

H.M.JR: Do you want to say that publicly?

MR. SULLIVAN: I don't know why not.

H.M.JR: Well, you haven't.

MR. HAAS: I think there is a question.

MR. SULLIVAN: I am perfectly willing to any time.

MR. WHITE: How are you going to keep up the soldiers' morale without night club entertainers?

MR. BLOUGH: On the soldiers, I think you should know that Senator George is opposed to this soldiers' amendment, when it goes to conference. Of course, if the House people give in, that is all there is to it, but I think the Senate conferees will give in fast, in case the House resists.

H.M.JR: Will you stand pat?

MR. BLOUGH: Oh, sure, no question about that.

H.M.JR: I am willing to put my neck out and do it every day on something worth while, but I am not going to go where I know I am licked in advance, and as I say, I went to three or four of these places and every single table--the majority of people at the tables were men in uniform.

MR. BLOUGH: They may be able to work out a regulation to this effect, that in no case shall the proportion of the check exempt from tax be greater than the proportion of the persons in the party who are service men, but how you are ever going to enforce it, I don't know.

MR. SULLIVAN: Never in the world.

MR. O'CONNELL: Better to abolish the tax.

H.M.JR: If you really want to do something, go after the OPA and see that the night spots don't charge the prices they do, if you want to do something for the service men.

-12-

Okay, Roy, we settled that one.

MR. BLOUGH: That's all right. It arose from Dan.

MR. D.W. BELL: It wasn't my problem. I am through.

H.M.JR: You on my side, Theodore?

MR. GAMBLE: Yes, I am on your side on the service men, but I think it is ridiculous they are reducing the tax.

H.M.JR: Did you hear what the Senator from Missouri said, that he wanted it the same as the theatre tax? Better be careful.

MR. GAMBLE: You're talking about two hundred people against eighty-five million people.

H.M.JR: Oh, no.

MR. D.W. BELL: I always thought it ought to be up to fifty!

H.M.JR: I was for the thirty percent tax.

MR. GAMBLE: I know you were.

MR. BLOUGH: My secretary went slumming over last week end down at the Bay in a boat. They drove up into these inlets where the little dance halls are, and so forth. Signs all around, "No dancing," people could sit there and drink and eat, but they can't dance. Juke box joints, because under the cabaret tax if anybody gets up and dances, everybody in the place has to pay thirty percent.

H.M.JR: What do you deduce from that?

MR. BLOUGH: That thousands of little spots all over the country are affected, not only the big ones, and that thirty percent is probably too high on those spots.

H.M.JR: Who recommended the thirty percent in the first place?

-13-

MR. BLOUGH: We did, along with thirty percent on theatres.

H.M.JR: You should have sent your secretary slumming before. I always believe in field investigations!

MR. BLOUGH: I wasn't along on this slumming trip.

H.M.JR: Well, Sullivan is serious about this, and I'm not.

MR. SULLIVAN: I think you are going to get taken by the night clubs.

H.M.JR: Well, we'll see what happens. We ran one last night very successfully.

MR. C.S. BELL: Without the thirty percent.

H.M.JR: Now, have we gotten by Dan Bell?

MR. D.W. BELL: Yes.

MR. WHITE: We must have a meeting of Smith and Charlie Bell on the question of arrangements. It really can't be postponed beyond this morning. Sometime today we also, I am afraid, must have a meeting with Dean Acheson and Walter Kelchner after the meeting you have with the Treasury people.

H.M.JR: It's going to be very difficult, but when this is over, if there is any time left between now and ten-thirty, I will listen.

MR. WHITE: I have nothing else, then.

MR. SULLIVAN: Thank you!

MR. WHITE: We are up to George now! (Laughter)

MR. HAAS: I pass, Harry!

H.M.JR: Would you mind taking a few minutes to explain to us just where we stand on the Fifth War Loan now? Can you do it in about ten minutes?

-14-

MR. GAMBLE: Do you want me to take Harry's time to do that?

H.M.JR: How are you coming, Ted?

MR. GAMBLE: Very well, Sir.

H.M.JR: Don't you want to tell about it?

MR. GAMBLE: I think that many of these people are familiar with it.

MR. WHITE: That's right!

MR. GAMBLE: Sometime ago we told you about our plans. I would just like to say that everything we told you at our previous meeting has come to pass. The only thing that we have been working on that we think is outstanding that we haven't had confirmation on, is the broadcast with these women. But our suggestion that we were going to have Eisenhower--the film will arrive here today. We have already printed seventeen hundred and fifty on three Army war subjects which are going to be distributed in all the plants of the country. Some of these men are not familiar with what has happened to the plant quotas which is quite important in the Fifth War Loan. These plants are accepting this one hundred dollar cash quota, almost without reservation. The Secretary and Mr. Bell have seen the wires coming in from these plants. We have sent twenty-four thousand quotas out in letter form and three thousand to the corporations employing over a thousand people. We have had eleven bad answers from that total of twenty-seven thousand that have gone out.

H.M.JR: How many of the eleven were on the telegrams?

MR. GAMBLE: Three, I believe, Mr. Secretary. They were not really bad wires in the sense that they refused to establish quotas, but they had a word or two to say about expenditures or something that was irrelevant, to the fixing of the one hundred dollars cash quota; but it looks as though on the payroll operations alone, we can expect a

-15-

minimum of two billion dollars for the Fifth War Loan from the information that is in now.

A good number of these magazine covers we told you about are in. Newspapers, we had up until May 25th, five thousand two hundred and eighty-nine papers that had ordered mats, an indication, because we send no mats or plates to papers, only on orders, against a total of five thousand in the same period in the Fourth War Loan Drive. In the light of paper shortage, continuing shortage, that is an excellent record.

The radio program is continuing in good shape, but the most important thing I can report to you about the operations in all sections of the country, people are very optimistic about their ability to attain these quotas. They have the best organizations that they have ever had for it. They are in better organizational shape. To give you an example, in the City of Chicago, they have established a captain for every block in the City. They have put up a sign in every block in the City of Chicago for each block, with the captain's name in that block and the block quota on it. They will have a daily report of whatever person in that block, in a City the size of Chicago, does during the Fifth War Loan Drive. They have already recruited this army of workers to do this job. They are meeting in Soldiers Field on the night of June 9th. We are putting on a big show for them, at which time they are going to kick off this operation and give final instructions to these people. That is an organization job that is really staggering. We have talked about it before but have never been in a position to do that kind of a job before. We were never able to commit ourselves to a block-to-block operation of that magnitude and hang our hat for fixing quotas in each block for a city that size.

We have a big Army Show opening here and New York, in Central Park, the first time in twenty-five years an operation of that kind has been held in Central Park. We have ten thousand troops in camp there during the period of the War Loan Drive. We have the same Army Show that will go to Chicago. We have about seventy major events of that size taking place in cities all over the country. We have taken all the barrage balloons in the United States Army and we are sending them around with crews to send up in all the big cities on the day the Drive starts.

That is just a sketch, but I can sum up by saying to you that if organizations, having more people, better

-16-

trained, supported by better promotion, will get this job done, then our Fourth War Loan should be pale in comparison.

MR. SULLIVAN: How many people in all?

MR. GAMBLE: About six million. We had about five in the last. We can't tell exactly, but around five million.

H.M.JR: That's a good report.

MR. GAMBLE: Just one word to add. You sent me a memorandum about this newsman and a photographer to handle war pictures. This was sometime ago. Well, we have set up, in conjunction with Fred and his people--Dillon--a new shop with six top people, including a man, liaison, with the Army and Navy for the handling of war pictures. That starts in operation Monday.

H.M.JR: Wonderful! Anything else?

MR. GAMBLE: No, I could talk all day.

H.M.JR: Well, Harry is perspiring.

MR. WHITE: No, it was very interesting.

MR. BLOUGH: Two or three points. Yesterday you called attention to this Baruch-Hancock report which Bricker mentioned. A number of us were in another conference yesterday and talked about this. Mr. Bell's suggestion was that it might be well to have Baruch and Hancock over sometime and query them about their plans here and indicate that we don't look upon that with a great deal of favor.

H.M.JR: Baruch is coming over for lunch tomorrow at 12:30. I am having him and McConnell. I will bring it up myself.

MR. D.W. BELL: I think that is better than writing a letter, I really do.

H.M.JR: I agree.

-17-

MR. BLOUGH: Yesterday afternoon I sent to the Secretary, and to most of the people here, a short discussion of a plan for getting the views of business executives and others on taxes. That is the matter to which you referred last week and said you would like to discuss this week. I don't know how many have had a chance to look at it and think about it up to now, and whether you want to take any time to do that at this time or not.

H.M.JR: I am expecting a call from the Hill today and tomorrow. I have to get these delegates straightened out. That is my responsibility. I don't know why I haven't heard, but I have been holding myself. As soon as I get that out of the way, but with my other appointments, I would like, between now and Saturday, to get that thing straightened out, if I can.

MR. BLOUGH: Another point: The Pension Trust hearings have not yet been resumed. I thought by this time a statement would be prepared indicating the Treasury's position, but Mr. Surrey says that we are really not yet ready to write a whole statement, so I will have to ask for permission to get in touch with you a little later on that, and you probably noticed in the Times that the Governors Conference yesterday recommended the appointment of what they call a "Federal State Commission" to deal with coordination. Frank Bane is coming here. Maybe we can find out what in the world they are talking about. I think that is all I have.

H.M.JR: Thank you. George?

MR. HAAS: I have nothing.

MR. O'CONNELL: Nothing.

MR. SULLIVAN: Nothing.

MR. SMITH: I have nothing.

H.M.JR: It's yours, Harry, take it away.

June 1, 1944
10:15 a.m.

PREPARATIONS FOR MONETARY CONFERENCE

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

MR. WHITE: It is not going too well with respect to the arrangements and the chief reason is that Charlie Bell doesn't have status and is meeting with considerable non-cooperation from the State Department.

Now, we have talked over some of the details and he has a memorandum which we won't bother you with, but I think it is very important that you call them over - and there are other things to talk to them about - and in their presence indicate that Charlie Bell is going to represent the Treasury, and there are a lot of things that have to be done and that you want him to take care of the Treasury. It will mean a lot to have this thing successful. And they approach these problems in a very dilatory and also petty fashion. They don't seem to be particularly interested in doing the kind of job that I am sure you would like to do and Charlie would be able to do.

Secondly, it is terribly important that we get that place by June 12. We have got an enormous amount of work to do, Mr. Secretary. I just can't begin to indicate the amount of work we have to do to get the thing in shape by the 1st, at the technical level.

H.M.JR: Keep it gay!

MR. WHITE: I am trying to make time.

H.M.JR: Take it easy. Go on.

- 2 -

MR. WHITE: Charlie can arrange that that place is open. The State Department, for some reason or other, doesn't want it. Whether it is the additional expense or trouble or lack of ability, I don't know, but that matter has to be settled.

Then we have the list of advisers we need your approval on.

Then I thought, incidentally, I might suggest as a businessman, what would you think of Kaiser? It would go over big with the public. I don't know.

H.M.JR: Would they say, "What does he know about monetary stabilization?"

MR. WHITE: They wouldn't look at it that way - they may.

(Mr. Bernstein enters the conference)

H.M.JR: Come in, Professor. Sit down.

MR. WHITE: They wouldn't know about a lot of others, either, but that is secondary.

H.M.JR: I would rather take your man that you say--

MR. WHITE: I think we can probably think of a better one.

H.M.JR: I don't think that Kaiser would fit into the picture.

MR. WHITE: We have a number of other things that we can have ready for you when Dean Acheson comes, but I think that ought to be done this morning because it is holding up a lot of things, when time is getting beyond us.

H.M.JR: I will call up Acheson.

- 3 -

MR. WHITE: And have him bring Kelchner and his group with him.

H.M.JR: Of course, I am yet to be convinced that the State Department wants this really to go.

MR. SMITH: That brings up another thing. We have just assumed that we are going to handle the press and are making the preparations. Now, if they decide that they want to handle the press, it is not too late to turn over what preparations we have made. But they have referred two or three people to us who have asked them where they give their credentials, and what not. But there is a lot of mechanics that have to go into that. And the newspaper people do not want the State to run the publicity.

H.M.JR: I don't know whether I told you, but I saw Steve Early and he said to me, "Now let me give you a tip; if you want this thing to go right, just get McDermott to handle it."

MR. SMITH: None of the newspapers want him to. They specifically said in Harry's last conference that they didn't want McDermott around if they could help it.

MR. WHITE: He would have to be around. But I think you will get a much better break from the press in your own writeups and attitude if they are treated better than they claim they have been, or if they are treated in the way the Treasury is more likely to treat them.

H.M.JR: On the other hand, how does Hull always get the publicity he gets?

MR. SMITH: That isn't State Department, necessarily; that is Hull and a lot of Southern Democrats that are working on Hull.

H.M.JR: Look at the publicity that UNRRA got at Atlantic City. That was good.

- 4 -

MR. WHITE: Yes, they got good publicity.

H.M.JR: That was run by the State Department. I would like to have it the way you boys say.

MR. WHITE: Well, I think that you can't leave McDermott in a position where he is - if he is an associate, then--

H.M.JR: Look, he is going to come out and I will ask him. I will try to get it by this afternoon.

MR. WHITE: All right, with those other people.

H.M.JR: Warren Kelchner?

MR. WHITE: And anybody else he would like to bring along, because we are going to discuss some of these matters.

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

I will see you all a little later.

June 1, 1944
10:19 a.m.

HMJr: Hello.

Operator: Mr. Acheson is in Secretary Hull's office. She said she can get him out and have him call you back.

HMJr: Ask her to do that.

Operator: It will take a few minutes. All right.

10:22 a.m.

HMJr: Hello.

Operator: Mr. Acheson.

HMJr: Hello.

Dean
Acheson: Yes, Henry.

HMJr: Good morning.

A: Good morning, sir.

HMJr: Dean, I've been trying to make some contacts on the Hill ever since I got word from the President that he wasn't going to do it.

A: Oh, I see. Yes.

HMJr: But Senator Barkley is due in this morning and I have a request in that we see him and I haven't heard but when we do I'd like to go up there with you and White. Now, White was in here a little while ago and he thought that you and Warren Kelchner and some of our people ought to get together this afternoon and talk about some of the plans. And then I want to talk to you about -- Will Clayton can't go -- I want to talk to you about a substitute.

A: Oh, yes.

HMJr: How are you fixed for this afternoon?

A: Well, I have a meeting with War Department, Navy Department and Commissioner of Patents and the British at four o'clock.

- 2 -

HMJr: Yeah.

A: Now, that is my one fixed engagement today.

HMJr: Yeah.

A: I can

HMJr: At four? Well, I could shift mine around. Would you be free at three-fifteen?

A: Yes, if I could get back at four.

HMJr: I'll guarantee it. I'll guarantee it.

A: All right.

HMJr: Hello?

A: Yes, sir.

HMJr: I'll guarantee the meeting won't run more than thirty minutes.

A: That's fine.

HMJr: What?

A: That will be fine. I'll be free at three-fifteen.

HMJr: Well, then could you -- will you bring Warren Kelchner and anybody else you think should be in on this?

A: Yes. Yes. Now, is that on the -- that's on the general plan?

HMJr: General plan.

A: And a substitute for Will Clayton.

HMJr: No. The general plans can't take more than five or ten minutes at the most. Then I want to sit down just with you and White and myself and talk about delegates.

A: Yes.

HMJr: See?

- 3 -

A: Yes. All right. I think it may take a little longer than you think but we can start anyway.

HMJr: Well, we'll start until it's time for you to go over to State Department.

A: Fine.

HMJr: But I don't see why it can't -- thirty minutes is a lot of time.

A: Yes.

HMJr: I guarantee I'll be through at three-forty-five.

A: All right.

HMJr: How's that?

A: Fine.

HMJr: I'll look forward to seeing you then.

A: Now, what time do you think Barkley may want to see us?

HMJr: That I don't know.

A: Yes.

HMJr: That I don't know.

A: Well, you can count on me the rest of the morning here.

HMJr: Well, I'll check up right now and find out -- with Barkley, I mean.

A: I'm very sorry about Will. I think that's a loss.

HMJr: I am, too, but I think he's sincere about it.

A: Yes.

HMJr: He hasn't been able to get any help. That's the trouble.

A: Yes. He could help a lot with Connally and Connally, you remember was sort of

HMJr: He's agreed to do that....

A: Yeah.

HMJr:anyway.

A: Yeah.

HMJr: And he said he'll help us anywhere -- he wants --
but he's going to go out of his way to see Connally.
And he said anything else like that, he'll do.

A: All right. That's good.

HMJr: Right. Thank you.

A: All right, Henry.

June 1, 1944
10:25 a.m.

PRE-PRESS CONFERENCE

Present: Mr. Smith
Mr. Shaeffer
Mrs. Klotz
Miss Chauncey

MR. SHAEFFER: They will want to know all about the Conference.

H.M.JR: We can't tell them that.

MR. SHAEFFER: And the identity of the American delegation.

H.M.JR: We can't tell them that, either.

MR. SHAEFFER: I told them I didn't think you would have it.

MR. SMITH: Better tell them you are going down to Texarkana and get us another plug on that.

Somebody said they were going to have two hundred correspondents down there. It must be wishful thinking!

H.M.JR: What would two hundred correspondents do down there? They say it is an awfully hot place.

MR. SMITH: It is awfully hot, and there are bugs in the bathroom!

H.M.JR: Have you found a place for me?

MR. SMITH: Just the hotel, so far. They were trying to spring another residence for you.

H.M.JR: What happened to the one of Mrs. Connolly?

MR. SMITH: It just never came through.

June 1, 1944
11:28 a.m.

Operator: Go ahead.

Houston
McBain: Hello.

HMJr: Hello.

M: Mr. Secretary, this is Houston McBain, President of Marshall Field and Company.

HMJr: Right.

M: I just wanted to report to you that Mr. Ernest Olrich was in my office yesterday.

HMJr: Yes.

M: And asked me for three of our top-flight men.

HMJr: Yes.

M: And that I have agreed to let him have all of them.

HMJr: For Heaven's sakes!

M: And I just want you to know that I am cooperating to the best of my ability as I told you I would when I talked to you in your office.

HMJr: What's come over you?

M: What's that?

HMJr: What's happened?

M: Well, we -- I helped you dig up Olrich and now I want to help you make him make good.

HMJr: Well, believe me, when you dug up Olrich, you rendered your Government a service.

M: Well, don't you think he's quite a dynamic fellow?

HMJr: I think he's wonderful.

M: Good. I'm glad to hear it and I know you will continue to feel that way about him.

HMJr: Well, I think he's wonderful and I'm definitely in your debt for having recommended him.

- 2 -

M: Well, one of the men we're letting him have is the comptroller of our store. He's just a peach.

HMJr: I see.

M: He's going to put in an internal audit system for you -- for Olrich.

HMJr: I see.

M: The other man is the manager of one of our mills.

HMJr: My!

M: And he's an outstanding fellow.

HMJr: Yes.

M: Another one is one of the buyers of the retail store.

HMJr: Well

M: They're top men. We really want to see this job go over and go over right.

HMJr: Well, I appreciate it and as I -- I've been meaning to get in touch with you and tell you how pleased we've been with Olrich.

M: Good. Well, now, one thing more.

HMJr: Please.

.....M: I'd like very much

HMJr: Yes.

M: if possible, to get Olrich out here on, say, June 15th.

HMJr: Yes.

M: And give a talk at noon to the Chicago Retail Merchants Association.

HMJr: Yes.

M: I think it would be very helpful to him and the job he's doing.

HMJr: Fine.

M: And it would be quite timely at this time.

HMJr: Fine.

M: Now, if that's satisfactory with you, perhaps you could let us have him that one day, June 15th.

HMJr: Oh, surely. Do you want me to say something to him?

M: If you would be so kind as to do it, I'd appreciate it.

HMJr: Surely.

M: I told him that I was going to ask you if he could come out and he said he'd be very happy to do it if it was all right with you.

HMJr: Oh, quite. I'll tell him.

M: Well, that's fine and I'm not through -- I'm not stopping here. We've got some more men lined up if you need them later.

HMJr: Wonderful.

M: All right, Mr. Secretary.

HMJr: Thank you for calling.

..... M: All right. Good bye,...

June 1, 1944
11:31 a.m.

HMJr: How are you?

Ernest
Olrich: Very well, thank you.

HMJr: I just had a call from Houston McBain....

O: Oh, yes.

HMJr:telling me that you -- he let you have
three of his top-flight fellows.

O: That's right.

HMJr: And then he asked me whether it was all right
with me if you went out there on the 15th of
June to talk for them and I thought the price
was cheap.

O: Well, that's all right. I -- I've been telling
these retailers, Mr. Secretary, unless they help,
we can't get the job done; that this lip-service
of promised cooperation has to materialize in the
form of top-flight men.

HMJr: Yeah.

O: Not people they want to get rid of.

HMJr: Yeah.

O: We'd never get any where.

HMJr: Yes. Well, it's all right with me if you want to
go out there. I think it would be good.

O: Righto.

HMJr: And McBain sounded very good and I told him how
happy I was that it was through him that we were
able to get you.

O: Righto. All right, sir, I'll get in touch with
him then.

HMJr: Did you find your family all right?

O: I found them very, very well. Instead of finding
an air-cooled Minnesota, the temperature was from

- 2 -

O:
Cont'd. ninety to ninety-five so I was glad to get back
 here into the air-conditioned atmosphere.

HMJr: (Laughs) Well, I'll see you soon.

O: Righto. Thank you, sir. Good bye.

June 1, 1944

Admiral Leahy told me at luncheon that the President received a message from Churchill informing him that Churchill was going to appoint Brand as his financial representative here, and that the President sent word back to Churchill that he knew Mr. Brand and it was okay. I then told Admiral Leahy the story of my interview with Lord Halifax, and he said the President should have checked it with me first. It never occurred to me to bother the President with this matter in the first place.

MEMORANDUM FOR THE FILES

June 1, 1944

Secretary Morgenthau and I had an appointment to see the President at 12:30 P. M. today. The President was behind in his appointments and it was after one o'clock when we got in to his office.

I started out by referring to my previous conversation with the President about the "free port" idea. The President said that since my conversation with him, he had discussed the matter with the Secretary of State and had indicated that the refugees should be taken care of in Europe and Africa. He referred particularly to the large hotels at Termini and the possibilities of Cyrenaica and Tripolitania. At this point Secretary Morgenthau reminded the President that the discussion which the President was apparently referring to had taken place at last week's Cabinet meeting and that Secretary Morgenthau had raised the matter at Cabinet. The Secretary went on to say that as a result of the Cabinet meeting a very strong cable had been sent to Bob Murphy by Mr. Hull, making it clear that the flow of refugees was not to be discouraged.

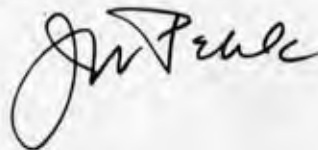
I then told the President that from the time of the establishment of the War Refugee Board we had been convinced that the most important thing which this country could do to aid in solving this problem was to indicate by our actions that we were really interested in the problem; and that the best way we had found to do so would be by taking some refugees into the United States. I said I realized that to take enormous numbers of refugees who were to live in the United States as residents might not be in accord with general public sentiment, but that since the "free port" proposal had been first broached the support that it had gained had become very widespread. I referred specifically to the "private" Gallup Poll, and the support of labor groups, farm groups, church organizations and newspapers, particularly mentioning the Hearst press and Roy Howard. The President then said: "Have you got a camp in which to put these people?" I answered that if it was only the lack of a camp that was holding the matter up I was confident I could obtain a camp in short

- 2 -

order. The President said he was not so sure I could do it quickly because he has been trying to get the Army to release an empty hospital for two weeks without any success. In connection with finding an Army camp the President mentioned Fort Bragg and a camp at Columbia, South Carolina, which, he said, originally had 60,000 troops, a large part of which were now away. The President then said he was not averse to bringing 1,000 people into this country from Italy but he should be in a position to indicate in his message to Congress that there would be many more thousands of refugees and that provision was being made for them in other havens. He again referred to Termini, and particularly mentioned the Isle of Cyprus. He said that Churchill had wanted one of their conferences to take place on the Isle of Cyprus and had assured the President that there were adequate hotel facilities on the island. Secretary Morgenthau mentioned we could follow up on the Isle of Cyprus through Bob McConnell who was interested in a sulphur mine on the island. The President again made clear that he was not at all opposed to bringing in 1,000 refugees but he wanted to make it clear to Congress in his message that there would be many additional thousands and that arrangements were being made to care for them elsewhere.

I then mentioned to the President that I understood he did not care for the words "free port" and I handed him a list of names, a copy of which is attached. The President went over the list very carefully and said he preferred the words "Emergency Refugee Shelter", which he checked. He said he preferred this because it connoted the temporary character of the refugees' stay in the United States and also because the word "shelter" is an honest word and that we won't be able to provide much more than shelter.

During the conference the President said that Secretary Ickes had favored sending refugees to Puerto Rico or the Virgin Islands. He said it had just occurred to him that any "tent cities" for refugees would be subject to destruction in the hurricane season which arrives in the fall.



SUGGESTED NAMES FOR REFUGEE HAVENS IN THE UNITED STATES

WAR-TIME REFUGEE HAVEN

STATION OF SAFETY (SOS)

LIBERATION CAMP

WAR REFUGEE CENTER

WAR RESCUE SHELTER

INTERNATIONAL TRANSIENT CENTER

WAR VICTIM SHELTER

V-CAMP

EMERGENCY REFUGEE SHELTER

WAR-TIME PROTECTION DEPOT

SUPPORT FOR TEMPORARY REFUGEE CAMPS IN THE U.S.A.

- (1) Gallup Poll (private - requested by Dave Niles)

70% approved; 23% disapproved; 7%, no opinion.

- (2) Labor Groups

American Federation of Labor
Congress of Industrial Organizations
(In addition a number of constituent unions have
voiced approval.)
Workers' Delegations of the International Labor
Conference (Declaration signed by representatives
of twenty-three countries.)

- (3) Farm Groups

National Farmers Union

- (4) Other Organizations Including Church Groups

Federal Council of the Churches of Christ in America
The National Board of the Young Women's Christian Asscn.
American Friends Service Committee
Greater New York Federation of Churches
Diocese of Washington, Protestant Episcopal Church
The Church Peace Union
The Catholic Committee for Refugees
Unitarian Fellowship for Social Justice
The Fellowship of Reconciliation
Women's International League for Peace and Freedom
American Jewish Joint Distribution Committee
National Refugee Service
World Jewish Congress
The Emergency Committee to Save the Jews of Europe
Jewish Labor Committee
National Committee Against Persecution of the Jews
Union of American Hebrew Congregations
American Council for Judaism

- (5) Newspaper Support

New York Times, Hearst papers, New York Post, New York
Herald-Tribune, Akron (Ohio) Beacon Journal, Daytona Beach (Fla.)
Evening News, Miami Herald, Seattle Star, Mitchell (S.D.) Daily
Republic, Chicago Sun, San Diego (Cal.) Daily Republic, Ann Arbor
Michigan Daily, St. Louis Star - Times, Indianapolis Jewish Post,
Wilmington (Del.) Star, Charlotte (N.C.) News, New Orleans Times-
Picayune, Lynn (Mass.) Telegram News, Christian Science Monitor,
Detroit Free Press, Citizens Times (N.C.).

- 2 -

(6) Congress.

Congressional members who have voiced approval include Senator Wagner; Senator Meade; Senator Murray; Representative John W. McCormack; Representative Clare Luce; and many others.

(7) Individuals

The attached Appeal to the President contains the names of 19 Governors and many prominent individuals, who are supporting this proposal. (In addition many others have indicated their support, including Vice President Wallace, Justice Frankfurter, Phillip Murray, Dean Alfange, Justice Ferdinand Pecora, Morris Ernst, Samuel Grafton, Dorothy Thompson, Norman Jay, Clarence Pickett, James G. Patton, and Arthur Sulzberger.)

It is significant that although there has been considerable publicity with respect to the "free port" proposal no opposition to the proposal has been voiced by members of Congress or by the public.

May 18, 1944

TO THE PRESIDENT

Attached are the following documents:

(1) Memorandum outlining emergency refugee situation in Italy which requires urgent solution not only to save additional lives but also to relieve the burden on military authorities. This situation more than justifies carrying out your suggestion for bringing approximately 1,000 refugees to this country to be placed in a War Refugee Center.

(2) A draft of a message to be sent to Congress at the appropriate time, informing them of the action taken.

(3) A cable from you to Robert Murphy, asking him to make immediate arrangements for the transportation to the United States from Italy of approximately 1,000 refugees of various categories.

(4) A memorandum from you to the Secretaries of War, Navy, and Interior, the Director of the Budget and the Executive Director of the War Refugee Board, requesting them to make arrangements for receiving these refugees in the United States.

.....
(signed) J. W. Pehle

May 18, 1944

MEMORANDUM TO THE PRESIDENT

On May 11, 1944, I discussed with you a proposal of the War Refugee Board that consideration be given to the establishment in this country of temporary havens of refuge. I attach hereto the memorandum on this subject signed by the members of the Board. During the course of our discussion I emphasized the great importance of a measure of this kind to the success of the Board's program, both in its psychological aspect and in the actual evacuation of refugees from enemy territory. I also mentioned the numerous indications of a favorable public reception of such a step.

You will recall your view that if an emergency situation should arise in which it became important to bring a relatively small number of refugees to this country in order to pave the way for the saving of additional lives, you would be favorably disposed to take such a step, informing the Congress of your action.

Such a situation has now developed in Italy.

As a result of the limited facilities in that part of Italy under Allied control, the military forces have not been able, generally speaking, to encourage the escape of refugees to Italy from enemy territory, and for this reason, the escape of the largest possible number of refugees has been prevented. Moreover, the problem of the care of the fairly substantial number of refugees who have arrived in Italy by their own efforts, has constituted a considerable burden to the military authorities. Quite recently the facilities for the care of refugees in southern Italy have become so overtaxed that the military authorities have taken steps actually to discourage the escape of further refugees to that area from German occupied territories until many of the refugees now in Italy can be moved to havens of refuge elsewhere.

This situation not only prevents the rescue of people in Yugoslavia who are being indiscriminately slaughtered by the Germans, but also interferes with efforts to rescue Jews, from their desperate plight in Hungary, through Yugoslavia.

Moreover, the military authorities are now insisting that a number of refugees be taken elsewhere without delay in order to relieve the congestion. The British authorities have been and are removing many refugees from Italy to camps in Egypt. However, in order to meet the problem, some refugees must be removed promptly to other areas. The military authorities have suggested that approximately 750 refugees be taken at once from southern Italy to Camp Lyautey near Fedhala, Morocco. It is our view that such a step is not feasible for the following reasons:

(1) The UNRRA representative in charge of supervising Camp Lyautey has advised that in the present circumstances it will not be possible to care for more than the approximately 800 refugees who are being brought to the camp from Spain.

- 2 -

(2) The bringing of refugees from Italy would practically exhaust the quota of 2,000 which may be taken to that camp, thus interfering with our effort to increase the number of refugees escaping from France to Spain by removing them to Camp Lyautey as soon as they enter Spain.

To insist that the British or French take additional refugees when we ourselves are taking none, would in the best of cases involve long delays and would be unsatisfactory from many points of view.

This emergency situation is, I believe, exactly the type of situation which you had in mind. We can break this bottleneck by immediately bringing to the United States approximately 1,000 refugees from southern Italy and placing them in an unused Army camp along the Eastern seaboard, where they would remain until the end of the war. This step will not only enable us actually to bring more people out of enemy territory, but will also demonstrate to the Germans and to the world that our refugee policy is being implemented by action. In this connection it should be emphasized that in view of military developments the potential escape route through Yugoslavia from Hungary and the Balkans is of primary importance and should be exploited to the full before the situation again changes.

(signed) J. W. Pehle

Congress has repeatedly manifested its deep concern with the pitiful plight of the persecuted minorities in Europe whose lives are each day being offered in sacrifice on the altar of Nazi tyranny.

This Nation is appalled by the systematic extermination of helpless minority groups by the Nazis. To us the unprovoked murder of innocent people simply because of race, religion or political creed is the blackest of all possible crimes. Since the Nazis began this campaign many of our citizens in all walks of life and of all political and religious persuasions have expressed our feeling of repulsion and our anger. It is a matter with respect to which there is and can be no division of opinion amongst us.

As the hour of the final defeat of the Hitlerite forces nears, the fury of their insane desire to wipe out minority groups in Europe continues undiminished. Knowing that they have lost the war, the Nazis are determined to complete their program of mass extermination of minorities. This program is but one manifestation of Hitler's aim to salvage from military defeat victory for Nazi principles - the very principles which this war must destroy unless we shall have fought in vain.

This Government has not only made clear its abhorrence of this inhuman and barbarous activity of the Nazis, but, in cooperation with other governments has endeavored to alleviate the condition of the persecuted peoples. In January of this year I determined that this Government should intensify its efforts to combat the Nazi terror. Accordingly, I established the War Refugee Board, composed of the Secretaries of State, Treasury and War. This Board was charged with the responsibility of taking all action consistent with the successful prosecution of the war to rescue the victims of enemy oppression in imminent danger of death and to afford such victims all other possible relief and assistance. It was entrusted with the solemn duty of translating this Government's humanitarian policy into prompt action, thus manifesting once again in a concrete way that our kind of world and not Hitler's will prevail. Its purpose is directly and closely related to our whole war effort.

Since its establishment, the War Refugee Board, acting through a full time administrative staff, has made a direct and forceful attack on the problem. Operating quietly, as is appropriate, the Board, through its representatives in various parts of the world, has actually succeeded in saving the lives of innocent people. Not only have refugees been evacuated from enemy territory, but many measures have been taken to protect the lives of those who have not been able to escape.

Above all, the efforts of the Board have brought new hope to the oppressed peoples of Europe. This statement is not idle speculation. From various sources, I have received word that thousands of people, wearied by their years of resistance to Hitler and by their suffering

to the point of giving up the struggle, have been given the will and desire to continue by the concrete manifestation of this Government's desire to do all possible to aid and rescue the oppressed.

To the Hitlerites, their subordinates and functionaries and satellites, to the German people and to all other peoples under the Nazi yoke, we have made clear our determination to punish all participants in these acts of savagery. In the name of humanity we have called upon them to spare the lives of these innocent people.

Notwithstanding this Government's unremitting efforts, which are continuing, the numbers actually rescued from the jaws of death have been small compared with the numbers still facing extinction in German territory. This is due principally to the fact that our enemies, despite all our appeals and our willingness to find havens of refuge for the oppressed peoples, persist in their fiendish extermination campaign and actively prevent the intended victims from escaping to safety.

In the face of this attitude of our enemies we must not fail to take full advantage of any opportunity, however limited, for the rescue of Hitler's victims. We are confronted with a most urgent situation.

Therefore, I wish to report to you today concerning an extraordinary step which I have just taken in an effort to save additional lives and which I am certain will meet with your approval. You will, I am sure, appreciate that this measure is not only consistent with the successful prosecution of the war, but that it was essential to take action without delay.

Even before the Allied landing in Italy there had been a substantial movement of persecuted peoples of various races and nationalities into that country. This movement was undoubtedly prompted by the fact that, despite all attempts by the Fascists to stir up intolerance, the warm-hearted Italian people could not forsake their centuries-old tradition of tolerance and humanitarianism. The Allied landings swelled this stream of fleeing and hunted peoples seeking sanctuary behind the guns of the United Nations. However, in view of the military situation in Italy, the number of refugees who can be accommodated there is relatively limited. The Allied military forces, in view of their primary responsibility, have not been able generally speaking to encourage the escape of refugees from enemy territory. This unfortunate situation has prevented the escape of the largest possible number of refugees. Furthermore, as the number of refugees living in southern Italy increases, their care constitutes an additional and substantial burden for the military authorities.

Recently the facilities for the care of refugees in southern Italy have become so overtaxed that unless many refugees who have already escaped to that area and are arriving daily, particularly from the Balkan countries, can be promptly removed to havens of refuge elsewhere, the escape of refugees to that area from German occupied territory will be seriously impeded. It was apparent that prompt action was necessary to meet this situation. Many of the refugees in southern Italy have been and are being moved to temporary refuges in the territory of other United

- 3 -

and friendly nations. However, in view of the number of refugees still in southern Italy, the problem could not be solved unless temporary havens of refuge were found for some of them in still other areas. In view of this most urgent situation it seemed indispensable that the United States in keeping with our heritage and our ideals of liberty and justice take immediate steps to share the responsibility for meeting the problem.

Accordingly, arrangements have been made to bring immediately to this country approximately 1,000 refugees who have fled from their homelands to southern Italy. Such refugees will be placed in a War Refugee Center where, under appropriate security restrictions, they will remain for the duration of the war. These refugees are being brought here outside of the regular immigration procedure, just as prisoners of war have been brought here. Here they will receive the humane treatment which our civilization provides, and here they will be safe. Upon the termination of the war they will be sent back to their homelands.

The refugees, upon their arrival, will be placed in a vacated Army camp on the Atlantic seaboard. While the War Refugee Board is charged with the overall responsibility for this project, the Army will take the necessary security precautions and the actual administration of the camp will be in the hands of the War Relocation Authority.

With the cooperation of the United Nations, we are determined to insure that these and other refugees from death may live again on their own soil. To this end the principal United Nations involved have already pledged that each of them will receive after the war its nationals who have fled for their lives and have been given asylum in other countries. These nations have also made it a part of their settled policy to insure such conditions in enemy and enemy occupied countries as will permit all persons who have been forced to flee from these countries to return. These humane principles already have the support of the United States, Great Britain, the Soviet Union, Luxembourg, Yugoslavia, Norway, The French Committee, Greece, Belgium, Poland, Czechoslovakia, and the Netherlands.

It is my hope that other interested nations will also expand their already existing programs of asylum. In this way we shall have a plan and a program that will represent the triumph of the forces of decency in a war-torn world.

I am convinced that the emergency action which has been taken will make possible the saving of additional lives. I am also convinced that such action will effectively contribute to the successful prosecution of the war by inspiring in the minds of all oppressed peoples a conviction of the sincerity and effectiveness of a democracy.

It is indeed fitting that this great Nation, which by the very nature of its conception has always been a refuge for the fugitive from injustice, oppression and persecution, should now furnish to those whose very lives are threatened by Hitler the sanctuary and asylum which since biblical times have been afforded the defenseless by civilized peoples.

Information available to me indicates that there are real possibilities of saving human lives by bringing more refugees through Yugoslavia to southern Italy. I am also informed that the escape of refugees by this route has from time to time been greatly impeded because the facilities in southern Italy for refugees have been overtaxed. I am advised that this is the situation at the present moment and that accordingly possibilities of increasing the flow of refugees to Italy are being lost.

Accordingly, I have decided that approximately 1,000 refugees should be immediately brought from Italy to this country, to be placed in a War Refugee Center where, under appropriate security restrictions, they will remain for the duration of the war. These refugees will be brought into this country outside of the regular immigration procedure just as civilian internees of Latin American countries and prisoners of war have been brought here. The War Refugee Center will be well equipped to take good care of these people. It is contemplated that at the end of the war they will be returned to their homelands.

In my opinion it is important that the United States indicate in this way that it is ready to share the burden of caring for refugees during the war.

Arrangements are now being made here to make available one of a number of vacant Army camps in which these refugees will be placed upon their arrival. You may assume that we will be ready to receive these refugees when they arrive. I will appreciate it therefore if you will arrange for the departure to the United States as rapidly as possible, consistent with military requirements, of approximately 1,000 refugees in southern Italy. You may call upon representatives of the War Refugee Board in Algiers to assist you in this matter. The full cooperation of our military and naval authorities should be enlisted in effecting the prompt removal and transportation of the refugees.

In choosing the refugees to be brought to the United States, please bear in mind that to the extent possible these refugees should be selected for whom other havens of refuge are not immediately available. I should however like the group to include a reasonable proportion of various categories of persecuted minorities who have fled to Italy, bearing in mind my wish for speedy action.

I understand that consideration is being given to moving 750 refugees in southern Italy to Camp Lyautey at Fedhala. In view of the fact that the facilities of this camp are limited and that to the extent that Camp Lyautey is filled with refugees from Italy it will diminish the number of refugees who can be brought from Spain, it seems desirable to meet the pressing problem in Italy by using havens of refuge other than Camp Lyautey. Accordingly, you should consider carefully the desirability of including part of these 750 refugees in the group which is to be brought to the United States.

You should also bear in mind that since these refugees are to be placed in a War Refugee Center in the United States under appropriate security restrictions, the procedure for the selection of the refugees and arrangements for bringing them here should be as simple and expeditious as possible, uncomplicated by any of the usual formalities involved in admitting people to the United States under the immigration laws.

I intend to send a message to Congress informing them of this action.

If you encounter any difficulties in arranging for the prompt departure of these refugees please let me know.

MEMORANDUM FOR: Secretary of War
Secretary of Navy
Secretary of Interior
Director of Budget
Executive Director of the War Refugee Board

There is attached a cable which I have dispatched to Robert Murphy in Algiers, requesting that he make arrangements for the departure to the United States as rapidly as possible of approximately 1,000 refugees now in southern Italy.

These refugees will be brought into this country outside of the regular immigration procedure and placed in a vacant Army camp on the Atlantic seaboard. While the War Refugee Board is charged with the overall responsibility for this project, it is my desire that the Army take the necessary security precautions so that these refugees will remain in the camp and that the actual administration of the camp be in the hands of the War Relocation Authority.

Accordingly, the following steps should be taken as expeditiously as possible:

- (1) The War Department and the Navy Department should send whatever instructions are necessary to the military authorities in Italy and North Africa to expedite the transportation of these refugees to the United States.
- (2) The War Department should arrange to furnish and properly equip an unused Army camp on the Atlantic seaboard to receive these refugees; should arrange for their transportation from the port of arrival to the camp; and should arrange for the necessary security precautions.
- (3) The War Relocation Authority should make arrangements to handle the actual administration of the camp, which will be designated as a War Refugee Center.
- (4) The Bureau of the Budget should make arrangements for financing the project, using any available funds of the War Department, the War Relocation Authority and the War Refugee Board to the extent possible, and if necessary drawing upon the President's Emergency Fund.

Attachment.

June 1, 1944
3:15 p.m.

ARRANGEMENTS FOR MONETARY CONFERENCE

Present: Mr. Kelchner
Mr. Collado
Mr. Acheson
Mr. White
Mr. Bernstein
Mr. Luxford
Mr. C. S. Bell

H.M.JR: Our people here are a little disturbed about the progress, the arrangements, I mean they are anxious that everything goes well, as your people are. I think maybe it would be best for either Mr. White or Mr. Bell, who looks after those things for me, to say the sort of things that we would like to have, if they are reasonable, and then maybe you could tell us, or Mr. Kelchner could tell us whether they are reasonable or not.

MR. ACHESON: Sure.

MR. WHITE: I want but one thing and then I will turn it over to Bell.

H.M.JR: Right, and I promised Mr. Acheson he could get out at a quarter of four.

MR. WHITE: All right.

We want to have the Agenda Committee and the Drafting Committee working up there and we want to begin the week end of the 12th. It is very important to us to get out of Washington, and have a place where we can work continuously without any interruptions. We will have all we can possibly do to get prepared in two weeks under such conditions, and

-2-

we are not very particular about the service and that sort of thing, and Charlie Bell thinks it is possible, Warren had some doubts, but I think it is very important that we want to go up there and get the delegates up there by the 12th, 13th or 14th, something of that character. That is the one thing I am interested in, as far as arrangements are concerned.

H.M.JR: Wasn't it also that Baron Keynes was very anxious--

MR. WHITE: I just got a letter from him yesterday, in which he said he will deem it an unfriendly act between Governments if we ask him to come to Washington in July.

MR. ACHESON: Well, it's entirely a matter of what is possible and what isn't. From what Warren Kelchner has told me, the hotel does not want any people of the sort that you are talking about there and they have no accommodations which would be at all adequate for them. They have an annex which people could be put in and they have a dining room where people serve themselves at big long tables. Now that, I think, would be wholly inadequate for the type persons you have there, and I understand that the hotel thought that when you said you wanted some people there to prepare for the conference, they thought you meant messengers and mechanics and fellows who were going to get the rooms in order and that sort of thing, that they hadn't any idea that you were having representatives of governments come.

MR. WHITE: Well, if Charlie Bell could arrange something that was satisfactory to us there, we could go up there. If it can't be, we will have to go somewhere else.

MR. KELCHNER: I talked to the manager last night and they are not interested in having the group there. He told me definitely that it would be most difficult for them. As you know, the hotel has been closed for two years, two or three years. They are reconditioning it. They are putting new plumbing in, in some cases. The telephone people will be there installing new lines, new switchboard, and so forth, and he said that it would be awfully difficult for them.

-3-

They were not planning to open until the 29th of the month, and they haven't employed their personnel and of course, it would be difficult to serve that large a group appropriately. The annex has very few baths, most of the rooms are without bath and the dining service would be family-style. I don't believe that it would be appropriate for Lord Keynes and Lady Keynes and some of the others to be put up in that type of accommodations. I am afraid it might leave a wrong impression.

H.M.JR: Mr. Kelchner, could I ask you this: Have you an alternative suggestion, where these people could go? I think they want to get out of Washington and be some place where I won't be sending for them and harassing them, and where they can really think. I think it is important. Now, have you some suggestions of a comfortable place?

MR. KELCHNER: Hershey might be possible. We have not done anything, because we did not know the date and of course it is difficult to talk to a hotel, especially at this time of the year, without an exact date. I might also indicate that this particular meeting, the expenses will be met by the respective agencies and not part of the Conference funds. That has been taken up.

H.M.JR: Well, now has that been cleared? Is that a decision?

MR. KELCHNER: Yes; that was the decision.

MR. ACHESON: The appropriation is available as of July first.

MR. KELCHNER: For the Conference it is.

H.M.JR: Then why don't we do this, because the President kindly offered to do it. Why don't we avail ourselves of his offer and pay out of the President's fund up to the first of July? You were there when he offered?

MR. ACHESON: Yes.

-4-

H.M.JR: I would suggest that we accept his offer and ask him to pay for that on a similar basis to the other up to the first of July, because he did offer.

MR. ACHESON: Pasvolsky probably cannot go if we have it out of the city.

MR. WHITE: We would be sorry, but we will do it the best we can without him, until he can join us.

H.M.JR: What is the date on this?

MR. WHITE: We have to be ready by the first. We ought to have at least two weeks, probably a day or two besides.

H.M.JR: When would you like to go?

MR. WHITE: The latest date would be the 14th.

H.M.JR: The 14th is a Wednesday.

MR. WHITE: We would like, if possible, to begin on a Monday, which is the 12th.

H.M.JR: Mr. Keichner, would you do this? Would you make some arrangements and then whatever the letter that is necessary, I would be glad to sign it. I don't know whether it goes to the Bureau of the Budget or where it goes, to get this money from the President's fund.

MR. ACHESON: You think this being out of the city is essential?

MR. WHITE: Absolutely, Dean. This is a terrific amount of work. We have talked it over at some length. It is enough precious as it is, so that I think it is vital to the success of the Conference that we clear as much of the differences of opinion, prepare as much as possible before the Conference opens. I think we can do easily twice the work away from Washington that we can here. You can speak for yourselves.

-5-

MR. LUXFORD: I would agree fully. You just can't devote your full time to it.

H.M.JR: I think it's a matter of human--I mean, to these people. I know White, particularly, to get him out of town so he can at least build a little strength up before the thing.

MR. WHITE: This is superimposed on all our Treasury activities.

MR. ACHESON: Why don't we try to find a place? Get it reasonably near, if we can. I would like very much to have Pasvolsky go.

MR. WHITE: I think, if I can be spared from the Treasury, I think possibly Mr. Pasvolsky might be spared.

MR. ACHESON: He has this thing that Secretary Hull is working on with the Senate.

MR. WHITE: You will have three or four other State people there, and Leo has missed most of the meetings that we have had here.

H.M.JR: Look, Harry. There is nothing to be gained, if you don't mind. We will try to do it if it is agreeable to the State Department. I would like to ask them to make arrangements for some place which is comfortable, say for around the 14th. Is that all right with you?

MR. ACHESON: Surely. How many people would you want to count on?

MR. WHITE: I imagine there will be somewhere around fifty.

MR. COLLADO: Including the clerical people? Maybe more than that. Seventy-five or eighty, I should think.

-6-

MR. WHITE: I don't know. Between fifty and seventy-five. Maybe nearer fifty than seventy-five.

MR. KELCHNER: Who will be Secretary, handling the details?

MR. WHITE: That is all informal. We will handle all that. That is at the expert level and we will have secretarial assistance, then we will have to call on you for some, probably, but there will be no formal organization.

H.M.JR: I think you meant as to the arrangements?

MR. KELCHNER: For this particular meeting.

H.M.JR: Mr. Charles Bell could handle that, if that is agreeable.

MR. KELCHNER: All right.

MR. ACHESON: That is all right. There ought to be somebody in charge.

H.M.JR: Mr. Bell would be the logical person. He is my Administrative Assistant and he does sort of extra-curricular things for us like moving twenty-five stars from Hollywood to New York and back safely and sober. I think if he can handle twenty-five stars, that was good training.

MR. BERNSTEIN: Next to stars, economists are the hardest to handle, Mr. Secretary.

H.M.JR: Well, we will put them on an even plane.

Now, is that all right? Some letter--we can either draw it up here--I know the regular one has to go to the Budget--

MR. ACHESON: You will take care of the letter to the Budget?

H.M.JR: I'll be glad to.

-7-

MR. BELL: You would have no objection, Doctor Kelchner, to my going back to Davidson and renew my earlier conversation with him for using Bretton Woods for this purpose?

MR. ACHESON: It would be better for us if we could have it nearer than that. That is the only thing I would like to put in a plea for. That is a good twelve hours or more.

MR. WHITE: I know, but Dean this is just a continuation of the discussions we have been having, going through with them altogether, trying to iron out what little differences there can be at the technical level so that the technicians--the more that they are left alone to work it through, I think the more satisfactory will be the base from which you can start when we get there.

MR. ACHESON: I think you misunderstood what I was saying. If you have this nearer Washington, it would be more convenient.

H.M.JR: It would be nearer for the State Department. I gather that Dean would like to go up there, maybe?

MR. ACHESON: Therefore, if you had it at Hershey it would be better than having it at Bretton Woods, which is quite a long way off.

H.M.JR: He is saying that it would be easier for the State Department people. I think it should be given consideration.

Now, in this letter which goes to the Budget, I will sign first, but I would like Mr. Hull to sign it too, if that is all right.

MR. ACHESON: Very well.

H.M.JR: I will sign it and have the papers prepared and I will send it over to you. We have had no trouble there, where the President said he would do it.

Now, what other thing?

-8-

MR. WHITE: The next thing is, we would like the approval of the advisers to the delegation so we could contact some of them and find out if they want to come.

H.M.JR: Before you do that, did the President do what you asked him to do about yourself? Has that been cleared?

MR. ACHESON: I don't think he did, but I have talked with the Secretary and I think it will be all right with him.

H.M.JR: Fine. That is the best news I have had today.

MR. WHITE: I was going to pass out this list for comment or additions.

H.M.JR: Excuse me. Are the arrangements covered? I said we would do this in two sections.

MR. ACHESON: One thing about arrangements that I would like to speak about, and that is on the press arrangements. Some of the press people have gotten an impression, which they have talked to McDermott about, that this was going to be wide open and they were going to attend all the meetings and everything of that sort. You remember, we discussed this the other day? The idea was to run it the way the meeting in Atlantic City was run. I think it will be very bad for the success of the whole conference if the press get an exaggerated idea of what is going to happen, so that it actually is less than what they have been led to believe, rather than if when they get there, the thing is satisfactory.

H.M.JR: Get three drinks instead of one?

MR. ACHESON: Yes, they will be unhappy if they are cut down below expectations, whereas they were perfectly happy in Atlantic City. What we would like to do, would be to have McDermott take on the job of being Press Officer for the Conference. Now, if you think it is desirable and

-9-

want to have a Press Officer for the American Delegation, that is fine. You have anyone you like, but McDermott has handled these fellows on all these occasions before. He does it very well and if he can take on as Press Officer for the Conference, as distinct from press officer from the American Delegation, I think it will help the thing a great deal.

H.M.JR: Well, could I sleep on that and I will answer you tomorrow? I think it will be all right, but I would just like to turn it over in my mind. I will give you a ring tomorrow. We will most likely see each other. I will try him once more--Senator Barkley--

(Secretary places a call for Senator Barkley)

But your suggestion is the Press Officer for the Conference, and if we want one for the American Delegation--

MR. ACHESON: Yes, all the delegations will be approved by the press. Some of them will want to get off statements and if there is a man for the Conference as a whole, he can keep the thing on the tracks pretty well.

H.M.JR: Now, before we go, that I would like to sleep on, and I will give you answer, if I may.

Now weren't there other things about the fiscal arrangements?

MR. BELL: Doctor Kelchner, would it be your thought that you would be custodian of this fund?

MR. KELCHNER: Which, for the preliminary or the other?

MR. BELL: The preliminary.

MR. KELCHNER: Oh, no, that is not part of the Conference.

-10-

MR. BELL: Couldn't the request be made that the fund be turned over to the State Department as a preliminary fund to this July one program? You are in a better position to issue travel letters at a higher rate than the Treasury would be.

MR. KELCHNER: I took that up with the Department and it was decided that it could not be an integral part of the Conference. Now the Conference funds, of course, will be made available by the State Department and the arrangements will be made. But this is on the level of expert negotiations or conversations, and it has been determined that the Conference fund could not be used for that purpose and therefore--

MR. LUXFORD: That isn't his point. He didn't say to use Conference funds. He meant to run it through the State Department so you could use a different rate.

H.M.JR: He got it. He said no. I don't think it is important. Doctor Kelchner would rather not do it, okay. It's not important.

MR. ACHESON: I don't understand this thing.

H.M.JR: I don't either. I personally should think if you are going to do it later you would want to do it first, that is, uniform accounting and uniform rates.

MR. WHITE: What is the importance of it, Charlie?

H.M.JR: Wait a minute. I am going to ask Doctor Kelchner to reconsider. I mean uniform accounting and uniform rates.

MR. KELCHNER: I will be glad to.

-11-

H.M.JR: When I speak to Mr. Acheson tomorrow, then. But it seems to me you might start out one way and handle the whole business. You reconsider, please.

MR. KELCHNER: All right.

MR. BELL: I would like my own status adjusted so I will know just where I stand. As I understand it, I am to be Secretary of the American Delegation. We have referred to that several times. It is a little hard for me to inform Mr. Morgenthau in this matter without knowing just where I fit into the picture. I think that might just as well be cleared here, if we can.

MR. ACHESON: That is what I understood was the desire of the Treasury Department, that you should be the Secretary of the American Delegation.

MR. BELL: Now--

MR. ACHESON: I think that you understand there is a difference between the Secretariat of the Conference and the Secretariat of the American Delegation.

MR. BELL: That is the distinction I would like to get at.

H.M.JR: I didn't hear that. I am missing something.

MR. BELL: I think Doctor Kelchner could probably explain just where this title fits in.

MR. KELCHNER: The Secretariat, of course, will serve all of the forty-three delegations.

- 12 -

MR. BELL: That is yours?

MR. KELCHNER: Yes. That will be the entire Secretariat of the Conference. Each delegation, however, will have their own organization, and I was under the impression that it was the desire of the Treasury Department that you would be the Secretary of the United States delegation and therefore interested in the arrangements for the delegation, as such.

H.M.JR: That is what I would like.

MR. KELCHNER: That is basis on which we are operating. The fiscal setup and organization of the Service Units for all delegations, and the Conference, as such, would be functions of the secretariat.

MR. BELL: On the other hand, my status would be no different than the Secretary of the British delegation.

MR. KELCHNER: That is right.

MR. BELL: I will come into the picture about the time the Conference starts. That is the point I wanted to make clear. That is as you understand it?

H.M.JR: I will look to you to work with Mr. Kelchner to see that the American delegation gets good accommodations, and so forth and so on, and then I would like one other thing. I would, on the over-all, like Mr. Bell to keep in touch with you so I can be informed how the whole picture is going. I would like him to be in touch so he will know how the over-all - because I am naturally interested. I want the thing a success.

So, in addition to looking after the American delegation, I would like him to be liaison between you and myself to keep me posted and be free to make suggestions, and so forth and so on. Is that all right?

MR. KELCHNER: Yes, indeed. That is what I have already done.

- 13 -

MR. BELL: Very well, sir. I think that covers it.

H.M.JR: All right with you, Dean?

MR. ACHESON: Yes.

H.M.JR: Now, we have got seven minutes to go on Dean's time. I have got until four o'clock. You stand up when you want to go.

MR. ACHESON: As long as I get over there at four--

MR. WHITE: I would like to get your approval on these names. We haven't contacted all of them. Some of them we didn't want to until - now, Dean might have some people they might want to add to this list. (Mr. White distributes list of names, attached)

H.M.JR: Do you mind if I skip this a minute? Unless Dean has more time - do you mind?

I am more interested in talking, for the moment, about another businessman taking Will Clayton's place. Maybe Collado could stay behind and talk this over. Is that agreeable to you?

MR. ACHESON: Yes, surely.

H.M.JR: I don't know whether Dr. Kelchner is interested in this at all.

MR. KELCHNER: Not particularly.

H.M.JR: But I do want to take as much of the time as I have got. What is this man you suggested of the Export Association?

MR. WHITE: Mr. Thomas. He is the head of the Foreign Trade Council. He would go along, wouldn't make much of a contribution, but he has a name and status among the export nations. I don't think - there are bound to

- 14 -

be better suggestions. That just happens to be one that occurred to us as a possibility. He does a good deal of presiding at meetings, so he is known, pretty much, really, in the export trade.

MR. BERNSTEIN: A former president of the U.S. Steel Export Corporation.

H.M.JR: I would like Mr. Acheson's advice.

MR. ACHESON: I doubt whether he would contribute anything. He certainly would contribute nothing whatever to the meeting. He is sort of an old man. He has slipped a good deal in recent years.

H.M.JR: Slept?

MR. ACHESON: Slipped - slept, also; that is possible. I don't think he would contribute anything to the discussion. He wouldn't contribute a great deal in the way of support - some, but not a great deal.

MR. COLLADO: I don't think he carries much weight with anybody any more. He was at this recent conference that Nelson Rockefeller had in New York. He didn't cut a very lively figure there.

MR. WHITE: Maybe Nelson Rockefeller would be one.

H.M.JR: Have you people any suggestions?

MR. ACHESON: No. The only one that I have for a businessman is Eric Johnston, who is not here. He is in Russia. Whether he will be back in time, I don't know. I should think you could count on his going along. He might be helpful.

MR. LUXFORD: How about Kaiser?

MR. COLLADO: He has business deals on with two-thirds of the foreign delegates, if that makes any difference.

- 15 -

H.M.JR: This name I am going to bring up - I am sending it up, I am not recommending it. What would you people think of George Moffett?

MR. ACHESON: I don't think I have ever met him.

MR. LUXFORD: Mr. Secretary, I have met him. We had a good deal of difficulty.

MR. BERNSTEIN: Had a very unfortunate experience with him.

MR. LUXFORD: In connection with TFR-500. He organized a committee to go down to the Hill and blast us to pieces.

H.M.JR: Well! The only experience I had was in this General Aniline where he was very good. Well then, he is out. Anybody help you? Anybody in TFR-500 - anybody good?

MR. LUXFORD: I think we could pick out some names.

MR. BERNSTEIN: Would the Secretary of the National Foreign Trade Council be helpful?

MR. LUXFORD: He wouldn't swing any weight.

MR. COLLADO: He wouldn't swing any weight. He is a nice fellow.

MR. ACHESON: Do you know Crawford, former president of the National Association of Manufacturers?

H.M.JR: No. You know, if we could get a West Coast man who knows something about the Far East - is there anybody?

MR. COLLADO: Eric Johnston is from the Pacific Coast.

H.M.JR: Anybody from San Francisco - Seattle?

- 16 -

MR. COLLADO: I asked Dickey just as I was leaving if he would get up a name or two. He has some contacts with these people, but I wasn't able to get anything from him before three o'clock.

MR. WHITE: There is a man that you frequently referred to for names of business people - important business people. He is the fellow that, among others, recommended Olrich. Some chap you call up in New York.

H.M.JR: No, he went sour on me the other day on the excess profits and the Public Utility, Detroit - the day before that State Court handed down a decision.

MR. LUXFORD: Yes.

H.M.JR: I tell you, we might ask Mr. Brown. He might know somebody on the West Coast. Do you know what he has done? He has just taken off his coat and expects to spend all month here.

MR. ACHESON: From Chicago?

H.M.JR: Yes. He really wants to know this. He is here; we have given him an office. He has taken this thing very seriously and he is going to work with Professor Williams and - who is the fellow from the First National of New York?

MR. WHITE: Leon Fraser.

H.M.JR: He thinks he can bring Leon Fraser around, and so forth.

MR. WHITE: He expressed the view that he thought Leon Fraser had changed and was now favorable.

H.M.JR: You know, Brown is president of the Federal Reserve Advisory Committee of the country.

MR. ACHESON: Would Crane be possible?

- 17 -

H.M.JR: Well, you are talking about business connections!

MR. ACHESON: Vice President of Standard Oil of New Jersey.

H.M.JR: Right.

MR. ACHESON: Export--

MR. LUXFORD: So is Moffett, in that connection. He is tied up with the California--

H.M.JR: No, no, that is his brother. This man is quite a different person.

MR. LUXFORD: I am thinking of the Californian.

MR. BERNSTEIN: Is this the man who was the Federal Housing Administrator?

H.M.JR: No, no. This man is just as different as day and night. I have never heard anybody ever say a thing against that man.

MR. LUXFORD: We almost put their subsidiary in B.A. on the proclaim list.

MR. ACHESON: But he came through at the last minute.

MR. LUXFORD: After we investigated him.

H.M.JR: On the other hand, he backed us up on kicking all the Germans out of General Aniline.

MR. COLLADO: All but three.

H.M.JR: All but three?

MR. COLLADO: They are still there.

H.M.JR: Would you all think about somebody?

- 18 -

MR. ACHESON: Let's put him down.

H.M.JR: George Moffett - I am not backing him, I just raised it.

MR. WHITE: Randolph Burgess mentioned a former vice president of Sears Roebuck. I don't think he was named, however.

H.M.JR: I am not vouching for George Moffett - just as an able businessman who would carry weight. That, I can say he would. But I don't know an awful lot about him. You said you had trouble with him?

MR. LUXFORD: Yes, we investigated it up here, too.

H.M.JR: Not so good.

MR. LUXFORD: Well, we worked it out, finally.

MR. ACHESON: What sort of a man is Edward Harriman, who used to be president of the Chamber of Commerce?

H.M.JR: I always thought very good.

MR. ACHESON: He might do.

H.M.JR: He is New England; ask your people if there isn't somebody on the West Coast.

MR. COLLADO: I have asked John Dickey who does that sort of thing in the Department. He ought to be able to turn up a name or two.

H.M.JR: You wouldn't want William Randolph Hurst, would you?

MR. ACHESON: I would rather have Marion Davis!

H.M.JR: A little bit old, for me. (Laughter) Well, as far as I am concerned, this Advisers List is all right. I have seen it before. I think Harry would like to get a clearance on the thing.

- 19 -

MR. COLLADO: I have only one particular comment on this, and that is, I think the list of advisers has to be made up with some relation to the list of chiefs - at least of the Technical Secretariat - because they basically come from the same group of people. You may not want them all advisers. You may want some of these people on the Secretariat. You almost have to make up the two lists simultaneously.

MR. WHITE: We can take off as many as you want and put them on the other. We have another list for the Secretariat; that is a different list. We have about fifteen persons, of whom twelve or so would be available for Secretariat, in addition to this.

MR. COLLADO: My only point is, you have got to consider the two lists together, that is all.

H.M.JR: I cleared with Mrs. Roosevelt, Miss Mabel Newcomer, of Vassar.

MR. COLLADO: She was on the list of three that we have a hundred letters about.

H.M.JR: Miss Mabel Newcomer; she is very excellent.

MR. COLLADO: She is very pleasant, easy to get along with.

H.M.JR: And would carry the weight in speaking afterwards. So, if it is all right with you, I thought I would ask her.

MR. ACHESON: I think I can say that any woman who is all right with you, is all right with us.

H.M.JR: In other words, you will let me pick them for you?

MR. ACHESON: We will let you pick them!

- 20 -

H.M.JR: It will be a very successful conference.

(The Secretary holds a telephone conversation
with Senator Barkley, as follows:)

June 1, 1944
3:50 p.m.

72✓

Senator
Barkley: my wife who has been quite ill.

HMJr: Yes. How did you leave her?

B: Well, she was a little bit better but awfully sick.
I'm going back down there tonight

HMJr: Oh.

B: for two or three days and I'll be back
Monday.

HMJr: Well, Alben, we wanted to see you sort of off-the-
record and talk to you about the -- the President
asked us to -- about a Senator as a delegate to
this Monetary Conference.

B: When do you have to make the appointment?

HMJr: Well, we ought to make up our minds this week.

B: Well

HMJr: Have you any time between now and when you leave?

B: Oh, I'm leaving at -- as soon as I can get down
to the airport.

HMJr: Oh.

B: I'm flying down to Louisville and then going by
train.

HMJr: Oh.

B: So, I won't have any time.

HMJr: Oh.

B: Could you wait until Monday?

HMJr: We'll have to.

B: Well, I don't want you to wait on me. I didn't

HMJr: No.

B: know anything about it until this morning.
And

HMJr: No, we'll wait. Do you want to set a time for Monday?

B: Well, you'd better wait until I get back. I'm not sure just whether I'll get back in the morning or at noon.

HMJr: Well, if we could clear it up....

B: I'll get in touch with you. Who have you got under consideration?

HMJr: Well, we -- uh -- oh, I think I'd rather wait until I talked to you.

B: Is the meeting here in Washington?

HMJr: No, it's going to be up at Bretton Woods, New Hampshire.

B: Oh, yes.

HMJr: We

B: Well

HMJr: We didn't know whether you'd be interested and we had Senator Wagner.

B: Yeah. Well, I hate to ask you to wait on it but if you want to

HMJr: No, no.

B: If you want to talk to me about it, I don't see any other course.

HMJr: Pardon?

B: When will the meeting take place?

HMJr: It'll take place the first of July.

B: Oh. Well, you could -- two or three days won't make much difference.

HMJr: Oh, no.

B: Well, all right. I'll get in touch with you as soon as I get back.

HMJr: Will you do that?

B: Yeah.

HMJr: Thank you.

B: All right, bye.

- 21 -

H.M.JR: He is going right down to the airport. He said he would get in touch with me the first thing Monday. That was Barkley. We will wait until we can do that and Rayburn the same day. He said wouldn't I please wait until Monday.

MR. WHITE: His wife is extremely ill, I know.

The Budget Bureau, I understand, would like to participate in the Conference. Would they be added as advisers - anyone they select?

MR. ACHESON: Yes, you can do that if you want to.

MR. WHITE: I don't, necessarily; it is just a question.

MR. ACHESON: We might be able to talk them out of it. They have raised the interest of the Budget Bureau in all of these international things. What we have been trying to get them to have in mind is that their interest in these is organizing the American Government to participate when the scheme is worked out, and not in the scheme itself.

H.M.JR: Again, I don't get the significance, but sometime I would like you to explain it to me.

I am going to get you out of here, because I don't want you to say, "I went there and he said I would be back at four." I want you to come again.

MR. ACHESON: All right. Can we meet with Harry some time tomorrow to go over these?

H.M.JR: I don't have to be here?

MR. ACHESON: No. I think we can get it up for you.

MR. WHITE: I thought you would have some time today and you haven't. Why don't we make some preliminary--

- 22 -

MR. ACHESON: All right.

MR. WHITE: Suppose we have a meeting tomorrow morning.

MR. ACHESON: I think I can do it about eleven.

H.M.JR: Do I get some fairly decent quarters up there?

MR. KELCHNER: Yes, sir, I think so. Probably the only one who will.

(Mr. Acheson, Mr. Collado, and Dr. Kelchner leave the conference)

H.M.JR: This is what I want to say to you people. I personally think, feeling the way I do about the State Department, and all that, I think it is just plain common sense to let Mr. Kelchner be responsible. If it isn't a success, if people aren't comfortable, they are going to see Mr. Kelchner of the State Department. He will be the recipient of all the complaints.

Furthermore, on the publicity, my inclination is to let McDermott handle the thing for the general Conference. Mr. Steve Early suggested it, so it is what the White House wants. They want it. If the publicity isn't any good, if the newspapermen aren't happy, they aren't going to kick my shins, they are going to kick the State Department.

Now, on the other side, they did make a great success of it at Atlantic City; they got good publicity. I didn't want to say yes, because I know how you people feel.

Then, for the American delegation, we will have our own people. But the people of the press were in here this morning and already - "Don't tell us, Mr. Morgenthau, we are not going to have a room in the same hotel - we have to be three miles away" - and all the rest of the stuff.

- 23 -

I will simply say, "I am terribly sorry; I would love to see you in the hotel, but you will have to go and see Dr. Kelchner," and so forth. And let them take it out on them. I can be, for once, the white-haired boy. I think it is smart. You people sleep on it.

MR. WHITE: I think it is all right. Under the circumstances, you can have Fred Smith in the same capacity that Charlie Bell is, in charge of the American Delegation, which would make it possible for you to have him do any additional things that he might suggest; whereas, as you say, Kelchner can take the responsibility for the formal--

H.M.JR: Let me just take a minute - I was in charge of Mr. Roosevelt's Campaign Party in 1928 - up-State - and my wife - and we had a dozen newspapermen. There was a young newspaperman by the name of Ernest Lindley. In the middle of the night he comes to my room - he wasn't satisfied with his room. He gets me out of bed to get John Ernest Lindley another room, and if I didn't get him another room, he was going to go back. In those days he was with the New York Tribune and we had to placate the New York Tribune. Somebody else found a bedbug in his bed. I am responsible. I have been all through this thing. And if you didn't have the liquor for them when they were there - we used to have to pour them into the bus every morning. If you didn't practically write their story for the afternoon papers, they would be sore, because they were all so drunk they never could write it. And these newspapermen - I don't know how it is now - it is a drunken orgy for them. They are edgy, they are unpleasant, they are never satisfied. I have been all through this. It is no different from a campaign trip. I mean, you never can satisfy them. Now, if anything goes wrong, Steve Early will say, "Henry, I told you to take McDermott. You wouldn't do it."

MR. WHITE: The point is, with McDermott in charge, he has the responsibility and he will have to make good.

- 24 -

With Fred Smith there to give ideas, and to work through you, you will get what you want, because instead of giving them right to McDermott, he may have to give them to you.

H.M.JR: As I said here, I want this thing. O.K. - "Please, Mr. Kelchner, reconsider."

All right, when it gets to the point, I will assert myself; I have done it before. If I tell them I want something, I want to know how it is going on - how things are being conducted - Mr. Charlie Bell will be my liaison. I am interested in the over-all as a success.

MR. WHITE: I think that is the best way to handle it, because if the alternative is done, Mr. McDermott is put in a subsidiary position, or regards himself as such; then, instead of getting the full benefit, he will try to knife you.

H.M.JR: Don't forget, it is McDermott - the State Department - all the newspaper owners love them - get the distinction. Let them gripe. I think it is smart.

MR. WHITE: Yes, they are very helpful. Leo convinced them he couldn't go, so the whole delegation has to stay in Washington. We couldn't have got it.

H.M.JR: All right. I am there - like this - this takes three-quarters of an hour - I have a parlor out of it, anyway! (Laughter) O.K.

MR. BERNSTEIN: Charlie Bell will now make that two parlors, Mr. Secretary, when he is through.

MR. BELL: I think I can manage this way a whole lot better, Harry, honestly, because I felt the responsibility for getting seventy-five or a hundred newspapermen there and putting them up. And that is his responsibility, if it is anybody's.

Advisers to the U. S. Delegation

Mr. Leo Pasvolksy, Department of State
 Mr. E. O. Collado, Department of State
 Miss Eleanor Dulles, Department of State
 Mr. E. M. Bernstein, Treasury Department
 Mr. Norman T. Ness, Treasury Department
 Mr. August Maffry, Department of Commerce
 Mr. M. S. Szymczak, Board of Governors of the Federal Reserve System
 Mr. E. A. Goldenweiser, Board of Governors of the Federal Reserve System
 Mr. Walter R. Gardner, Board of Governors of the Federal Reserve System
 Mr. Alvin Hanson, Board of Governors of the Federal Reserve System
 Mr. Frank Coe, Foreign Economic Administration
 Mr. James W. Angell, Foreign Economic Administration
 Mr. Walter C. Louchheim, Jr., Securities and Exchange Commission
 Mr. Warren Pierson, Export-Import Bank
 Mr. Hawthorne Arey, Export-Import Bank
 Mr. Malcolm Bryan, Vice President, Federal Reserve Bank of Atlanta
 Mr. Henry Edmiston, Vice President, Federal Reserve Bank of St. Louis
 Representative of Budget Bureau ?

Legal Advisers to the U. S. Delegation

Chief - Mr. A. F. Luxford, Treasury Department
 Mr. Donald Hiss, State Department
 Mr. Ben Cohen, Stabilization Board
 Mr. Oscar Cox, Foreign Economic Administration
 Mr. J. T. Dreibelbis, Board of Governors of the Federal Reserve System

June 1, 1944
4:10 p.m.

EXCHANGE RATE OF GERMAN MARK

Present: Mr. D.W. Bell
Mr. O'Connell
Mr. White
Mr. Luxford
Mr. Aarons
Mr. Schmidt
Mr. Hoffman
Mrs. Klotz

MR. WHITE: We have a long one that follows that but we are holding it back. (Mr. White distributes the attached memorandum)

H.M.JR: Bell, I don't know whether I told you, but I think you handled the debt thing very well. Thank you.

MR. BELL: You mean the debt increase. Thank you. We haven't got it yet, but it is getting closer.

H.M.JR: Well, what is all this about?

MR. WHITE: I will review it briefly.

H.M.JR: I am "agin" it.

MR. WHITE: I am afraid you are.

This is about fixing the rate of exchange for the German mark. And we want to suggest for your serious consideration that in view of the special problems created by the situation in Germany, and the situation that we can expect will exist in Germany within a few weeks, or possibly a few months, after we get there, that we use the present nominal rate, which is forty cents, for the pay of the troops; and then adjust that pay, and any other expenditures, when we will have fixed

- 2 -

a rate - after we are in there several months - at which time we will have the chance of fixing a rate that we can hold - a rate that has some chance of reflecting the actual situation.

There are a number of advantages to that procedure, and there is one disadvantage. We think the advantages considerably outweigh the disadvantages, and I have listed the advantages very briefly here, and the disadvantages.

H.M.JR: Where are the disadvantages?

MR. WHITE: In the bottom sentence.

MR. BELL: Small print!

H.M.JR: (Reading) "The disadvantages of the procedure consist almost wholly of Army bookkeeping." Now listen, you go in on a certain date and the soldier gets paid at the old gold rate of forty cents; then you stay around there for a couple of months. Well, he is there one week and he wants to buy something. Is he going to buy it at the forty-cent rate?

MR. WHITE: He buys it with his marks and he doesn't have many of them.

H.M.JR: Then you are going to suggest what the President suggests? No rate?

MR. WHITE: It was the President's remarks that led me thinking in that direction, but it is a rate. We use the nominal rate. The President had a slightly different idea. He thought you didn't have to have any rate. He thought you could have prices in dollars, which is, of course, impossible. But this procedure was suggested by his remarks. Then I came back, and we have talked this thing over in very great detail.

We think that this solves our difficulty.

- 3 -

Any rate that we set will be bad. If we set a rate now, it will contribute to inflation; we won't be able to hold it. You probably will have very grave doubts whether we will ever get agreement on what the rate is or should be, because there is a great discrepancy.

But even if we could get agreement on it, the chances of holding the rate are small.

H.M.JR: How is the soldier going to like it if he gets paid in forty-cent marks?

MR. WHITE: He is going to be told that the rate is going to be adjusted. We want to give him a reasonable rate and we won't know what it is until after a few months.

H.M.JR: Now, listen, a fellow goes in and gets two and a half marks to the dollar, instead of twenty; the fellow goes in, and the first time he buys something--

MR. LUXFORD: The soldier in Germany under this proposal will not be treated too much differently than the soldier in France, where we set a nominal rate of fifty.

MR. WHITE: Yes, there is a difference..... ..

MR. BELL: I think there is a psychological disadvantage here which you haven't named. This getting forty, two and a half, and it is advertised to the world - I think you will get some repercussions. I don't think you can explain that you are giving them forty and will adjust it later on - forty cents to the mark, and everybody knows it isn't worth it.

MR. WHITE: Therefore, we say they will get the remainder, the back pay, but they will get it in a few months after you establish the rate.

MR. BELL: But I don't think you can explain that sort of thing.

- 4 -

H.M.JR: I don't, either.

MR. WHITE: I think you could explain it to them. You tell a soldier, "That is what you are going to get now, but you will get the difference after we adjust it, in two or three or four months, whenever we find a rate."

MR. BELL: I think it would help it some if you came down - fifteen or twenty cents to the mark - and adjust it later on.

MR. WHITE: Then you are establishing a rate of exchange and accepting the responsibility for establishing that rate of exchange, and when it depreciates, as it unquestionably will, the Allied Governments will be blamed for the depreciation, and you set in motion forces which are very difficult to check. That is the advantage of the forty-cent rate. It is no rate. You say you don't know what the rate is until you have been in there a couple of months. You don't know what is going to happen to prices; you don't know whether there will be any goods for sale, or how the controls will react - whether they will break down or not. It becomes almost an impossible task.

H.M.JR: Mr. White, you can't sell it to me. In the first place, the Army would be crazy if they accepted this as an accounting procedure.

MR. WHITE: That is possible.

H.M.JR: Does anybody in the Army say they are willing to do this?

MR. WHITE: We talked to two of the Army men and they wouldn't make the decision. They enumerated a number of objections. We discussed it and they have said that the objections are not insuperable.

H.M.JR: Who were the Army men?

MR. WHITE: General Sims and Colonel Webber.

- 5 -

H.M.JR: Let's be fully honest with each other, even though you may have to pack twice between here and Bretton Woods!

MR. WHITE: You want me to change my course?

H.M.JR: Haven't you people thought this thing up because you don't think you can win on a five-cent rate?

MR. LUXFORD: No, sir.

MR. WHITE: Well, no; we thought we would have difficulty winning on a five-cent rate, but we also felt that this is better. We think that this is the only way to handle this wisely because any other way will give the Allied Army a lot of trouble and give the Germans a basis to say that we were responsible for the inflation which took place, and for the depreciation. That was one of the dangers of the low rate. We will be blamed from then on for the inflation; we will be blamed for the fact that we may not even be able to hold a five-cent rate. Moreover, you will never get a five-cent rate.

H.M.JR: Take a person living in Germany. I mean, I would like to talk to some of these psychologists working for OSS, or somebody around town that is looking at it from a propaganda standpoint. Then suddenly you drop a forty-cent rate to five cents--

MR. WHITE: You don't establish a rate.

H.M.JR: I know - whatever it is. But you do one thing, and then all this back business. The first time a soldier goes into a store with a forty-cent mark he is going to be sore as hell and cuss out somebody, and that somebody most likely will be me.

MR. LUXFORD: You will recall, at least in France we said we don't want the soldiers buying in stores. There is going to be very little to buy.

- 6 -

MR. WHITE: He will be sore until he hears that he has saved seven-eighths of his pay. He will get four-fifths or seven-eighths of his pay in dollars.

H.M.JR: In the middle of the battle, the first time the fellow wants to buy something, he finds he is stuck.

MR. AARONS: He will be able to buy at the Post Exchange.

H.M.JR: There are no Post Exchanges up at the front.

MR. WHITE: There are stores.

H.MJR: I never saw a Post Exchange at the front. Did you see one at the front?

MR. WHITE: No, but I didn't see any stores, either.

MR. SMITH: If there isn't any Post Exchange, there probably wouldn't be any stores doing business.

MR. WHITE: This is admittedly a very unusual approach. How about trying it out on some of the soldiers?

H.M.JR: What did you bring these other fellows in here for? What are they - decorative?

MR. WHITE: Each one has an argument on his own. They would be glad to express themselves.

H.M.JR: Let's start with Joe.

MR. WHITE: I don't know whether he is a supporter of mine.

H.M.JR: I picked the wrong fellow.

MR. WHITE: Joe is the judge here, not a supporter. He is like Dan.

H.M.JR: What is Joe doing? Where are you?

- 7 -

MR. O'CONNELL: I don't think it will work. I don't believe that you can establish a forty-cent rate. In Harry's point, by establishing a nominal forty-cent rate you aren't doing substantially the same thing that you do if you do what Dan suggested. What is the difference between twenty and forty?

MR. WHITE: You are taking the nominal rate which they take.

MR. BELL: That is par.

MR. LUXFORD: This is purely a problem of troop pay. It has no other transactions involved.

MR. O'CONNELL: Take twenty cents and do the same thing with it, or a nickel.

MR. SMITH: But the point is, one of the big criticisms that is always made is that the American soldier already has a higher scale of pay, and he goes out and buys up everything. If you add, on top of that, a very favorable rate, so he can go out and buy up anything he wants, generally what happens is they bid the prices up and are accused of paying fabulous prices. It isn't that he comes in and is dismayed by the high prices he finds; it is generally the other way around.

MR. BELL: You are not establishing this rate to control the soldiers' spending habits, are you? That is dangerous.

MR. SMITH: That is one of the effects that would be desirable.

MR. BELL: I am more against it than ever. Now, if you are doing it for that purpose, I think that is terribly dangerous.

MR. SMITH: You aren't reducing his pay.

- 8 -

MR. HOFFMAN: You are reducing the amount of marks he will have in there during the occupation period. That has been a major objection of the Army all the way through.

MR. O'CONNELL: As though you gave a man ten percent of his pay instead of all.

MR. WHITE: You will tell him he gets ninety percent later.

MR. LUXFORD: I personally think that the analogy to France is not extraordinary. I don't think that France can hold a fifty rate at all. You are going to have inflationary conditions there. The soldier is going to get a bad deal there. He is not going to get any repayment.

H.M.JR: Now, here is a wonderful chance to work out a commodity dollar, and we talked about a commodity dollar.

MR. WHITE: This is a rubber dollar.

H.M.JR: We almost had one, and had Bill Myers, and Pearson coming down to the Department with George Warren next week. Why not think of a dollar based on commodities?

MR. WHITE: We have thought about it and thrown it in the basket, but we will be glad to reconsider.

H.M.JR: You might have to pick it up again, but at least you could explain that to the soldiers. If you are going to regulate the thing, at least I could explain that to a soldier, but I will be darned if I could explain this. He is simply going to say, "You are cutting my pay. If you just cut my pay, why don't you come out and do it openly?"

MR. LUXFORD: That is what they did when they cut it from seventy-five to fifty in Africa.

- 9 -

H.M.JR: Did they like it?

MR. LUXFORD: It didn't cause any great difficulty.

MR. WHITE: Let's not be pushed on difficult ground here. We are being maneuvered into a bad battling position.

H.M.JR: Why don't you let your fellows, one by one--

MR. LUXFORD: I think the French case is not as bad as it sounds. You are not even going to offer them any rebate there. That fifty rate, as far as being a nominal rate, is the same thing.

H.M.JR: All these people around here said the President made a mistake and they had bad feeling, and the soldiers got gyped, and the prices went up when he changed the rate in North Africa, and all the rest.

MR. WHITE: Because they never got anything back. What we are going to do is give them an adjustment.

H.M.JR: They get it like they did war bonds - a year and a half afterwards. By the time the Army sets up an accounting system, they will put an act through Congress cancelling, in order to balance the budget.

Listen, I am not going to be any part or parcel of a theoretical plan based on Army procedure - that the soldier is going to get something two months later - because it will be two years later. I have seen the Army perform; they can't deliver. My God, these fellows moving - they are all over the place. They are not sitting in the Pentagon building; they come back and they are audited, and everything else. It will be like the Crimean War; they are still settling debts from that.

MR. HOFFMAN: I was going to say that the soldier really wouldn't have anything to compare the rate by as he did in Africa where he knew he was getting cut from this to that. This will be the only rate there is; he wouldn't have a comparison to make.

- 10 -

H.M.JR: Well, listen--

MR. BELL: He would know it isn't worth forty cents.

MR. HOFFMAN: He knows that about all of them.

H.M.JR: Can you see anything good in this?

MR. BELL: I don't like it, but these gentlemen have given it, apparently, an awful lot of attention, and I hate to say it isn't any good, but I don't like it for psychological reasons. I think it will have a bad reaction. I think if they could come down the line some place and establish a rate they might get away with it. I think it will be too long between adjustments. As the Secretary says, it will be two years - and they would care less. The Army says to the men, "You are just some cattle; whether you get your money is a secondary thing in the Army." It has always been that way.

H.M.JR: Will it be two years?

MR. WHITE: It will be more than two months, yes, but they won't miss it. They will have it saved up for them and they will get it.

MR. BELL: Eventually.

H.M.JR: Now, Harry, look, play fair on this thing.

MR. WHITE: We think it is a good idea, but if we can't sell it to you people, obviously we can't sell it to people a lot less sympathetic.

H.M.JR: Let me ask you, Smith - if I tell you they won't settle under two years on an average, are you still for this plan?

MR. SCHMIDT: I would be, yes. It would seem to me--

MR. LUXFORD: You are going to put a rate into effect there.

- 11 -

MR. SCHMIDT: Let me tell you how I would give it to the soldiers. What you say is this: "Boys, we are going in there; we don't know what the economic conditions are like; we haven't had a chance yet, really, to work out a rate that is going to be fair to you, but we know in the meantime you want to have some marks to spend. The present value of the mark is forty cents; we know that is too high. What we are going to do is let you draw whatever you want to draw in marks for spending money. You draw it and we will chalk it up for the time being at forty cents. Whenever we set the new rate we will give you back the difference. In the meantime, you take as much as you want to spend at that rate. You don't need to take all your salary in that."

MR. BELL: They wouldn't take very much.

H.M.JR: Wait a minute. Out of his - fifty-five dollars, isn't it?

MR. SCHMIDT: Yes.

H.M.JR: Most of them don't have twenty dollars left.

MR. WHITE: He wouldn't have much left.

H.M.JR: And you multiply that by two and a half - it is fifty marks; he can't buy a lot of bread for that.

MR. SCHMIDT: He is getting fed by the Army - clothed by the Army; he can buy everything he wants in the PX. This is when he wants to go out and spend it in the German economy.

H.M.JR: I know. You fellows can't argue with me, and you can't get anywhere. I am going to think of the American soldier first and the German people second.

MR. SCHMIDT: We are thinking of it.

- 12 -

H.M.JR: Yes, this is a gyp.

MR. WHITE: On the contrary; he gets seven-eighths of his pay back.

H.M.JR: Two years from now.

MR. WHITE: It wouldn't take more than three months. He knows what he will get at the end of three months, but when he gets it--

H.M.JR: Boys, it has been very nice - I have enjoyed meeting you all, but it is "no soap."

MR. WHITE: We are not going to stop trying. We are going to try a different approach.

MR. BELL: There seems to be an idea that you are going to control the soldiers' spending habits here with this rate, and I think it is terrible.

MR. WHITE: You control his spending habits when you tell him a place is out of bounds.

H.M.JR: How come Pehle and DuBois are left out of this?

MR. WHITE: I am sure we can get them on our side. (Laughter)

H.M.JR: I am going to see them first! No soap. It is a very nice idea - try another one.

MR. WHITE: See if I gather - the principal objections that you have are that you don't think the soldier will like it, and you feel the psychological reaction will be bad. Those are the two points. If we can get some soldiers' reactions which are contrary, we can bring them up?

H.M.JR: You left out the third; I don't like it!

- 13 -

MR. WHITE: Of course, I have much more confidence in your willingness to change your mind when you are convinced.

H.M.JR: Aye, aye. You are not talking to a Chinaman, now. Now listen, think this one over; first my commodity mark, and then, second, putting in a rate at five cents and then saying you are going to change it every month.

MR. WHITE: You couldn't possibly do that.

MR. BELL: That was done in the last war. We had an accounting rate every month during the last war.

H.M.JR: How did it work?

MR. BELL: It worked fine. We fixed the rate every month and they used it all month for accounting purposes.

MR. WHITE: But how about the soldiers?

MR. BELL: The soldier got paid at that rate.

MR. WHITE: In Germany, if every month they announce the rate of the mark as that much less and less and less--

MR. AARONS: The soldiers are really going to get gypped, if you change the rate.

MR. WHITE: If you started at one cent--

MR. BELL: They are not saving marks, they are spending them about as fast as they get them.

H.M.JR: I understand from my son that the average spending money that the soldier has in this country was from three to five dollars. That is about all he had, deductions and one thing and another.

MR. BELL: Allotments home.

- 14 -

MR. WHITE: On behalf of my colleagues, may I sum it up in two minutes?

H.M.JR: Which are your colleagues?

MR. LUXFORD: I am.

MR. SMITH: I am.

MR. HOFFMAN: I am.

MR. WHITE: We have Joe and Dan here in the position of Judges.

MRS. KLOTZ: They have sure judged!

H.M.JR: How much do you want?

MR. WHITE: I am afraid I don't want more than two minutes, but that is all I asked for.

H.M.JR: All right. Do we have a rebuttal?

MR. WHITE: We think that it is very important in going into Germany that the Treasury recommend something that will be successful. We fear that any rate that we set will not be successful in the eyes of Germany, and in the eyes of the Army and the rest of them, for the reason that if we set a rate that is too high, it is bound to depreciate, and depreciation of the rate, once the Army gets in there, is going to contribute very disastrously to further inflation, further breakdown, further disintegration.

If, on the other hand, we set a very low rate, the inflation which is certain to take place on any ground - no matter - will all be blamed against the rate which we have established, and we won't be able to hold a rate unless it is a very low one, and unless we did a lot of things to control the prices, which we are in no position to do during the first two or three months. We have to be in there three months, first.

- 15 -

H.M.JR: Harry, you have told me all this.

MR. BELL: What are you going to do, Harry, with local labor?

MR. WHITE: They pay it in local currency.

H.M.JR: May I make a suggestion? I would like to send a telegram to Hans Kohn.

MR. WHITE: Yes.

H.M.JR: I would like to get his reaction.

MR. WHITE: Fine. That means we get another hearing. We will have him in here, and may I also bring another? We have a very able colleague of his here,

H.M.JR: Yes. You know Hans Kohn.

MR. WHITE: I have read his writings; I have never met him. He will be a good man.

H.M.JR: Nathan I know. Get a couple of those fellows.

MR. WHITE: And we will also try to get some reactions from some of the Army people - see how they react. We told the other Army people we hadn't presented this to you and didn't want them talking about it.

H.M.JR: Some of Donaldson's people.

MR. WHITE: If we can't sell them, there is no use bothering you.

H.M.JR: And don't be single-tracked; think of some alternative.

MR. WHITE: Well, the fact that we thought of this shows we are broad-minded, because we are reversing ourselves.

- 16 -

MR. O'CONNELL: What about other countries, Harry?

MR. WHITE: They don't present quite the same problem.

MR. HOFFMAN: It would affect Austria.

MR. O'CONNELL: Such as Greece and the other Occupied Countries?

MR. WHITE: Greece is the same problem.

MR. BELL: Would all countries use this?

MR. WHITE: Yes, assuming we could convince them.

MR. BELL: You haven't discussed it?

MR. WHITE: No, no; we thought we would try it out here before we went further.

All right, I think we have made progress.

H.M.JR: Pleasant afternoon.

Rate of Exchange for the German Mark.

The occupation of Germany presents special problems which do not lend themselves to the customary procedure of establishing a rate of exchange and makes its postponement until after occupation desirable. The present nominal mark rate would be used for pay of troops with an adjustment at the time a rate is fixed which will reflect the realities of the economic and financial conditions then prevailing in Germany. This procedure has the following advantages:

1. It avoids committing us in any way to a rate which is certain to be wrong if established now.
2. It avoids having us bear the onus for inflation which will be attributed to the rate of exchange.
3. It would avoid excessive soldier expenditures in Germany and the problems resulting therefrom.
4. The soldier will fare better than if he were paid in marks at a rate which did not reflect the real value of the mark.
5. The procedure will provide a better opportunity for bringing the powerful inflationary forces under control at a later date when the establishment of the rate will be accompanied by a comprehensive anti-inflationary program.

The disadvantages of the procedure consist almost wholly of Army bookkeeping. We feel that these difficulties are greatly out-weighted by the advantages of this program. Our preliminary discussions with the Army substantiate this view.

Fred Smith.

June 1, 1944

Secretary Morgenthau.

Please prepare two letters for me today: one to Chester LaRoche, the outgoing president of the Advertising Council, thanking him for what he has done, and one to Thomas, the new president of the Advertising Council, telling him we are looking forward to cooperating with him in the future as we have in the past. Please have both of these letters in the hands of Mrs. Klotz by two o'clock. *For -*

June 1, 1944

Dear Chet:

I want to congratulate you on the fine job you did while Chairman of the Advertising Council. The Council has been most effective in its work for the Treasury. I think your own interest in Treasury affairs has probably had much to do with the fine service the Council has given us.

In my estimation, you have made a real contribution to the War in giving us this valuable help.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Chester J. La Roche
Blue Network
Thirty Rockefeller Plaza
New York, New York

FE:ven

June 1, 1944

Dear Harold:

I want you to know that we are looking forward to cooperating with you in your new War Advertising Council job. I think we are very fortunate to have you at the head of it, not only because you will be able to give it excellent guidance, but because I know of your interest in Treasury affairs.

Our job, as you know, is not getting easier. It is getting more and more difficult. We will need increasing help, and I am happy that you will be there to give us a hand.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Harold Thomas
Advertising Council
Sixty East 42nd Street
New York, New York

PS:vem

June 1, 1944

Dear Mr. Harrison:

I want to thank you for the editorial which you sent to me.

I am looking forward to my visit to Texarkana. I believe this will be the most effective launching of a War Bond Drive that we have ever had.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Hubert M. Harrison
East Texas Chamber of Commerce
Longview, Texas

FS:vem

PRESIDENT
JOE E. BUTLER
CORPUSANA

VICE-PRESIDENTS
J. LEE GREER
DENISON
L. M. MOFFITT
SHREVEPORT
LLOYD CALHOUN
TYLER

C. A. CHAMBERS
MEXIA
E. C. DURHAM
LUFKIN
F. W. WOODSON
CONROE

PAST PRESIDENTS
R. M. KELLY
LONGVIEW
DR. N. D. BUIE
MARLIN
GUS F. TAYLOR
TYLER
E. L. KURTH
LUFKIN
CHAS. F. ASHCROFT
SULPHUR SPRINGS
A. G. FAT MAYSE
PARIS
T. E. ACKER
JACKSONVILLE
E. L. SMITH
DALLAS
PAUL T. SANDERSON
TRINITY
F. D. PERKINS
MCKINNEY
JOHN D. ROGERS
NAVASOTA
J. N. EDENS
CORPUSANA
J. A. MCGILL
PARIS
P. B. DOTY
BEAUMONT

DIRECTORS
E. B. ALFORD
HENDERSON
T. E. BAKER
WAGGONDOCHES
M. T. BALL
PORT ARTHUR
GUS S. BLANKINSHIP
JACKSONVILLE
T. O. CHEATHAM
WAXAHACHIE
NEST COCHRAN
LIVINGSTON
THOS. E. CRAIG
MCKINNEY
L. N. CRIM
KILGORE
C. M. DAVIS
WOODVILLE
GERALD FAHEY
NAVASOTA
LAMAR FLEMING, JR.
HOUSTON
WEBER FOUTS
SULPHUR SPRINGS
H. B. FOX
WADSWORTHVILLE
E. B. GERMANY
DALLAS
DR. J. P. GIBBS
HUNTSVILLE
BRIDGES W. HARRIS
CENTER
DEWITT HICKS
WACO
FRANK C. HICKS
PALESTINE
NOEL HOLLINGSWORTH
TEAGUE
J. C. JUDGE
MINEOLA
A. D. KERR
MARSHALL
W. J. MACINTYRE
SHREVEPORT
R. S. MANLEY
ORANGE
O. P. MARSHALL
COMMERCE
WARD MOORING
BRYAN
CLAUDE W. PATTERSON
TAYLOR
J. M. PENLAND
DALLAS
BRADFORD PICKETT
LIBERTY
J. E. REESE
WAGGONDOCHES
R. EUGENE RISSER
SOKHAM
D. SORSBY
HEMPSTEAD
JOHN R. SUMAN
HOUSTON
T. J. TAYLOR, JR.
JEFFERSON
E. LEE TUCKER
TEXARKANA
C. L. WALKER, JR.
TEMPLE

EAST TEXAS CHAMBER OF COMMERCE

GENERAL OFFICES

LONGVIEW, TEXAS

May 27, 1944.

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

Dear Mr. Secretary:

All of us in this area are looking forward to your visit to Texarkana, which is in the territory served by our East Texas Chamber of Commerce. I expect to be present with many others from our section of the State to welcome you when you come to Texas on June 12.

In connection with the Fifth War Loan Drive, may I call your attention to the enclosed editorial which I have written for the June issue of our monthly magazine, EAST TEXAS.

Very truly yours,

Hubert M. Harrison/MST

STRICT CHAIRMEN
ENOS L. ASHCROFT, JR.
SULPHUR SPRINGS
W. D. IRVIN
SAINSBURY
RAYMOND ROBBINS
ATHENS
RAYMOND L. DILLARD
MEXIA
DR. J. J. McGRATH
JASPER
F. W. WOODSON
CONROE

SEASURER
C. A. LOFTIS
LONGVIEW

OFF
HUBERT M. HARRISON
VICE PRESIDENT AND
GENERAL MANAGER
CURTIS MORRIS
ASSISTANT MANAGER
TAXATION
ELMORE R. TORN
IN ARMED FORCES
WM. A. WILSON
ORGANIZATION SERVICE
AGRICULTURE
CHAS. W. NOLEN
PUBLIC RELATIONS
MILDRED S. THOMPSON
OFFICE

War Loan Opportunity

When the Secretary of the Treasury opens the fifth war loan "drive" at Texarkana, June 12, East Texans and all Americans will have another chance to show their loyalty to the country and to the men who are fighting on battle fronts throughout the world, by lending some of their surplus funds to their own government. It should be called the war loan opportunity instead of drive.

It seems strange that it would be necessary to write and speak and plead with Americans to invest their money in war bonds. Self interest if not patriotism demands that we buy war bonds. Old-fashioned thrift and providing for a rainy day which is sure to come, planning for postwar buying of the things we will want and need, providing an education fund for that boy and girl, all argue in favor of buying war bonds. There are so many obvious reasons for buying them that it seems that everybody would want to buy them of their own accord.

Yet a recent survey shows that war bond purchases through salary deductions are declining. Entirely too many war bonds bought by wage earners are being cashed as soon as possible. Some are being sold at a discount to investors before the legal period for cashing has elapsed.

Men and women in industry who are making more wages than ever before in their lives should have enough foresight and thrift to lay away some of this easy money even if they do not feel a patriotic duty to help save the country that provides all the wonderful opportunities for working men and women. It is a tragic commentary on American loyalty and patriotism and common sense that Americans generally have not yet made any real sacrifice to buy these bonds of our government.

In spite of discouraging actions of the government against business like the seizure of Montgomery Ward; in spite of a growing encroachment of regimentation of business by government; in spite of strikes in war industries and in spite of many a threat in this country to free enterprise; American business, industry and banking have done a remarkable job of buying war bonds.

Business men know that if these war bonds are no good then their title to oil wells and ranches and farms and mills and their homes will not be any good either. It is the same government that is behind the title to their property that is behind these bonds.

We also submit, for the record and for the pondering of radicals who would change our form of government, that it is only those who make a profit under our American system of free enterprise who are able to buy bonds. American business is doing a magnificent job in winning the war and it would have been impossible under state socialism.

For your own self interest and for the country's safety—Buy War Bonds.



June 1, 1944

Dear Mr. Humphrey:

Thank you for sending me the special edition of the Texarkana Gazette. It is a very fine job, in my estimation. You deserve a great deal of credit for being able to put out so comprehensive an edition in the face of manpower shortages we are all having these days.

I am told that you are being very helpful to our people down there, and I appreciate it greatly.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Henry Humphrey
Secretary-Treasurer
Texarkana Newspapers, Incorporated
Texarkana, Texas

PS:vem

HENRY HUMPHREY
Editor and General Manager
Sage and News

SECRETARY-TREASURER
TEXARKANA NEWSPAPERS, INC.
TEXARKANA, U. S. A.

Texarkana Gazette

TEXARKANA DAILY NEWS

MORNING EVENING SUNDAY

Associated Press and United Press Leased Wires

RADIO STATION KCMC



CLYDE E. PALMER
PRESIDENT AND PUBLISHER
WALTER E. HUBBMAN
VICE-PRESIDENT
HENRY HUMPHREY
SECRETARY-TREASURER

TEXARKANA NEWSPAPERS, INC.
KCMC, INC.

Two Good Newspapers in a Good Territory

312-317 PINE STREET
TEXARKANA, U. S. A.

May 28, 1944

To our fellow Americans:

This edition of the Gazette is dedicated to Civilian D-Day in Texarkana. D-Day on the fighting fronts belongs to all Americans. Texarkana's home front D-Day also belongs to the nation.

We are no different than you, your community, your spirit, your hopes and aspirations for our country at this critical hour. Our sons and fathers and brothers and friends are off to war. We mourn when war's tragedy comes into one of our homes. Fifty six gold stars already shine with glory in Texarkana. There are gold stars in your city or town, too. We are at work in the war plants. We load bombs and shells with deadly explosives. We raise life-sustaining food. We go to church to pray for our men and our beloved America.

We in Texarkana feel the people at home desperately need a D-Day, a day of action when all the forces we have been mustering for the torrent of blood, sweat and tears of invasion move forward against the enemy.

Secretary of the Treasury Henry Morgenthau, Jr., who will be with us June 12 when every man, woman and child in Texarkana will share in Civilian D-Day, has pointed out that invasion is not the end of war but the beginning of the most violent phase, the outcome of which will depend on our willingness to stay on the job, to lend our money and to work for victory in every possible way.

We selected June 12 because it marks the launching of the Fifth War Loan. It gives all of us the opportunity to lift ourselves to new heights of practical patriotism as individuals. Texarkana will be ready on the war bond front and on the production line June 12.

The story you read in these pages is a story which may be retold in your own newspaper, on your own radio station and in your public halls. Every individual and every community must take stock of himself, herself and itself. General Dwight D. Eisenhower has said that public opinion wins war.

Only a limited number of copies of this edition has been sent throughout America. Ours is the duty to every man who is embattled at this moment to convert a tiny spark ignited in Texarkana into a giant D-Day torch lighting up the whole country.

There should be a Civilian D-Day in every community. Send you this edition with that hope.

Wm V Brown
Mayor, City of Texarkana, Texas

W H Hinshaw
Mayor, City of Texarkana, Arkansas

James R. Bryant
Chairman,
Bowie County War Bond Committee

Willard B. Simmons
Chairman,
Miller County War Bond Committee

Lawhite
President,
Texarkana Chamber of Commerce

Kenny Humphrey
Editor and General Manager
Texarkana Gazette

June 1, 1944

Dear Mr. Wiegel:

I understand that I am going to have a very tight schedule in Texarkana. However, if I can find a few free moments when I am not taking part in the celebration, or rehearsing, I shall be glad to stop in and see your bank.

Thank you very much for the kind offer of your facilities.

Sincerely,

(Signed) H. Morgenthau, Jr.

.....

Mr. H. T. Wiegel, President
The Texarkana National Bank
Texarkana, Texas

FS:vem

THE TEXARKANA NATIONAL BANK

CAPITAL \$500,000.00

TEXARKANA, TEX.

May 29, 1944

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

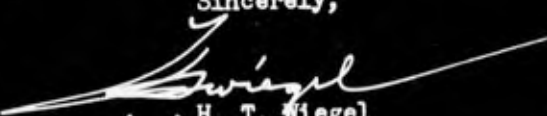
Dear Mr. Morgenthau:

During your visit to Texarkana in connection with the opening of the Fifth War Loan Drive, I realize that you will be extremely busy and no doubt practically every minute of your stay here has already been scheduled. It would please us greatly and we would consider it a distinct honor if you could find it convenient to visit our bank some time during that day.

All of our facilities are at your command, and if there is any service we can render, please do not hesitate to call upon us.

Anticipating the pleasure of seeing you here, and with every good wish, I am

Sincerely,



H. T. Wiegel
President

HTW:h

June 1, 1944

My dear Rabbi Jacobs:

I want you to know that I appreciate your letter of May 29. I hope I will have the opportunity to meet you while I am in Texarkana.

I regret very much that I will not be able to address your congregation, however, for I am expecting to arrive late Sunday and will leave Tuesday morning. Since I have neither Sunday nor Monday free, it will be impossible for me to take advantage of your kind invitation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Rabbi Pizer W. Jacobs
321 Hazel Street
Texarkana, Texas

FS:vem

RABBI PIZER W. JACOBS
321 HAZEL STREET
TEXARKANA, TEXAS

May 29, 1944.

Honorable Henry Morgenthau Jr.

Dear Secretary of the Treasury.

You may be surprised to hear from me, but I have known your dear Father many years - when four years ago he and your precious mother visited St. Petersburg, Florida. I succeeded in having your distinguished father occupy my pulpit one Friday eve. from then, Rabbi of the Reform Temple there. The Temple was packed. Your dear mother and sister were both there and it was an occasion long to be remembered. I understood you are to initiate the Fifth War Loan drive in Texarkana. Our city is signally honored by your presence, and I do hope to have the rare pleasure of meeting you while you are here. I trust you can arrange a few moments. In fact, if it were possible I would have been honored, if you could spend

coming in my pulpit. It would con-
fer a great privilege and prestige
to my congregation and be an inspira-
tion to all. Looking forward
to a line from you and seeing
you while here and wishing you
the fullest measure of success in
your glorious and patriotic work.

Faithfully and Sincerely,
Rabbi Pige to Jacob.

Our Temple is called Mt Sinai.
It is not a large congregation, but a loyal
one.

OFFICE
SECRETARY OF TREASURY

1944 JUN 1 PM 8 20

OFFICE
SECRETARY OF TREASURY

1944 JUN 1 AM 8 10



STATE OF OKLAHOMA
OFFICE OF THE GOVERNOR

STATE CAPITOL

June 1, 1944

ROST B. KERR
GOVERNOR

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

Dear Mr. Morgenthau:

I have your letter of the 26th
and certainly appreciate your indication that
you might be able to come to Oklahoma City in
connection with one of our future war loan
drives. We will keep this in mind and look
forward to such an occasion with great pleasure.

With best wishes, I am

Sincerely,

A handwritten signature in cursive script, appearing to read "Rost B. Kerr".

RSK:do

25

June 1, 1944.

Dear Jefty:

It was very good of you to write as you did under date of May 24, sending the clipping which speaks of my forthcoming visit to the Coast, and telling me of the arrangements that have been made for me to appear there. I am looking forward to meeting those who have been working on the campaign in your part of the country, and hope that the effect of the coming rallies will be all that you prophesy.

Thank you also for your word of personal confidence and good will.

Sincerely,

(Signed) Henry

Honorable J. F. T. O'Connor,
United States District Judge,
Southern District of California,
Los Angeles, California.

GEF/dbs

Morgenthau Will 14 Speak Here June 14

Secretary of the Treasury Henry Morgenthau Jr. will make 3 public appearances in Los Angeles on June 14, two days after the opening of the Fifth War Loan Drive, in the interest of furthering bond sales.

The two public events in which the Secretary will participate, according to an announcement yesterday by Robert H. Moulton, chairman of the Treasury War Finance Committee for Southern California, are a noon luncheon at the Biltmore Bowl and a meeting of Fifth War Loan volunteers at the Hollywood Bowl in the evening.

MORGENTHAU HERE JUNE 14

Secretary of Treasury Will
Aid Fifth War Loan Drive

Henry Morgenthau Jr., Secretary of the Treasury, will be in Los Angeles on June 14 to make two addresses in the interest of the Fifth War Loan Drive, Robert H. Moulton, chairman of the Treasury War Finance Committee for Southern California, announced yesterday.

The Los Angeles Chamber of Commerce will sponsor a luncheon in the Secretary's honor at the Biltmore Bowl at noon of that day, when he will make the principal address.

Hollywood Bowl will be the scene of his second public address. Thousands of Fifth War Loan volunteers will gather there in the evening to hear him. The program being arranged by the Treasury War Finance Committee, with Hollywood Victory Committee cooperating in furnishing outstanding talent for the affair.

Morgenthau's address will be broadcast over a national hook-up. Short wave messages from military and naval leaders in the battle zones will be heard, along with music by a famous service band and acts by motion picture stars.

United States District Court
Southern District of California
Los Angeles

Chambers of
J. F. T. O'Connor
United States District Judge

MAY 24th, 1944

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

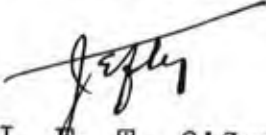
Dear Henry:-

I was very happy to read in the morning papers the announcements that you are to visit Los Angeles on June 14th. I talked with some members of the committee and elaborate arrangements have been made for your entertainment. With the tremendous salaries paid here it should be the most fertile field in the United States to secure bond subscriptions. While we have done fairly well, I do not believe we have done all we could do here. Your appearance and address will give us additional incentive.

You have made a remarkable record in raising money for the war activities - no man in the history of the world has raised as much money - no Secretary of the Treasury has ever equaled your record. You have my warmest congratulations. I think I told you I have sent every check received in salary in my position back to the Treasury for war bonds, and shall continue to do so.

...With kindest regards, ' ' ' ' .

Sincerely yours,


J. F. T. O'Connor

WHY WE HAVE A VOLUNTEER WAR FINANCE PROGRAM



This is the third in a series of five pamphlets
for War Finance volunteers explaining the whys
and wherefors of our War Finance program.

By Henry Morgenthau, Jr.
Secretary of the Treasury

- 2 -

Time and again the Treasury has been asked:
"Why stick to a voluntary program when the war financ-
ing problem is so difficult? Why not pass a compulsory
savings scheme? We draft men, why not dollars?"

Certainly there is plenty of precedent for compulsion on this front, for there is compulsion on nearly every other front during a war like this one. Moreover, the arguments for compulsory lending have considerable appeal at first glance, so it is not surprising that some people have concluded that a compulsory plan should be adopted.

We have given the matter considerable thought in the Treasury and when we explain our conclusions, I think you will agree that we have been right in our course.

Compulsory lending is, of course, very similar to a tax. In fact, it is a special kind of tax, with the feature of being returnable after the war.

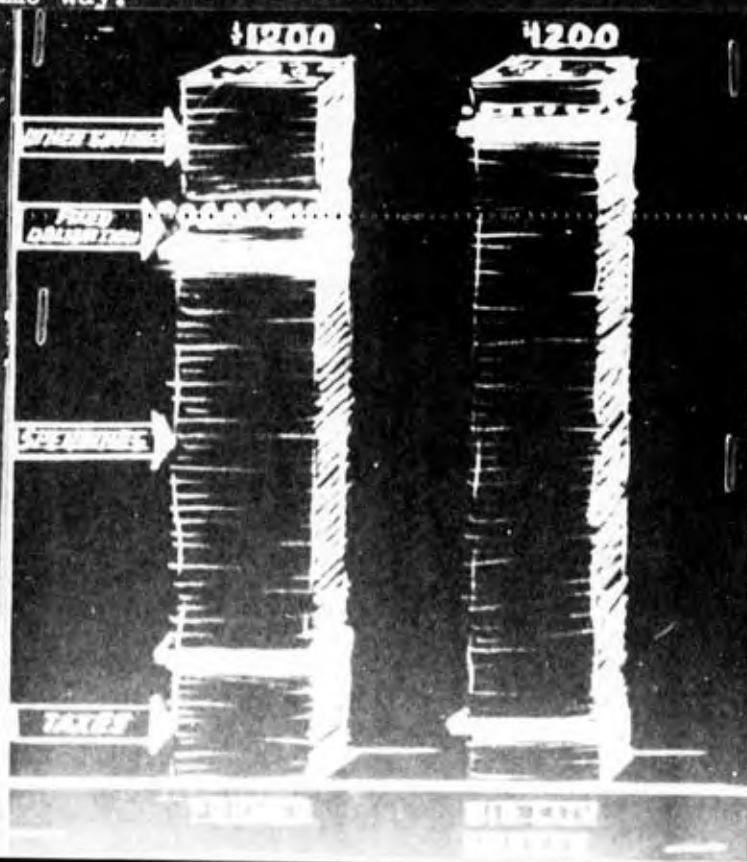
This has disadvantages in the fact that the money has to be found by the taxpayer when the tax collector comes around, just as though it were an actual non-returnable tax. Also, it has to be found by the Government when the time comes to pay people back. There might be an advantage, however, in the fact that the people would permit a greater increase in tax burden today if some of the taxes were rebatable than if all were paid "for keeps".

We have felt that taxes "for keeps" should be increased as much as possible because wartime incomes make this the best time to pay for the war once and for all, and borrowing or rebatable taxes merely postpones some of the financial costs to a later date. Surely, rebatable taxes, or compulsory lending, should not be added to the tax structure until the practical limit has been reached on taxes levied "for keeps". Neither taxes alone nor taxes plus compulsory lending, however, can be raised to such an extent that borrowing can be eliminated -- we certainly could not find a method of taxation which would finance the \$56 billion dollar deficit for 1944 without bankrupting the people and crippling industry. Any substantial effort in this direction would place a crushing burden on those people who have not received increases in income as a result of the war or who have unusually heavy obligations. It has been estimated that,

in order to get as much money for the Government on a compulsory savings scheme as we are now getting voluntarily, the Government would have to take 40% of the average man's pay. This, obviously would be impossible, and it is inconceivable that Congress would pass a law requiring it to be done.

A voluntary lending program gets around these difficulties because it is designed to "take up the slack". A voluntary program offers flexibility which it is difficult to achieve with straight taxes or compulsory lending.

Consider the differences between the person earning say \$1,200 on a farm or in a small town, and the man with this income in a big city. On the farm or in the small town this amount of income may be sufficient to cover living expenses reasonably well and leave a margin for War Bonds. In the big city, however, living expenses are higher and the margin for War Bonds may be wiped out. It would not make sense to switch from a voluntary War Bond program to a rebatable tax which hit both of these people the same way.



- 4 -

Or take the difference between two people making the same income now but who have different obligations to meet. Let's consider a war worker making \$40 a week who used to make \$20, and compare him with a white collar worker who has been making \$40 all along. The white collar worker will most likely have much heavier obligations than the war worker. His insurance may be twice as high and his mortgage payments will probably be much higher. He is probably signed up for heavier contributions of one kind or another too. The war worker probably hasn't increased his insurance very much and he may still live in his old house with fairly low mortgage payments. The chances are that the man whose income has recently doubled has some extra money as compared with the man whose income has been the same all along. This may not necessarily be true, however, since the war worker may have had to move to a new and expensive town to get his war job. It is almost impossible to work out a tax or compulsory lending program which would draw off just the right amount of extra money from each of these two men, but the voluntary program lets each man work it out for himself, and results show that he does it pretty well too. For example, we find that people in war industries buy far more Bonds than those in non-war industries, where wages have not increased.

CHART ON PAYROLL
PARTICIPATION BY
INDUSTRIES

WHY NOT BORROW EVERYTHING FROM BANKS?

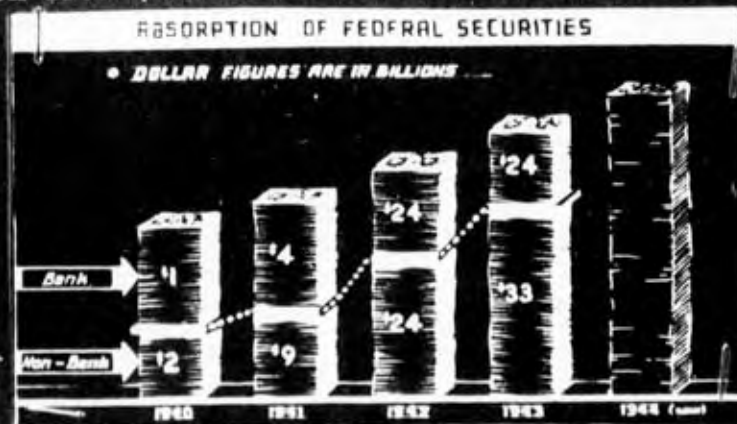
The other day a businessman raised the question of why we go to so much work to sell securities in war loans when the banks would provide us with the funds without all this trouble. He said that when his business needed money he went to the bank rather than canvassing his neighborhood to borrow anything from \$25 up; and he didn't see why the Treasury didn't do the same thing. This is a good question and we answered it this way.

We have, of course, borrowed money from banks in the past - as much as we had to in order to meet the Government deficit. But there are reasons why this is not the best way to finance the whole war. I will give you those reasons - but first let us look at the record.

WAR BOND PURCHASES BY BANKS

In the four years and two months ending with February 1944 the commercial banking system (commercial banks and Federal Reserve banks) absorbed \$58 billions of Government securities. Nonbank investors absorbed \$80 billions.

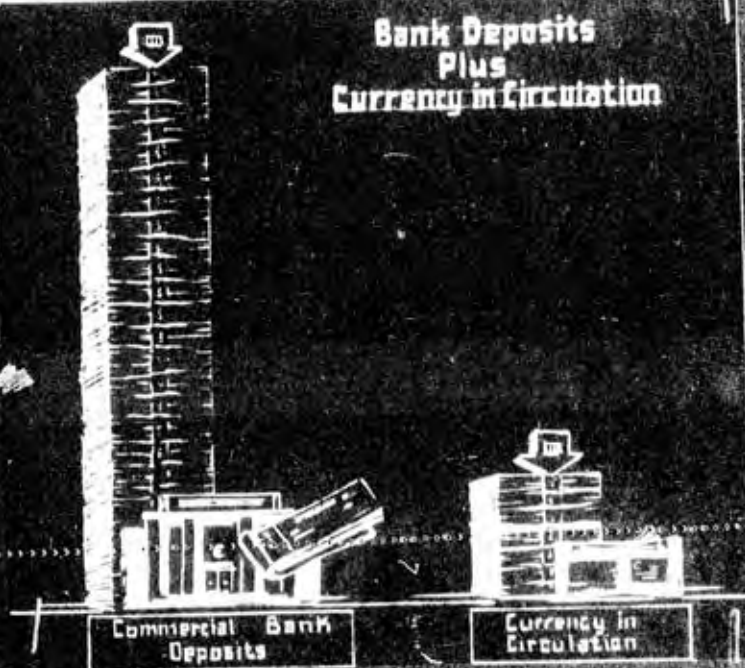
The year-by-year record shows that bank absorption reached a peak of 50 percent in 1942, the first really big year of war borrowing. That year the debt increased \$48 billions and the banks supplied half of the total. In 1943 the debt increased \$57 billions, but the bank portion was held down to \$24 billions, the same as the year before. Nonbank investors thus increased their participation from \$24 billions to \$33 billions.



WHY NON-BANK BORROWING IS BEST.

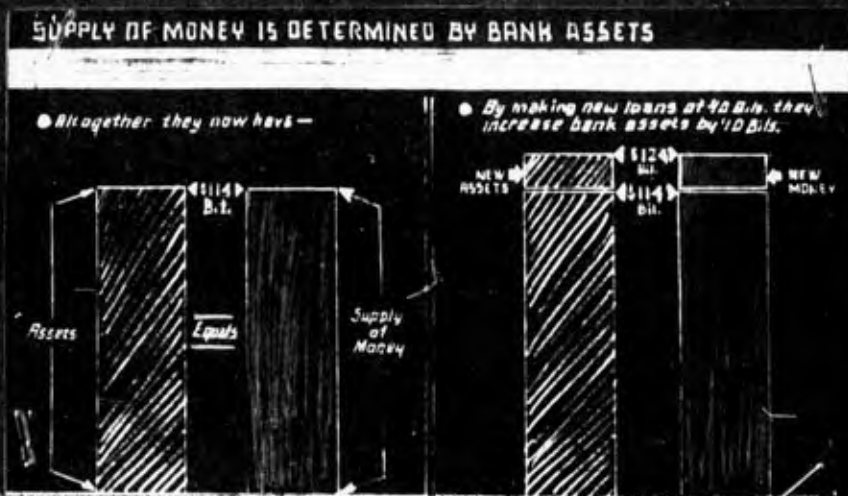
There are two kinds of money in use today. One is the kind we carry around in our pockets -- folding money -- and the other consists of commercial bank deposits. The total amount of money in use in March was about \$114 billions -- of which \$19 billions was currency and \$95 billions was commercial bank deposits.

SUPPLY OF MONEY



This total supply of money goes up and down depending on the amount of assets in the commercial banking system. If assets go up \$5 the supply of money goes up \$5. Part of the \$5 may be folding money and part of it may be bank deposit money.

It is a very simple matter for the banking system to create new assets and in this way to create more money. All that has to be done is to make a loan to somebody. The IOU -- whether a promissory note or a security of some sort -- is a new asset in the banking system and a new deposit results. The new deposit is at first owned by the man who made out the IOU, but he soon spends the money and somebody else will hold it. The deposit may be shifted from one bank to another or it may be turned into folding money, but somebody will continue to own this new money until the IOU is paid off.



When the Government borrows from a bank the same thing happens. New Government bonds increase the assets of the banking system and new Government deposits represent the new money. When the Government spends the money the deposits shift to somebody else or may be changed into folding money.

Sometimes somebody pays off an old IOU at the same time that the Government sells a new security to the banks and this time no new money is created. The banks merely substitute one asset for another, but usually new money is created when the Government sells bonds to the banks.

- 9 -

The total supply of money has gone up from \$52 billions in 1940 to \$114 billions in March 1944. Folding money has increased from \$6 billions to \$19 billions and commercial bank deposits have increased from \$46 billions to \$95 billions. It is natural that the supply of money should go up in wartime because production is higher and more money is needed to keep things going. Wages and salaries are double what they were before the war and businessmen have to handle more money to pay out the higher amounts. Many of the workers are also keeping more money than they used to because of the uncertainties these days. A man may be drafted or he may have to move from one town to another to get a war job, and he likes to feel that he has enough money on hand for any emergency.

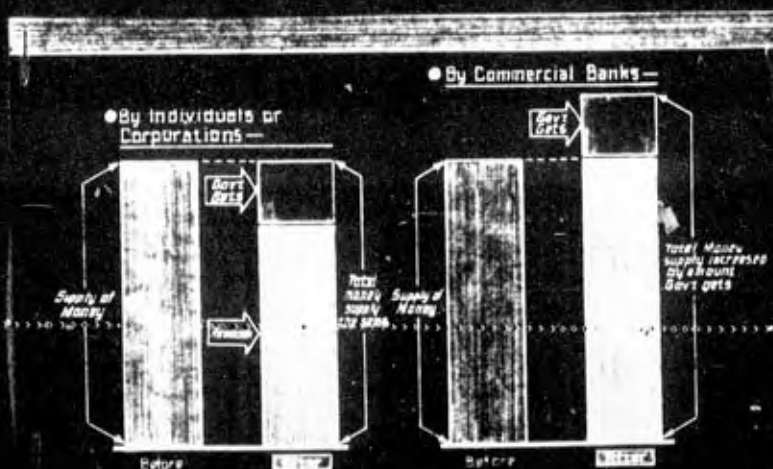
But it is risky to let the supply of money increase too fast. When there is lots of money around people sometimes feel like getting in a spending mood, and with wartime shortages, spending must be held down in order to keep the cost of living down, or in other words, to avoid inflation. It is safer for all of us if instead of accumulating more and more money we buy more War Bonds, because the temptation to go on a spending spree will be reduced.

The man who buys War Bonds is dedicating his savings to the war effort; but the man who accumulates folding money or bank deposits is putting his dollars "on the fence". Maybe he'll keep them saved and maybe he won't. If a good opportunity comes along to spend the money he is more likely to do it if the dollars are handy in currency or in a bank account than if they're in War Bonds. Of course he could also cash War Bonds if the spending mood hit him but the decision to withdraw money already committed to the war effort is probably much harder to make than just to take money out of the bank or spend some of the extra folding money in his wallet.

- 10 -

After our talk with the businessman, we worked up the chart below to show the difference between the purchase of War Bonds by individuals and corporations as compared with commercial banks. The amount of the total money in existence before the transaction is shown in the first bar in each case. When individuals and corporations buy War Bonds some of this existing money is transferred to the Government and there is no increase in the total supply of money. When commercial banks buy Government bonds new money is usually created for the purchase and the total supply of money goes up by the amount of the purchase.

Here is What Happens to the Supply of Money (Currency and Bank Deposits) When Securities are Bought:



The War Bond organization is justifiably proud of its record in increasing the amount of borrowing from nonbank investors. Perhaps the record is not quite perfect but no one knows what "par" for bank sales should have been. The largest part of the bank absorption was undoubtedly necessary in order to permit individuals and corporations to build up currency and commercial bank deposits in line with the increase in production and wages and salaries. Some part, however, represents idle money which may perhaps exert inflationary pressure if a spending spree should break out. Every effort should be made to get this money shifted into War Bonds.

JUN 1 1944

My dear Mr. Chairman:

Reference is made to the Committee's revised report on Ownership and Operation of Nonmilitary Government Automobiles, which was forwarded with your letter of May 30th.

In its revised form, the report is no longer objectionable to the Treasury, and I am pleased to approve its submission to the Congress.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Harry F. Byrd,
Chairman, Joint Committee on
Reduction of Nonessential
Federal Expenditures,
Congress of the United States,
Washington, D. C.

CRS/m
5/31/44

WALTER P. GORDON, SENATOR FROM GEORGIA
 ROBERT L. TARRANT, REPRESENTATIVE FROM ARIZONA

SENATE

HOUSE OF REPRESENTATIVES

WALTER P. GORDON, SENATOR FROM GEORGIA
 ROBERT L. TARRANT, REPRESENTATIVE FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA

ALLEN T. TARRANT, REPRESENTATIVE FROM MASSACHUSETTS
 JOHN C. STANLEY, SENATOR FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA

JOHN C. STANLEY, SENATOR FROM ARIZONA
 JOHN C. STANLEY, SENATOR FROM ARIZONA

JOHN C. STANLEY, SENATOR FROM ARIZONA

Congress of the United States

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL
 FEDERAL EXPENDITURES

CREATED PURSUANT TO SEC. 22 OF THE REVENUE ACT OF 1911

May 30, 1944 r

Honorable Henry Morgenthau, Jr.

The Secretary of the Treasury

My dear Mr. Secretary:

I am enclosing a copy of the Committee's revised report on Ownership and Operation of Nonmilitary Government Automobiles. I would appreciate your comments, suggestions and approval.

I hope it can be presented to Congress early next week.

With kindest regards.

Cordially yours,

Harry F. R.

*original ret'd
to Mr. Blough
6/1/44*

June 1, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

(For your consideration; approval requested)

1. Mr. Walter Heller of my staff has been invited to discuss the report of your Committee on Intergovernmental Fiscal Relations at the conference of the American Planning and Civic Association in St. Louis, June 15. Mr. Heller has spoken on this subject at other meetings, with favorable results. *✓* I do not think there is any likelihood of unfavorable publicity or interference with the War Bond program. Mr. Shaeffer, Mr. Sullivan, and Mr. Bell have agreed, subject of course to your approval.

*OK.
1/m 2*

2. The National Association of Tax Administrators meets in St. Paul June 19-21. In line with our efforts to improve fiscal relations with State governments, I think it desirable that I attend this meeting for at least a day or two. Mr. Sullivan and Mr. Bell agree.

*OK.
1/m 7*

RB

Treasury Department
Division of Tax Research

131

Date.....6/1/44.....194

To: Miss Chauncey

From: Mr. Blough

To reach Secretary
Morgenthau before his
lunch with Mr. Baruch.

RB

June 1, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: References to tax policies in Baruch-Hancock report "War and Post-War Adjustment Policies, February 15, 1944."

(For your information; no action required)

Attached is a memorandum excerpting the references to tax policies in the Baruch-Hancock report on "War and Post-War Adjustment Policies, February 15, 1944." The words "tax" and "debt" are underlined for convenient reference.

The following positions significant for fiscal policy were taken in the report:

1. A post-war tax law should be drafted now during the war and put on the shelf to go into effect at the end of the war. This law would contain the reductions in tax rates "to normal peacetime levels."
2. The national debt should be reduced after the war and "in fact it ought to be possible to begin the orderly retirement of that debt before the war itself... ends."
3. Lower tax rates will yield greater tax receipts than would high rates.
4. Nothing will do more to make for monopoly or to deter the creation of new enterprise than excessively high taxes.
5. Proceeds from the sale of war surpluses should be used to reduce the national debt.

It is very doubtful that the Treasury Department would have supported these conclusions if it had been consulted -- which it was not.

RB

References to Tax Policies in Baruch-Hancock
Report on "War and Post-war Adjustment Policies,
February 15, 1944"

Excerpt from Part I. Letter of Transmittal.

Page 2.

- "9. Prepare now for future action reducing taxes from war to peacetime levels, thereby providing necessary incentive for initiative and enterprise and stimulating employment."

Excerpts from Part II. Report on War and Post-war Adjustment Policies.

Page 13.

"Considerable quantities of raw materials, equipment, semifinished parts and inventories will come into the possession of the Government as a result of the termination of contracts. Prompt, effective, orderly handling of these and other Government surpluses in excess of war needs will have a most important effect on quickening war production, combatting inflation, speeding the resumption of civilian employment as that becomes possible, and reducing the national debt, with a consequent lowering of post-war taxes. The months to come, while the war is still on, are the most precious months for disposal. Market conditions will never be better. Effective action now could reduce enormously the likely surpluses that will be left for after the war."

Pages 26 and 27.

"Loans Not Enough.

Let us not provide credit to the returning soldier or small businessman which will only chain him like a galley slave to a loan he can never repay. We must also make it possible for a man to repay what he borrows.

- 2 -

At current tax rates, few new enterprises or individuals could repay their borrowings out of earnings less taxes in any reasonable period of time. There will be general agreement that tax rates should be reduced after the war. However, until it is definitely known that post-war taxes are to be reduced, the launching of new enterprises and the expansion of existing ones will be deferred. We recommend, therefore:

That a post-war tax law be drafted now, during the war, and put on the shelf to go into effect at the end of the war.

This recommendation should lead no one to think we believe present tax rates too high for wartime -- if anything, they are too low -- or that we believe there should be an upward revision of our standards of fair wartime profits. All through the years before the outbreak of war we urged that measures be enacted to 'take the profit out of war.' We have never swerved from that position.

Reduce the Debt.

This post-war tax bill should aim at reduction in the national debt. In fact, it ought to be possible to begin the orderly retirement of that debt before the war itself ends. After the war, if the proper policies can be followed, tax rates can be reduced and the debt still cut. Lower rates, which stimulate a high volume of business and a high national income, will yield greater total tax receipts than would high rates, which depress business volume, employment, and income.

Prevent Monopoly.

Nothing will do more to make for monopoly or to deter the creation of new enterprise than excessively high taxes.

To repeat, our principal reason for wanting a lowered national debt is to return to a position of strong national defense for future emergencies."

- 3 -

Excerpt from Part III. Summary Index of Recommendations.Page 38.

"I. So that the loans made available can be repaid and to encourage new enterprises, a post-war tax law be drafted now, during the war, and put on a shelf for use at the end of the war.

1. This tax law to make known in advance the reductions in tax rates from the present wartime levels to normal peacetime levels.

2. That this tax law provide for reduction of the national debt -- the importance of reducing the debt being 'to return to a strong position of national defense.'

3. That this recommendation not be interpreted as meaning that present tax rates are too high for war -- if anything they are too low -- or that there should be an upward revision of our standards of fair wartime profits. 'We have never swerved from the position that the profit be taken out of war.'

Excerpt from Part IV. Addendum. 2. Surplus property.Page 64."Lower Debt.

All of the war surpluses will have been paid for by the American public either through war taxes or the increase in the national debt. Therefore, the proceeds of all sales should go to reduce that debt, lowering the post-war carrying charges which will have to be met through taxation. Certainly no agency should be permitted to sell surpluses and use the proceeds for other purposes.

The fact that surplus sales will lower the debt dramatizes an important point which some business groups are inclined to forget. The net result of an effective disposal program will aid all business; which is an important consideration to be balanced against the possible short-term effects of individual sales."

Treasury Department, Division of Tax Research

June 1, 1944

The following is an excerpt from Walter Winchell's regular broadcast last Sunday night:

"Mr. Churchill's praise of General Franco is not going to stop the Spanish guerilla armies now fighting the Germans inside Spain. Although the underground was deeply shocked at the Prime Minister's amazing buttering of the Spanish dictator, they will continue to dynamite trains carrying coal, wolfram, iron, copper and other materiel to the German army. In his speech, Mr. Churchill approved communism in Russia, communism in Yugoslavia, monarchy in Greece, democracy in Italy and fascism in Spain. It will be mighty embarrassing for the British Prime Minister if tomorrow's shipment of oranges to England from Spain contains some more of those time-bombs.

"Prime Minister Winston Churchill is a mighty statesman - but, ladies and gentlemen, mighty statesmen forget it is easier to change a map than a fact. The British Prime Minister insults American intelligence when he states that Franco 'let us alone.' Franco's blue divisions fought with Hitler and killed soldiers of an ally. For that very same reason England declared war on Finland. If Finland, why not Franco? What has happened to make the English statesman think that Russian blood has become so cheap?

"What is neutral about Franco steel being dug out of the wounds of American, Canadian and British boys? What is neutral about refueled Nazi submarines in Spain? What is neutral about a Nazi torpedo and a drowning American sailor? Mr. Churchill, who never under-estimated the viciousness of Hitler, has completely overestimated the even temper of Americans. Mr. Churchill must choose between their proven friendship and the contemptibles of puppet Europe. The clear and shocking implication of Mr. Churchill's speech is that blood, sweat, toil and tears have reached the diplomatic bargain basement!"

June 1, 1944

FEDERAL RESERVE BANK
OF NEW YORK

June 1, 1944.

CONFIDENTIAL

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

I am enclosing our compilation for the week ended May 24, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ L. W. Knoke

L. W. Knoke,
Vice President.

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

Enclosures

C O P Y

Regraded, Unclassified

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

May 26, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended May 17, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

6 MB

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

Week Ended

24, 1944

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)										BANK OF FRANCE		
	DEBITS				CREDITS								
	Total Debits	Gov't Expenses (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Transfers from Official Australian Account	Other Credits (c)	Net Incr. (+) or Decr. (-) in Funds (d)		Total Debits (e)	Total Credits (e)	Net. Incr. (+) or Decr. (-) in Funds (d)
First year of war (a)	1,793.2	608.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(r)	1,095.3(r)	+ 299.0
Second year of war (b)	2,282.9	1,491.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.4	+ 220.1
Third year of war (c)	2,203.0	1,700.2	2.4	807.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	88.9	8.8	- 30.1
Fourth year of war (d)	1,835.6	904.8	7.7	223.1	1,361.3	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (e)	764.0	388.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
1943													
January	49.4	16.8	30.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-
February	38.2	18.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-
March	65.9	87.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-
April	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-
1944													
January	44.8	22.2	10.6	12.0	127.5	-	-	1.0	126.5	+ 62.7	-	-	-
February	143.8	14.3	2.1	127.4	144.5	-	-	29.0	115.5	+ 0.7	-	-	-
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.6	-	-	-
April	134.8	14.9	-	119.9	122.2	-	-	27.5	94.7	- 12.6	-	-	-
May													
June													
July													
August													
Week Ending													
May 3, 1944	59.2	4.0	-	55.2	43.7	-	-	17.5	26.2	- 15.5	-	-	-
May 10, 1944	19.7	10.7	-	9.0	25.2	-	-	-	25.2	+ 5.5	-	-	-
May 17, 1944	12.9	2.1	1.0	8.9	18.2	-	-	5.0	13.2	+ 6.2	-	-	-
May 24, 1944	26.5	5.2	7.1	11.2	68.1(k)	-	-	15.0	53.1(k)	+ 41.6	-	-	-

France (since outbreak of war)

France (through June 19, 1944) 19.5 million

England (through June 19, 1944) 327.5 million

England (through June 20, 1944 to March 12, 1941) 554.9 million

England (since March 12, 1941) 21.2 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 4.5 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$46.0 million in connection with the expenses of our armed forces abroad.

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

Week Ended May 24, 1944

Strictly
Confidential

PERIOD	BANK OF CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)							
	D E B I T S			C R E D I T S					D E B I T S			C R E D I T S				
	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds (e)	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds (e)	
First year of war (a)	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4 + 181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9	
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0 + 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5	
Second year of war (b)	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5 + 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 9.0	
Third year of war (c)	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0 + 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0	
Fourth year of war (d)	723.6	-	723.6	958.8	47.1	170.4	-	741.3 + 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4	
1943																
September	47.2	-	47.2	70.1	-	10.6	-	59.5 + 22.9	16.8	15.0	1.8	20.0	-	20.0	+ 3.2	
October	32.1	-	32.1	71.3	-	-	-	71.3 + 39.2	42.8	40.5	2.3	26.5	-	26.5	- 16.3	
November	15.4	0.1	15.3	95.1	-	5.9	-	89.2 + 79.7	6.6	3.5	3.1	18.2	-	18.2	+ 11.6	
December	146.8	0.3	146.5	52.1	-	-	-	55.1 - 91.7	39.7	36.5	3.2	27.0	-	27.0	- 12.7	
1944																
January	32.3	-	32.3	78.5	-	10.6	-	67.9 + 46.2	6.0	1.0	5.0	11.3	-	11.3	+ 5.3	
February	25.4	-	25.4	118.5	23.1	2.1	-	93.3 + 93.1	31.3	29.0	2.3	28.6	-	28.6	- 2.7	
March	30.3	0.5	29.8	88.6	15.0	12.5	-	61.1 + 58.3	27.6	24.5	3.1	29.9	-	29.9	+ 2.3	
April	183.6	-	183.6	96.7	-	-	-	96.7 - 86.9	29.5	27.5	2.0	39.4	-	39.4	+ 9.9	
May																
June																
July																
August																
Week Ended																
May 3, 1944	8.4	-	8.4	24.0	-	-	-	24.0 + 15.6	20.0	17.5	2.5	0.1	-	0.1	- 19.9	
May 10, 1944	64.9	-	64.9	25.8	-	-	-	25.8 - 39.1	-	-	-	5.1	-	5.1	+ 5.1	
May 17, 1944	43.7	-	43.7	23.5	-	1.0	-	22.5 - 20.2	8.5	5.0	3.5	15.4	-	15.4	+ 6.9	
May 24, 1944	36.0 (f)	-	36.0 (f)	14.6 (f)	-	7.1	-	7.5 (f) - 21.4	15.1	15.0	0.1	15.1 (h)	-	15.1 (h)	(i)	

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war (through May 24, 1944)	17.3 million.

- (a) For monthly breakdown see tabulations prior to April 23, 1941.
 (b) For monthly breakdown see tabulations prior to October 8, 1941.
 (c) For monthly breakdown see tabulations prior to October 14, 1942.
 (d) For monthly breakdown see tabulations prior to September 29, 1943.
 (e) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (f) Does not reflect transactions in short term U. S. securities.
 (g) Includes \$ 3.4 million deposited by War Supplies, Ltd.
 and \$ 3.8 million received from New York account of Canadian Chartered Bank.
 (h) Includes \$ 15.0 million in connection with the expenses of our armed forces abroad.
 (i) Less than \$50,000.
 (k) Includes \$27.0 million paid to the Treasurer of the U.S. presumably for Lend-Lease.

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

June 1, 1944

142

6 p.m.

SECRET

AMREP,

ALGIERS.
1725

The following forming WRB cable no. 16 is for Ackermann.

JDC: The following message from Schwartz in Lisbon received by

QUOTE British at Algiers now announce June 7 as date departure refugees from Spain to Camp Fedhala. Announcement definite date will remove demoralization among those chosen who have become skeptical of project, it is hoped. Expect 770 to depart from Cadiz. Pushing with French of permission for additional groups is important since none thus far promised, and otherwise admission new people to Spain, particularly Sephardics, will be procured, if at all, with great difficulty UNQUOTE.

Your comments on foregoing will be appreciated.

HULL
(GLW)

WRB:MGV:KG
6/1/44

S/CR

WE

SE

No. 16169

Rio de Janeiro, June 1, 1944

SUBJECT: Refugees in Brazil

CONFIDENTIAL

The Honorable
Secretary of State
Washington, D. C.

Sir:

I have the honor to refer to the Department's confidential telegram No. 1215 of April 14, 1944 (8 p.m.) and to previous correspondence concerning the President's executive order establishing the War Refugee Board and declaring the policy of the United States Government on this question.

Since the Embassy's despatch No. 14890 of March 11, 1944, was sent, the Embassy has constantly requested the Secretary General and other high officials of the Foreign Office to give their best attention to this matter in view of its importance and urgency. Up to the present time the Brazilian Government has taken no definite action in this matter other than the passage of a resolution already referred to in the Embassy's despatch above mentioned concerning the admission into Brazil of 500 Jewish refugee children now in France.

The Embassy has now been informed by Ambassador Castelo Branco Clark, Chairman of the Immigration Council, that the subject matter of the Department's telegram under reference, after being given careful study by the Foreign Office, has been taken up with President Vargas in a formal memorandum, with the recommendation that favorable action be taken to the extent which may be found possible in line with the general immigration policy of Brazil. The Secretary General of the Foreign Office, Ambassador Velloso, has advised the Embassy that the President is in fact giving careful study to this question, but that there is no indication, up to the present time, that favorable action may be taken.

The Embassy

-2-

The Embassy will continue its efforts in this matter and will report to the Department any further developments which may occur.

Respectfully yours,
For the Ambassador:

John F. Simmons
Counselor of Embassy

File No. 848
JFS:mp

CABLE TO AMBASSADOR WINANT, LONDON, ENGLAND

Repeated inquiries are made of War Refugee Board concerning eligibility for exchange of Jews in German-controlled territory holding Palestine certificates. Please inquire from proper Foreign office officials whether such persons declared eligible by Britain and Germany, whether any such exchanges have actually taken place, and if response is affirmative, the procedure followed in placing such persons on exchange lists.

June 1, 1944
2:30 p.m.

BAkzin:jp 5/31/44

JTA DAILY NEW BULLETIN

Published by the Jewish Telegraphic Agency
106 East 41st Street, New York 17, N. Y.

HUNGARIAN PAPERS COMPLAIN OF WIDESPREAD SYMPATHY FOR JEWS; OFFICIALS WARNED

ZURICH, May 31. (JTA) -- Budapest newspapers reaching here today carry articles complaining of the widespread sympathy for Jews displayed by the Christian population of Hungary. The articles assert that even among Hungarian officials a certain amount of sympathy can be noticed in their dealings with local Jews.

"Never have the Jews in Eastegrom enjoyed such exceptional treatment as since the promulgation of the Jewish laws," the Fueggetlenseg, official organ of the pro-Nazi Hungarian government writes. "Jews there are treated with special politeness by some of the local authorities who disregard the anti-Jewish laws and grant them various advantages, especially to Jews in the labor service."

At the same time, the paper reveals that the Hungarian authorities are unable to cope with the flood of applications for confiscated Jewish enterprises. The paper appeals to the applicants "to be patient and not to suffer from the psychosis that favoritism is practiced in assigning Jewish firms to new owners."

The German radio reports today that all Jews have been banned from the Budapest stock exchange. Seventy-eight Jewish brokers had to resign their seats on the exchange as of today. The remainder must resign between today and June 30.

Following the example of Hungary, the Bulgarian Government today launched an intensified anti-Jewish campaign over the Sofia radio coupled with a plea for friendship for the German soldiers in Bulgaria. "The Bulgarian people ought to be proud that the Jews in our country have been rendered harmless," the Sofia broadcast said after voicing the usual anti-Jewish "arguments" advanced by the Nazis.

JEWISH LEADERS IN FINLAND INTERVENE FOR MISTREATED RUSSIAN-JEWISH WAR PRISONERS

STOCKHOLM, May 31. (JTA) -- Jews in Finland have succeeded in securing from the Finnish military authorities the segregation in a separate camp of about 200 Jewish war prisoners taken on the Russian front, it was reported here today by Jewish refugees arriving from Helsinki.

The measure became necessary in view of the mistreatment of Russian-Jewish war prisoners by German soldiers in Finland. The Jews will now be guarded by Finnish soldiers only.

The refugees highly praised the leaders of the Jewish community in Helsinki for the aid received from the Jewish congregation there. No Jewish refugees will be left in Finland after the arrival this week of the last group of Jews from Germany and other countries in occupied Europe who had been given shelter in Finland for many months. Among those who arrived today are Dr. Ehrlich, an internationally known chemist from Germany and Dr. Szekely, well-known Hungarian-born psychologist, and Adolf Fleischer, prominent Vienna musician.

6/1/44

JEWISH AGENCY HITS HEBREW LIBERATION COMMITTEE: CALLS IT "POLITICAL CHARLATANISM"

JERUSALEM, May 31. (JTA) -- The Jewish Agency for Palestine and the Jewish National Council of Palestine - the two leading bodies of Palestine Jewry - today issued warnings to all "serious minded people" not to be misled by the newly-formed "Hebrew Committee for National Liberation" which claims to represent the Jews of Palestine and Europe.

Branding the formation of this Committee as "an unscrupulous piece of political charlatanism," the Jewish Agency said that people "should not let themselves be misled and confused by freak bodies assuming high-sounding titles." The Jewish National Council used similar expressions in denouncing the Washington group. Vigorous attacks on the Hebrew Committee for National Liberation are published in all Palestine Hebrew newspapers.

The text of the warning issued by the Jewish Agency was cabled today to the Zionist Organization of America for publication in the American press. The Jewish National Council of Palestine cabled its statement to Rabbi Stephen S. Wise to be published in the United States by the American Jewish Conference. The Jewish Agency said:

"The appearance in the United States of a body styling itself Hebrew Committee for National Liberation must be branded as an unscrupulous piece of political charlatanism. Its contention that the Yishuv is not free to speak through its elected political representatives is preposterous. The overwhelming majority of the Yishuv is democratically organized and represented by the constitutionally established organs, Assefath Haniivcharim (Palestine Jewish Assembly) and the Vaad Leumi (the Jewish National Council of Palestine). They have full freedom to voice the Yishuv's feelings and political aspirations, and have done so in outspoken terms and in opposition to the present official government policy.

"The rights and the interests of the Jewish nation as a whole with regard to Palestine are represented by the Jewish Agency incorporating the World Zionist Organization. This warning must be addressed to all seriously minded people not to let themselves be misled and confused by freak bodies assuming high-sounding titles, and enunciating policies for which none but their representative authors are responsible."

Histadruth Urges Fight Against Liberation Committee

NEW YORK, May 31, (JTA) -- The American Jewish Trade Union Committee for Palestine today made public the text of a cable received from the Histadruth, the Jewish Federation of Labor in Palestine, assailing the "Hebrew Committee for National Liberation" which was established last week by a group of young Jews in Washington.

"It is imperative that you clearly understand that this group has absolutely no authority to represent the political interests of Jewish people or the Palestine Yishuv," the cable reads. "This political representation is vested in the Jewish Agency and the Vaad Leumi. Usurpation of this authority means undermining which is particularly dangerous at the present period. This group must not be allowed to continue to deceive public opinion and it is necessary that you open the eyes of those following it in good faith, but who are ignorant of facts."

J.T.A. NEWS

6/1/44

ROOSEVELT'S STATEMENT ON "FREE PORTS" PLEASES CONGRESSIONAL LEADERS IN WASHINGTON

WASHINGTON, May 31. (JTA) — Congressional leaders advocating the establishment of "free ports" in the United States as temporary havens of refuge for Jews from Nazi Europe today interpreted President Roosevelt's statement yesterday on the subject as notice to the world that the United States would do its part in setting up temporary places of residence for refugees and would expect other countries to do likewise.

President Roosevelt told his press conference that he was working on the subject of "free ports," but added that he did not like that name. He did not wish to limit the idea to areas in the United States, he said, emphasizing that there were many places in the world where refugees might find temporary shelter.

The President's rejection of the term "free ports" was seen as an attempt to eliminate a possible source of misunderstanding and subsequent controversy. It is feared that the word "free" would sound to the uninformed as though all checks were to be abandoned. Suggested to replace the discarded term were such names as "safety port" or "refugee port."

Senator Guy Gillette (Iowa Dem.) who Monday introduced a bill urging that Jews and other victims of Nazi hatred be admitted for temporary detention and care, told the Jewish Telegraphic Agency that he was pleased "that the President has expressed himself as being in full accord with the purpose of the resolution." He said that he would ask the Senate Foreign Relations Committee to consider his resolution at the earliest possible moment. Introduction of a similar resolution in the House is expected later this week.

NEW GROUP OF REFUGEES FROM SPAIN AND PORTUGAL ARRIVE HERE EN ROUTE TO CANADA

Philadelphia, May 31. (JTA) — Seventy-four Jewish refugees who arrived here yesterday from Spain and Portugal aboard the Portuguese steamer Serpa Pinto, are expected to leave for Canada today in a sealed train, as soon as immigration and custom officials have completed their inquiries. Among the arrivals are fifteen children.

The refugees were met at the dock by representatives of the Canadian Jewish Congress, the United Jewish Refugee and War Relief Agencies of Canada and the Hebrew Immigrant Aid Society. The Congress and the Canadian National Committee for Refugees were instrumental in securing the Canadian Government's permission for the refugees to immigrate there.

Most of the refugees had reached Spain and Portugal by fleeing across the Pyrenees from France, where they were interned. They are the second group destined for Canada to arrive here in recent months. In March some 276 arrived. Most of them have already found employment.

CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, PALESTINE

The War Refugee Board requests that you deliver the following message to Messers Myerson, David Remez, 115 Allenby Street, Tel Aviv, Palestine:

QUOTE JDC principle accepted Shwarz Jewagencys latest proposal rescue work Rumania. Shind informs 1712 refugees motorships May but nothing concerning his special Histadrut needs connection Chalutz Lochem. Sure you presenting Shwarz special Histadrut rescue work account colonization and retraining activities as base for new special allocation or large scale loan cable details negotiation enabling me continue this end. Cable also if small boats still needed if positive describe details. David Sterns suggestion combine boats lumber Brazil last too long.

ISRAEL MEREMINSKI UNQUOTE

11:05 a.m.
June 1, 1944

BAksin:ar 6/30/44

CABLE TO LISBON

From War Refugee Board to Norweb

Please deliver the following message to Isaac Weisman,
c/o American Legation, Lisbon, from Mr. Mendes-France of the
French Committee of National Liberation:

"I thank you for your message. The question is
now being considered both in Algiers and in Washington,
in order to procure you the help you are asking for."

THIS IS WRB LISBON CABLE NO. 33

June 1, 1944
11:15 a.m.

FH:lab 5/31/44

CABLE TO LISBON

From J. W. Pehle, War Refugee Board, to Herweb for Mann
c/o Dexter.

When you get to Algiers will you and Ackermann please
see Mendes-France or Guindey of Commissariat de Finance concerning
cable no. 1446 from Lisbon dated May 13, 1944, containing message
from Weissman to Mendes-France which was delivered in Washington.

THIS IS WRB CABLE TO LISBON NO. 35

June 1, 1944
4:05 p.m.

FH:lab 6/1/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Legation, Lisbon
 TO: The Secretary of State, Washington
 DATE: June 1, 1944
 NUMBER: 1671

SECRET

Considerable thought has been given by us to the matters which number 1479 dated May 25 (WRB 31) from the Department contained and we have been compelled to conclude that representations to the Government of Portugal along the lines indicated would be impolitic and perhaps prejudicial to the favorable attitude which exists here at present with respect to the refugees' reception. As a result of having made fairly strong representations following the invasion of Hungary seeking to persuade the Government of Portugal not to recognize the puppet regime in Budapest, we found ourselves in an awkward position of which the WRB may not have been aware. The British vigorously duplicated these representations.

It would seem to us that we would be estopped from now approaching the Portuguese with a request to deal with that same puppet regime on our behalf, in the light of the foregoing. As a practical matter and even aside from this consideration it is doubtful that the Germans would at this time allow any increase in personnel in Hungary of the Government of Portugal.

Either indirectly or directly there exists at the present time no effective channel of communication here through Hungarian officials. Only as a private individual is the former Hungarian Minister who has resigned, here. Pro-German and unreliable Hungarian officials staff the Legation at present.

During a conversation between Dexter and Jofao, he (Jafao) said that he will make an attempt to get in touch with Bekkhan who is in Bern at the present time.

At present and under the circumstances, Dexter is making no reply to Pehle's reference message.

NORWEB

DCR:MPL 6/30/44

SECRET BY COURIER

Jun 1, 1944

A-167

11:35 am

SENT BY SECRET AIRGRAM

AMEMBASSY,

SAN SALVADOR (EL SALVADOR).

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE
AMBASSADOR.

Reference is made to your A-186 of May 3. Salvadoran action in approaching the Spanish Minister is appreciated. Please advise whether you have yet received Salvadoran approval of our exchange negotiations with Germany in which bearers of documents issued in the name of Salvador would be eligible. The assurances contained in previous communications in connection with such exchange negotiations are hereby again called to your attention.

HULL
CHW

WRB:MMV:KG
5/31/44

CCA

PARAPHRASE OF TELEGRAM RECEIVED

From: American Embassy, Madrid
 To: Secretary of State, Washington
 Dated: June 1, 1944
 Number: 1943

SECRET

In response to the request made of the Spanish Foreign Office in compliance with the Department's telegram of May 20, 1944 No. 1431, it is stated by the Spanish Foreign Office that the reports received from its Budapest "representative" concerning measures taken by the Germans against the Jews in Hungary have applied mainly so far to Czech, Polish and German Jews who have been and are being placed in concentration camps. For instance, the Sephardic Jews, with whom the Spanish representative is particularly concerned, are not confined in this manner and in carrying out his instruction to make arrangements for their eventual passage through Spain, he has not been unduly hindered. Measures of mass extermination have not been reported to him to date and it was added by the Foreign Office that the situation, which was without doubt dire, could be described best by stating that rumors had happily far outstripped the actualities thus far and it was his hope that the Germans would be sufficiently preoccupied in organizing Hungary for waging war to prevent them from taking steps similar to those taken in Poland by them.

He was urged by me, after a lengthy representation of our interest in this important humanitarian matter and the undesirability of merely hoping that events would not take a frightful course, that instructions be dispatched to Budapest requesting that the representative and his staff be as active as possible since the presence of the representative and his staff might have a deterring effect on the Germans. This was agreed to by the Foreign Office and it recalled at the same time that representation to Berlin with a view to obtaining exodus for Rabbis were being made by it on behalf of the United States and England. Please see Department's telegram of May 26, 1944 No. 1515.

It will be noted by you that the Foreign Office went out of its way throughout the interview to refer to its envoy in Hungary as a "representative" and not as a Minister. No purpose would be served by suggesting that further Spanish official personnel be sent to the Spanish mission in Hungary

-2-

as such action would be against the policy of the Spanish Government as stated to me by the Foreign Minister, namely, to minimize the connections of Spain with the present Government of Hungary. This policy was adopted by the Foreign Minister as a result of my and my British colleague's representations. The representations made to him by me were in accordance with the instructions contained in the latter part of the penultimate paragraph of this cable dated April 17, 1944 No. 1063.

HAYES

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: June 1, 1944
NUMBER: 1082

CONFIDENTIAL

FROM WAR REFUGEE BOARD TO MINISTER JOHNSON, STOCKHOLM, SWEDEN.

Please refer to your 1877 of May 25. Your efforts to secure the BARDALAND are appreciated and we are gratified with the cooperation of the Swedish Foreign Office.

Your understanding is correct that the War Refugee Board will look after all technical arrangements concerning the selection and assembling of refugees at Constanza and exit permits.

This is War Refugee Board's cable to Stockholm N. 22 .

HULL

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATE: June 1, 1944
NUMBER: 1952

SECRET

Following is in reply to WRB message No. 15 (Department's May 24 telegram No. 984) and is our No. 23 for attention of War Refugee Board.

It has been our objective to discover responsible local organizations through which positive and effective results in carrying out European relief operations could be obtained. Upon finding such organizations we have explored with them the possibilities of operational expansion. Although some of these operations can presumably be carried out from immediately adjacent areas more readily, this has not appeared to be a controlling fact. Urgent needs seemingly cannot be met even with everything possible being done from everywhere, and any organization in any neutral country which is able to help anywhere should be encouraged and urged to do all it can. As regards the case under discussion, negotiations are being carried on by us with what is reputedly most effective and influential organization in Sweden working in these fields. We have held extensive discussions, and results are considered promising, however, it would be most difficult to avoid loss of prestige with Swedish Foreign Office, which is familiar with these discussions and ready to cooperate, as well as with affiliated organizations involved, if we should fail to follow through. With a view to making available an amount of money to test effectiveness of program we urge that matter be considered again. Also, since other proposed programs are involved it would be appreciated if further clarification of Board's policy in this matter would be forwarded to us. It is expected for example, that we shall soon outline the operations of Swedish organization called Poland Help at Malmo, which according to report has been most effective and which with adequate financial support could probably do considerably more.

This information is for the Board: Our understanding is that except for the most skillfully organized type of underground operations (such as those presented to you previously) the Baltic countries are now virtually sealed to everything. Apparently Rabbis Wolbe and Ehrenpreis do not know what can be done in those countries, nor are they in a position to effect a program if they had one so far as the Legation has been able to ascertain. The rescue of those in hiding is the only possibility that Legation knows of as of the present time. For those in ghettos and concentration camps matters are so critical that allegedly a thousand would be slaughtered for each person helped.

JOHNSON

CABLE TO MINISTER HARRISON, BERN, AND McCLELLAND

For Minister and McClelland

1. Legation Stockholm reports that it is informed that German authorities have evacuated all Jews from the southern and northern frontiers of Hungary and have concentrated them in ghettos located in the following places: Beregszasz, Beszterce, Debrecen, Dex, Kassa, Marmarosziget, Miskolc, Kelenvar, Nagyszollos, Nyiregyhaza and Szeged.

2. Consulate-General Jerusalem reports that it is informed that the following Hungarian officials are closely associated with Germans in persecution of Jews: Yaros Andor, Minister of Interior; Andre Lasko, Chief and Bakj Lasko, Deputy Chief, Jewish Department Ministry of Interior; Dovenyi Magyilagos, Liaison Officer between Hungarian and German armies; Zrnokol Oszvari, Head of Central Police; Kaledy Tibor, Mayor of Budapest.

For Minister's personal attention and McClelland's information.

3. In view of consistent neutral press reports carrying Berlin and Budapest datelines and other information to the effect that the eight hundred thousand Jews in Hungary are being segregated in ghettos and concentrated in camps, there seems little doubt that the pattern heretofore set in Poland and repeated elsewhere is again being followed. In an effort to develop means to forestall the effectuation of the ultimate ends of such program, that is mass-executions either before or after deportation, consideration has been given to the advisability of requesting the Swiss government to address an inquiry on behalf of this Government to appropriate authorities in Hungary asking them to state their intentions with respect to the future treatment to be accorded to Jews in ghettos and concentration camps and specifically whether they contemplate forced deportations to Poland or elsewhere or the imposition of discriminatory reductions in food rations, or the adoption other measures which like those mentioned will be tantamount to mass-execution. At the same time, the Swiss government would be requested to remind the same authorities of the grave view that this Government takes with respect to the persecution of Jews and other minorities and of the determination of this Government to see to it that all those who share the responsibility of such acts are dealt with in accordance with the President's statement of March 26, 1944. Also at the same time the fact of this Government's request of the Swiss government and the nature thereof would be given the widest possible publicity in Hungary through broadcasts in the Hungarian language and such other means as may be practicable.

- 2 -

Please give the foregoing your most careful consideration and unless you are of the opinion that to do so would involve positive disadvantages you should proceed promptly to make the requests outlined above. If you address such requests to the Swiss government, please advise the Department thereof without delay and any views you may have with respect to the proposal to publicize in Hungary the fact and nature of such requests would be appreciated. If you are of the opinion that such requests should not be made, please inform the Department of your reasons therefor.

THIS IS WRB BERN CABLE NO. 37.

June 5, 1944

2:55 p.m.

LSL:serials 6/1/44

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: June 1, 1944
NUMBER: 493

SECRET

Stettinius sends the following to Steinhardt.

Ever since the President created the War Refugee Board I have frequently been requested by Secretary Hull to represent him in war refugee matters. Therefore, I have followed with great interest your activities in this field and your success in facilitating the evacuation of refugees from the Balkans. The Board finds your active and effective support of utmost value. When you return to Washington later this month I will have the opportunity of discussing these things with you.

I understand that you are agreeable to the prompt return to Turkey of Mr. Ira Hirschmann, who has been Special Representative of the Board there. In view of your active interest in these matters I am sure that appropriate arrangements will be made with the Embassy staff by you so that during your absence Mr. Hirschmann will continue to receive full cooperation. During your absence it may be necessary to have discussions with Turkish officials regarding refugee matters. Probably you will find it desirable to arrange to have Mr. Hirschmann participate in such discussions along with members of the Embassy staff.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
 TO: Secretary of State, Washington
 DATED: June 1, 1944
 NUMBER: 991

SECRET

The following is Ankara No. 67 from the Ambassador for War Refugee Board.

I was requested by the Secretary General of the Foreign Office to call this morning and he gave me the following information:

It was stated by him that during recent weeks the government of Turkey had become confused as the result of influx of individuals claiming to be representatives of various Jewish organizations.

The Secretary General stated that apparently there was no collaboration between the, that each new arrival proceeded to approach the Turkish authorities independently with this, that or the other suggestion or demand without informing himself as to what had already been accomplished or agreed upon. It was stated by him that it was clear that some of these individuals had grossly exaggerated their connections and importance. The Secretary General then remarked that the government of Turkey had learned that individuals had resorted to devious and illegal means in some cases in trying to accomplish their purpose in order to outstrip their rivals. It was stated by him that he wished to emphasize the government of Turkey's desire to cooperate to the limit of its ability in accomplishing the purpose for which the president had set up the War Refugee Board and he observed that the best way to accomplish this end would be to centralize all future requests to be made of the government of Turkey through a representative which the Embassy has approved. My reply was that I was entirely agreeable to his suggestion and I stated that I expected Mr. Hirschmann to return to Ankara soon.

Acikalin proposed at the close of our discussion that all requests for aid in the matter of Jewish refugees hereafter be made of the Foreign Office by Hirschmann or, in his absence, an Office of the Embassy and he said that hereafter he would not deal with the numerous persons whose versions of the same situation have often varied and whose requests have frequently conflicted. Acikalin assured me at the same time that any and all requests from the Embassy or the WRB representative would be given the most serious consideration.

I gained the impression during our talk that the Turk authorities are quite satisfied with the conduct of Griffel of the Vaad Abatzala Emergency

Committee, Resnik

-2-

Committee, Resnik of the Joint Distribution Committee and Barlas of the Jewish Agency who have been stationed in Turkey for some time but who have been irritated by individuals of the Jewish faith who have come to Turkey on business other than Jewish refugee work but have interested themselves therein and by the activities and demands of ever-increasing number of individuals, such as Jabotinsky, Schweitzer, Shertok, et cetera, who have arrived in Turkey for short visits to look into the Jewish rescue work.

It is felt by me that the request of the Secretary General is reasonable and that more satisfactory progress with greater speed and less confusion will be made if the Jewish refugee work is centered in the hands of permanent representatives stationed in Turkey at present and under Hirschmann's supervision on his return rather than through the activities of an ever-increasing number of individuals representing numerous organizations who do not remain in Turkey for more than the short time and who are not familiar with what has already been accomplished or agreed upon.

STEINHARDT

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ¹⁶³
COMMUNICATIONS
AND RECORDS

BE-112

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

Canberra

Dated June 1, 1944

Rec'd 6:19 a.m.

Secretary of State

Washington

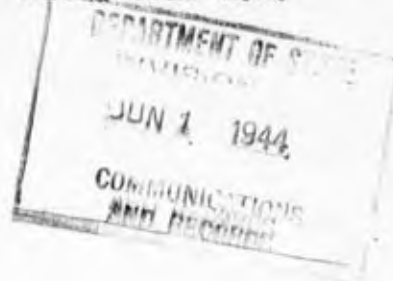
U.S. URGENT

66, June 1, 2 p.m.

Informally advised Cabinet late last night decided
to accept invitation also that Cabinet Sub-committee
will meet June 6 to choose delegation to Monetary
Conference (Department's circular telegram of May 25,
5 p.m.)

JOHNSON

RR REP



HM

Airgram

Bogota

Dated: June 1, 1944

Rec'd.: 8 a.m. 9th

Secretary of State
Washington.

A-520, June 1, 1:00 p.m.

Reference Department's circular telegram of May 25, 5 p.m. regarding United Nations Conference to consider financial and monetary matters.

This news received extensive publicity in the Bogota press. On May 29 EL ESPECTADOR carried an editorial which commented favorably on the efforts of the United States to seek an immediate solution of the problems which will affect the stability of the powerful organization formed by the free and democratic nations of the world. The editorial referred to the importance of the financial and monetary conference to Colombia and urged that the Colombian delegation consist of the foremost Colombian economists.

On May 31 EL ESPECTADOR announced that Dr. Carlos Lleras Restrepo, formerly Minister of Hacienda and recently one of the three Liberal candidates to replace Dr. Alfonso Lopez as President of Colombia, would be chief of the Colombian delegation to this conference. This information is credited to "sources which merit entire confidence". Dr. Lleras is in Medellin at the present time and no official information regarding the composition of the delegation has been received by the Embassy.

DANIELS

551.5
AHL/iam

ef:copy
6-10-44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

165
DIVISION OF
COMMUNICATIONS
AND RECORDS

SEB-266

PLAIN

London

Dated June 1, 1944

Rec'd 4 p. m.

Secretary of State,
Washington.

7, First

ZECHO

FROM SCHOENFELD

DEPARTMENT OF STATE

JUN 2 1944

DIVISION OF
COMMUNICATIONS & RECORDS

Your circular telegram May 26.

Czechoslovak Government accepts invitation Monetary
Conference. Will furnish delegates names later.

WINANT

LMS
W.T.D.

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ¹⁶⁶
COMMUNICATIONS
AND RECORDS

BE-213

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

Cairo

Dated June 1, 1944

Rec'd 2:10 p.m.

Secretary of State

Washington

GREEK

178, June 1, 5 p.m.



The Greek Prime Minister advises "I willingly accept
this kind invitation" (the Department's circular
May 25, 5 p.m.) and adds "I shall not fail to designate
our delegates whose names will be notified to the
Embassy as soon as possible".

MACVEAGH

EH JJM

FMH-435

PLAIN
London

Dated June 1, 1944

Rec'd 11:12 p.m.

Secretary of State,
Washington.

4416, first.

Embassy's 4308, twenty-seventh.

DEPARTMENT OF STATE

JUN 26 1944

DIVISION OF
COMMUNICATIONS & RECORDS

Two United States papers are rebuked in editorials in today's YORKSHIRE POST and yesterday's MANCHESTER GUARDIAN for premature criticism of British White Paper on employment policy. GUARDIAN, stating that British will require a long time to grasp what governments new employment proposals in practice and that Americans cannot be expected to understand it more quickly, asserts NEW YORK TIMES has jumped to wrong conclusions and "fancies that the plans for cheap money and 'compensation' public investment are bound to weaken the pound abroad and that we might use the proposed international monetary fund to extract help from others, especially from Americans." Editorial calls this view nonsense, and goes on to say that expansion and stability at home tend to stimulate imports more than exports, and that policy is designed to offset this temptation. It continues: "If it failed we should have to cut imports or borrow, but the monetary fund would not give us more than L 80.000.000 a year for four years

-2-

and that out of our own subscription. What we really need is that other countries, above all the United States, should themselves have reasonably stable conditions of trade. Remember that by trading with the United States the world earned dollars 6,500,000,000 in 1929 and no more than dollars 1,500,000,000 in 1932. Wall Street bankers have not yet found out that what hit them fifteen years ago was their own boomerang coming back, but the rest of the world knows it and takes New Yorks notions of sound finance with a grain of salt."

In lead editorial headed "unfortunate United States views," YORKSHIRE POST states: "curious and unfortunate reactions to the British White Paper on providing full employment are reported from the United States. The NEW YORK TIMES, a paper which is highly valued in this country for its general excellence and the understanding of British policy which it normally shows, says the White Papers proposals 'imply a policy of cheap money, currency expansion and deficit spending, all of which must endanger any previously established parity for the British pound sterling; and suggestion is made that these implications would wreck any international monetary fund. We are not for the moment concerned with the inference; but in the interests of establishing facts something must be said of the premises on which it is based. The fact is that the White Paper states expressly that 'none of the main proposals contained in this paper involves

-3-

volves deliberate planning for a deficit'. This claim is not slipped in surreptitiously. It is consonant with the entire spirit of the White Paper; with its insistence **** on the need to avoid an undue growth of national indebtedness and **** on the need to relate wage levels to the actual production of goods, a proviso of a clearly antiinflationary effect. But even if it were to be argued that these principles are not sincerely held at that these safeguards would prove unavailing in practice, it is fair to point out that the United States has ample experience of currency expansion and deficit financing. The author of this policy was Mr. Roosevelt; and it is not recorded that the effect of his measures upon the value of the dollar was such as would have conflicted very seriously with the proviso of the monetary plan for the adjustment, in appropriate circumstances, of exchange rates". Referring to WALL STREET JOURNAL's assertion and that White Paper "asks Britons to be slaves", editorial states that care is to be taken to avoid excessive regimentation. It points out wide range of machinery for giving effect to government's wishes which has been evolved during war, and states that instead of state ownership of machinery and direction of workers, "the method which is suggested is that which involves a minimum of interference. It operates through the instrument of finance. The effectiveness of this instrument lies in the fact that extremely smooth cooperation has been worked out over many years between

-4-

between the Treasury, the Bank of England and the joint stock banks****. The White Paper accordingly lays very strong emphasis upon such financial expedients as planned spending, a cheap money policy and variable contributions in connection with social insurance-methods calculated to stimulate enterprise and to inject purchasing power into the economic system when needed."

While admitting that White Paper need not be regarded as last work, and agreeing that care must be exercised to prevent regimentation, editorial concluded: "Our American friends are protesting without adequate cause and may discover on further reflection that Britain's cool commonsense in business matters has not deserted her".

Please make this message available to Treasury.

WINANT

MJF

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

1

HIS-167

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

New Delhi

Dated June 1, 1944

Rec'd 10:35 a.m.

Secretary of State,
Washington.

394, June 1, 1 p.m.

The mission has received communication dated May 31, 1944, from the External Affairs Department of the Government of India accepting the invitation to attend the Monetary Conference. The text of the communication reads as follows:

"I have the honor to acknowledge receipt of your letter no. 109 dated the 26th. of May, 1944, and to state that the Government of India have received with much pleasure the invitation of the President of the United States to send a delegation to participate in a formal monetary and financial conference of the United Nations and the nations associated with them. It is noted that the delegates will not be required to hold plenipotentiary powers and that the proposals formulated at the conference will subsequently be referred to the respective governments and authorities

-2- #394, June 1, 1 p.m., from New Delhi

and authorities for their acceptance or rejection.

The Government of India have every hope that a scheme will be evolved as a result of the proposed discussions which will prove acceptable to all the governments concerned and which will constitute the first step towards the goal of international economic cooperation on which the future peace and prosperity of the world depends.

The Government of India gladly accept the invitation and will send a delegation to the conference consisting of the following gentlemen: Sir Jeremy Raisman, member for finance, Government of India. Sir Chintaman D. Deshmukh, Governor of the Reserve Bank of India. Sir Theodore Gregory, economic adviser to the Government of India. Sir Shanmukham Chetty and A. D. Shroff, non-officials. The delegation will be accompanied by Dr. Madan as their secretary."

Sir Jeremy Raisman is now in England. The Finance Department of the Government of India on May 27, 1944, approached Air Transport Command, New Delhi, directly with respect to air transport for the others to the United States. The Mission has urged ATC to provide the delegation with travel facilities if that is possible.

-3- #394, June 1, 1 p.m., from New Delhi

Dr. Madan, listed above as the secretary of the delegation, is an official of the Reserve Bank India.

Referring to the Department's circular telegram of May 25, 5 p.m.

MERRELL

REP
RR

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

174
DIVISION OF
COMMUNICATIONS
AND RECORDS

EA-152

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

Tehran via Army

Dated June 1, 1944

Received 10:39 a.m.

Secretary of State,
Washington.

384, June 1, 1 p.m.

DEPARTMENT OF STATE

JUN 2 1944

DIVISION OF
COMMUNICATIONS & RECORDS

Request authorization issuance diplomatic 3(1)
visa to Abol Hassan eb Tehaj Governor of the Bank
Melli Iran who has been appointed by the Iranian
Government as head of its delegation to the International
Monetary Conference at Breton Woods.

FORD

EJH
WTD

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

175
DIVISION OF
COMMUNICATIONS
AND RECORDS

SEB-265

PLAIN

London

Dated June 1, 1944

Rec'd 4 p. m.

Secretary of State,
Washington.

51, First

POLES

FROM SCHOENFELD



Your circular telegram May 26.

Polish Government Accepts invitation Monetary
Conference. Will furnish delegates names later.

WINANT

LMS
W.T.D.

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 175

Information received up to 10 a.m., 1st June, 1944.

1. NAVAL

About 1,000 survivors rescued from the U.S. Escort Carrier and U.S. Destroyer reported torpedoed in OPTEL No. 173. Latter ship is in tow.

2. MILITARY

ITALY. 31st. New Zealanders reached SORA. Indians occupied MONTE SAN GIOVANNI, west of LIRI, 5 miles N.W. ARCE. U.K. troops occupied RIPI and TORRICE 3 and 5 miles respectively S.E. FROSINONE which has been reached by leading Canadian elements. French have captured MOROLO 9 miles N.W. CECCANO and CARPINETO, 8 miles N.N.E. SEZZE. No change south of VALMONTONE but U.S. troops have broken through defences north of VELLETRI and their forward troops have seized important high ground on the COLLI LAZIALI. No further progress south of LANUVIO where German resistance particularly stubborn. On left flank U.K. troops have advanced a further 2,000 yards.

3. AIR OPERATIONS

WESTERN FRONT. 31st. 1,029 U.S. heavy bombers supported by about 1,250 fighters went to attack objectives in FRANCE, BELGIUM and N.W. GERMANY, but 594 bombers abandoned task owing to heavy clouds over objectives. Remainder bombed railway centres at OSNABRUCK, SCHWERTE, GESEKE and HAMM, total 627 tons; three airfields in FRANCE and LOW COUNTRIES 229; and other objectives 87, with poor to good results. Four German aircraft shot down, 1 bomber and 4 fighters missing. 181 medium bombers escorted by 120 fighters bombed road bridges in the PARIS-ROUEN area, dropping total 319 tons with good results. 101 fighter bombers attacked two airfields in GERMANY. German casualties 5, 1, 3. Ours - one medium bomber.

31st/1st. 804 aircraft despatched:

TRAPPES railway centre	219 (4 missing)
W/T Station near CHERBOURG	129
TERGENIER railway centre	115 (2 missing)
R.D.F. station near CALAIS	115
SAUMUR railway junction	86
Coastal battery near CHERBOURG	68
Bomber Support, Sea-mining and leaflets	71 (2 missing)

10 German aircraft operated off East Anglia, two of which flew over NORWICH area.

ITALY. 30th. Over 300 medium and 630 light and fighter bombers attacked objectives in Central ITALY. Enemy casualties 4, 0, 1. Ours - one Ventura.

AUSTRIA. 30th. 429 escorted Liberators attacked five aircraft factories and an airfield in the VIENNA and WELS areas dropping total 857 tons with good results. Enemy casualties in the air and on the ground 33, 7, 8. Ours - 5 bombers, one fighter missing.

YUGOSLAVIA. 30th. 55 Fortresses bombed ZAGREB railway centre dropping 83 tons with good results.

June 2, 1944
9:15 a.m.

CONVERSATION WITH MR. McCLOY

Present: Mr. Pehle
Mr. DuBois
Mrs. Klotz

H.M.JR: Mr. McCloy arrived at my house at eight-twenty this morning for an eight-thirty appointment.

He immediately opened the conversation by saying, "I understand that I was criticized at Cabinet."

I said, "What do you mean?" He said, "Well, in Mr. Stimson's memorandum, which he dictated of what happened at Cabinet, Mr. Stimson said that McCloy had been criticized at Cabinet as being an 'oppressor of the Jews.'"

So I said, "Well, Jack, I have heard about this and that is why I wanted to send for you and want to get you straight. This is what happened at Cabinet. At five minutes of two, DuBois handed me a copy of a memorandum of a telephone conversation that took place between you and him. I got over to Cabinet. The President was a little bit late, so I let Mr. Hull read it and let Mr. Stimson read it. And then at Cabinet the President read the thing, himself."

"Then we had a discussion which started by my saying that it had been brought to my attention through you that these 1800 refugees a week were coming in, and what should we do about it. The President's instantaneous reaction was that under no circumstances must these people be turned back. I explained that this was a message that you received."

He said, "That is correct."

"And then the discussion went on for about half an hour," I said. "In this discussion Stimson kept saying all the time that this is no business of the War Department,

- 2 -

and I kept saying that who was going to do this thing. And Stimson kept saying it was no business of the War Department. So I said, finally, 'Should I do it, or should he do it?' And in the end the President indicated that Stimson should do it, and then in an amoyed way the President said, 'Well, send Pehle over to see me.'

MR. PEHLE: Mr. Stimson said--?

H.M.JR: Yes. Now, Stimson also in the discussion said, "Well, McCloy just wrote this letter to Morgenthau to be nice to Morgenthau." And I said, "Harry, that is incorrect. You have read the memorandum, and it is a memorandum of a telephone conversation between DuBois and McCloy. McCloy, in his interest in humanity, has brought this matter promptly to the attention of the President's Refugee Committee."

And Stimson said, "Oh, yes, I was wrong. I was mixed up on that matter."

Now, I turned to McCloy and said, "That is the only discussion that took place. There was no criticism of you, other than Stimson's evident annoyance that we were discussing something that he didn't know about."

Now, what I didn't tell McCloy, because I didn't see it would serve any good purpose, was that Stimson also said, "The trouble with McCloy is, he always runs with the ball." That wasn't his language, but the indication was that McCloy was too aggressive. I didn't think there was any use telling that to McCloy.

I cleared it up. I said, "You know, Jack, I am a very truthful person, and there was no criticism of any kind of you at Cabinet, other than Stimson's annoyance. You know you have to tell Stimson these things two and three times over before he gets it."

He said, "That is right. When he gets it, he grabs it."

I may be repeating myself. I said, "In Stimson's

- 3 -

memorandum, which he dictated when he came back from Cabinet, he said that somebody--he didn't say who--had said McCloy is the 'oppressor of the Jews'. When I read that memorandum, I immediately went down to see Mr. Stimson. Mr. Stimson kept saying, or said in the memorandum, 'This is no business of the Army's.'

He said, "I pointed out to Stimson that there was this cable coming in from Maitland Wilson which the Army had to answer. I am awfully glad I came to see you, and I am awfully glad you cleared it up, because, frankly, it bothered me."

So then I said to him, "Are you familiar with the cable that the State Department sent out afterwards?"

He said, "No, I am not familiar with it."

So I said, "Well, that is completely backing up this whole position, and I think you should have it and I'll send it over to you at once."

That is what I said. I think you fellows who usually sew up everything, missed a bet by not sending him this cable. Do you see? It strengthens his hand, because he is now again--

..... I'll show you why he needs it. He said, "I saw Pehle, and it was cleared about what had happened at Cabinet. I have a camp - I have two. I have one in Wisconsin, and one someplace else. It is a camp that takes care of 1800 people, and one a thousand. How many people are they really proposing to bring over?"

I said, "As near as I have it, this is a token to the rest of the world that we, the United States Government, aren't high and mighty in asking the rest of the world to do something which we aren't willing to do ourselves. That is what the Germans keep saying. They keep telling the people, 'Look, here the United States is asking the rest of the world to do something which they are not willing to do themselves.' This is a token, just

- 4 -

as the discussion about the Japanese. Where LaGuardia says why should he, LaGuardia, bother about the Japanese placement in this country when the West Coast isn't willing to do anything."

"What took place on that?" McCloy asked.

I said - this I am not very clear on, but the impression I got from the Cabinet discussion was that they should begin to let the Japanese go back to the West Coast.

He said, "Well, from Stimson's report, you couldn't tell really what happened."

I said, "Of course, the tragedy is that there isn't a secretary present at Cabinet so people really do know what takes place." I said, "I think this is exactly comparable."

He says, "I think that is a very good example."

I don't believe they have a great many people in mind, but they do want this as a token to the rest of the world of our good faith.

MR. PEHLE: That is entirely right.

H.M.JR: So he said, "Now, how about getting them back?" I said, "That isn't such a problem."

He says, "You know, I don't think it is, either."

"Now, supposing we needed those camps?" Again, it wasn't his language, but he said, "We'll cross that bridge when we come to it."

Then he said, "Now, I have got to go to Stimson this morning and clear it with" - as he called him - "Stimmie." So that is why I wanted to get this stuff in his hands, so in case Stimson says something, if he has the cable from Hull to Murphy, that would strengthen his hand.

- 5 -

Then he told me something which backed up what I told you boys. He said, "I think, in the first place, that this is something that UNRRA should do. We are willing to be the over-ground railway to bring these people out. We are willing to feed and care for the people and transport them, but when they arrive at their destination, that is something that UNRRA should do. Herbert Lehman keeps talking about he agreed to forty thousand; he wouldn't take any more. He says if he takes, forty-one thousand, that is over and above his agreement."

I said, "From my conversation with Herbert Lehman, I gather that he doesn't want to do something, and he has got to be taught to. The Army is willing to do this."

He said, "We have twenty thousand Italians a night coming through the line in Southern Italy. It is a very difficult military question. We have got our hands full. But we are willing to do this, provided that when they get there UNRRA will take them. We can't do that. It bothers the General."

I said, "I can understand."

He said, "When they get there, it is up to UNRRA to take care of them."

So you boys have to work with UNRRA...

I said, "If this isn't UNRRA's job, what the hell is UNRRA's job!" See?

MR. PEHLE: You are entirely right. It is exactly what we have been saying. UNRRA is falling down on its job most terribly.

H.M.JR: Before I go on to another subject which I want to put on the record, is there anything you boys want to question me about?

MR. PEHLE: One thing. Who was supposed to have said that McCloy was an "oppressor"?

- 6 -

H.M.JR: He didn't say that.

MR. PEHLE: I didn't get it from my conversation.

H.M.JR: I thought it was unwise for me to press him.

MR. PEHLE: I suspect it was you - that Stimson gave him the impression that you said that.

MR. LUXFORD: It fits into the other half of the picture.

H.M.JR: Well, I didn't want to. He didn't volunteer. But you remember you asked me what memorandum it was. It was a memorandum which Stimson dictated, but inasmuch as he didn't say to me who the person was, I thought it was unwise to raise it.

MR. PEHLE: Yes. You don't think this last sentence, "May I thank you for your interest which you have shown the work of the Board," is going to make his position with Stimson more difficult, if he is going to show that to Stimson?

H.M.JR: No, I think it will strengthen his hand. He doesn't have to show this to Stimson. Show this to Lux.

(Mr. Pehle hands Mr. Luxford letter to Mr. McCloy, attached)

H.M.JR: Have you any suggestions, Lux?

MR. LUXFORD: No, sir, I think it is a very good idea.

MR. PEHLE: I think it is strong enough. If you go any further you make it look like McCloy is our man over there.

H.M.JR: He doesn't have to show anybody this unless he wants to.

- 7 -

MR. PEHLE: He doesn't have to, but if you were an Assistant Secretary in the Treasury Department, it would be up to you. I don't know what his relations are with Stimson, but--

H.M.JR: He is Stimson's man, Friday, that Stimson uses in all kinds of ways. But Stimson is a very peculiar fellow. In some ways he is a very small fellow. The thing that burns Stimson up is that I should know about this and he shouldn't. Besides, you have got to remember that you are working with a mind which at one time was a very, very fine mind, but now is a very worn-out mind. You have to feel the thing very slowly, and be very repetitious. Do you see?

I am going to simply say a photostat--

(Mrs. McHugh enters the conference)

MRS. MCHUGH: Mr. DuBois has the only confirmed copy of that cable, I understand. (Mr. DuBois hands Mrs. McHugh copy of cable, attached)

(Mrs. McHugh leaves the conference)

H.M.JR: See if I can do this other thing. I then asked him - McCloy - what he was doing about our soldiers' pay, and he said - now, this part, from now on, I want both Bell and White to read - he said that they had a memorandum which had been prepared by Hilldring for him which had not yet gone to the General Staff, and which had certain controversial parts in it, but that he would let me have it. I asked him to let me have it.

I said, "I don't want to wait until this thing is settled, I want to be kept posted as we go along."

(To Mrs. Klotz) If we don't get it by this afternoon, will you please call up Miss Zinsser and ask for the memorandum prepared by General Hilldring on soldiers' pay. I would like to have it. Tell her McCloy promised it to me.

- 8 -

Number 2: I said, "Whom do I ask - OSS, Donovan's organization, who is an expert on Germany, and so forth - to help me as to the reaction to what we set as the price of the mark?"

He said, "When you called me up and said that you were going to fight for a five-cent mark, I immediately told Hilldring to get everybody in the Army, including OSS, to prepare a memorandum for me on this subject, as to what effect it would have on the soldiers."

So I asked for a copy of that memorandum.

He said, "Well, I don't think it is ready, but as soon as it is ready, I will let you have a copy."

There is a memorandum being prepared for him by various people in the War Department on the reaction of the soldiers to the price of the mark.

He said, "I also told our people that if you and State Department and the English couldn't get together on this, by the time we entered Germany, the Army would fix the price of the mark."

I said, "Have you ever had to wait for us - either for the money, or for us to fix an exchange?"

He said, "No, but that was just to let them know, in case there was too much argument."

He said, "The last time I saw the English they were talking about a twenty-two-cent mark."

But anyway, I am awfully glad I saw him. I think it was worthwhile. Do you gentlemen? John?

MR. PENLE: Very much.

H.M. JR: Because, frankly, the fellow was bothered. He said two or three times, "Why, Stimson wrote a memorandum saying that somebody in Cabinet said that I was the oppressor of the Jews. That is a terrible thing!"

- 9 -

He said Stimson was all confused about the English and why we were in on this thing, and all the rest of it.

So I am glad you told me. I am glad I acted promptly, and I am now ready to go back to bed! (Laughter)

MR. PEHLE: It will expedite his getting us the word on the camps.

H.M.JR: He is going to get us that today. But the fellow is a human fellow.

MR. DuBOIS: We will be ready to shoot on this again as soon as we get the word on the camps.

H.M.JR: And he said, "Pehle told me the President was going to send a message to Congress, which will please Stimson very much."

MR. PEHLE: He said it would please Stimson?

H.M.JR: Yes. O.K., boys.

MR. DuBOIS: Is there any reason why, as soon as we get this word, we can't try to make another appointment with the President with the documents?

H.M.JR: Yes, but you will have to do it early next week, under the present schedule.

186

Transmitted by Secret Service
10: a.m.

June 2, 1944

Dear Jack:

I am enclosing herewith a photostat of a memorandum handed to me just before Cabinet by Mr. DuBois, General Counsel of the War Refugee Board. For your information, this memorandum was read by both Mr. Hull and Mr. Stimson before Cabinet, and was read by the President during Cabinet.

I am also sending you herewith a copy of a cable which was sent by Mr. Hull to Mr. Robert Murphy.

May I take this opportunity to thank you for the great interest which you have shown in the work of the War Refugee Board.

Sincerely yours,

.....
(Signed) Henry Morgenthau, Jr.

Mr. John J. McCloy,
Assistant Secretary of War,
War Department,
Washington, D.C.

Dear Jack:

I am enclosing herewith ~~two~~^a photostat^a of a memorandum handed to me just before Cabinet by Mr. DuBois, General Counsel of the War Refugee Board. For your information, this memorandum was read by both Mr. Hull and Mr. Stimson before Cabinet, and was read by the President during Cabinet.

I am also sending you herewith a copy of a cable which was sent by Mr. Hull to Mr. Robert Murphy.

May I take this opportunity to thank you for the great interest which you have shown in the work of the War Refugee Board.

Sincerely yours,

CABLE FOR ROBERT MURPHY AND ACKERMAN, ALGIERS

From the War Refugee Board.

Please refer Department's No. 1669, May 27.

In further discussions with the President concerning the general refugee situation, the President suggested the possibility of taking refugees to Cyprus. This should be carefully explored along with the other suggestions contained in No. 1669.

This is WRB cable to Algiers No. 18.

June 3, 1944
9:40 a.m.

JED:ecr
6-1-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMREP, Algiers
DATED: May 27, 1944
NUMBER: 1669

SECRET

FOR ROBERT MURPHY'S, ATTENTION, ALGIERS

Our information indicates that refugees have been arriving from Yugoslavia to Italy at the average rate of over 1800 per week and that this flow is expected to continue and may well increase. It also appears that unless these refugees can be removed rapidly to other areas, the military authorities are fearful that the facilities in southern Italy for refugees may become seriously overtaxed.

The whole matter has been discussed with the President who has made it clear that under no circumstances should the escape of refugees to Italy from the Balkan countries be discouraged. The flow of refugees from Yugoslavia to Italy is important not only from the standpoint of saving the lives of Yugoslavs but also in order that as many refugees as possible from other Balkan countries may be able to escape through Yugoslavia. In this connection, Cable No. Yugos 102 from Cairo, dated April 29, indicates that support in rescuing Hungarian Jews has been promised by Tito. In view of the plight of Jews today in Hungary, it is essential that we do what we can to facilitate their escape.

We recognize that the crux of this matter is finding suitable places to which these refugees can be removed. In this connection, the following should be borne in mind:

(1) As many as possible of these refugees should be moved to camps in the Middle East. UNRRA is making every effort to supply sufficient medical and other personnel.

(2) In so far as Jewish refugees are concerned, present plans to move as many as possible to Palestine should be carried out without delay. In this connection it should be borne in mind that in the case of Turkey, the British have adopted the policy that all Jews escaping into Turkey from the Balkan countries will be permitted to go to Palestine. These refugees are then placed in camps in Palestine where they are checked for security purposes.

- 2 -

(3) For some time we have been pressing the British to establish with our cooperation havens of refuge for these people in Tripolitania and Cyrenaica, but without any results to date.

(4) The President suggested the possibility that some of these refugees might be taken to Sicily. This should be carefully explored together with the possibility of a substantial expansion of facilities on the Italian mainland.

(5) While we do not consider it desirable to bring refugees from Italy to Camp Lyautey at Fedhala since all of the accommodations of that camp must be kept available for refugees from Spain, the possibility of establishing other camps in French North Africa for refugees from Italy should, of course, be borne in mind.

Bearing in mind that the flow of refugees into Italy from the Balkan countries must not be interfered with, you are requested to submit as soon as possible your views and recommendations as to all possible havens of refuge in which these people might be temporarily placed.

Please convey the contents of this cable to representatives of UNRRA and Ackerman of the War Refugee Board, as well as the appropriate military authorities. You should discuss this whole matter with them and cooperate with them in solving this most urgent problem.

Foregoing repeated to Cairo for MacVeagh with the opening sentence:

"For your information the following has been sent to Murphy;" and repeated to Naples for Kirk as No. 118."

HULL

May 26, 1944

MEMORANDUM FOR THE FILES

Assistant Secretary of War McCloy called me today concerning the refugee situation in Italy. He said that cables had just come in from Cairo indicating that the situation in Italy was getting very critical; that the refugees were arriving at the rate of 1800 a week; that the military authorities in Italy could not take care of them; that there were not sufficient facilities for putting these refugees up in Africa; and that something would have to be done to stop the flow of the refugees at least temporarily. McCloy added that it had been his understanding that we would only be getting refugees out in small numbers; that the rate at which they were now escaping was such that it was putting a real burden on General Wilson.

I told Mr. McCloy that it was my understanding that the difficulty was not one of transportation but one of finding havens of refuge to which these refugees could be taken. McCloy said that this was correct; that there was ample shipping; that the problem was finding places to put the refugees. I said that we have been working hard on this problem of finding havens of refuge. I asked him to send us the cables which had come in as soon as possible and said that we would look into the matter at once and get in touch with him. He said that he would immediately call General Hildring and have him forward the cables to us.

J. E. DuBois, Jr.
Josiah E. DuBois, Jr.

June 2, 1944
9:30 a.m.

GROUP

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

H.M.JR: I have dictated a part of McCloy's thing, which you should read, but the important thing is after I had my conversation with McCloy and told him I was going to fight for the five-cent mark, he immediately put the whole War Department to work, how would it affect the soldier. He has a memorandum in the works which he is going to let me have as soon as he gets it. OSS, General Staff and everybody working on it.

MR. D.W. BELL: What is it?

H.M.JR: If we went to a five-cent mark, how would it affect the soldier. The way I got to it was, how could I get OSS to prepare such a memorandum for me. It is in the works.

Would Mr. White and Mr. Bell please be here at ten-thirty, because General Somervell has requested to come to see me with General Carter and I wish you would now take the time--I don't mean White, but Ted Gamble--they are coming to see me about war bonds. Would you take the time to go through it once more? I don't understand this business that you talked to me about. The accounting and all that business. I don't understand what the Army is proposing to do.

MR. D.W. BELL: The Army has now an allotment procedure. A soldier can say--

-2-

H.M.JR: I didn't want you, Harry, but Ted Gamble.

MR. WHITE: I understand.

MR. D.W. BELL: The soldier can say "Deduct from my pay six dollars and twenty-five cents a month or twelve dollars and fifty cents or eighteen dollars and seventy-five cents a month", or whatever it happens to be in multiples of six twenty-five. There isn't any way of tying that in with the soldier's pay record. The soldier may be dead, he may be a prisoner and they just don't know what the situation is half the time with respect to the soldier. They go right on issuing the bonds.

H.M.JR: Excuse me. I didn't see McCloy on this subject. I was seeing him on war refugees. This was a by-product.

MR. D.W. BELL: And they have had some difficulty in getting a procedure in the Chicago office, although it has worked fairly well. There may be a number of over-payments and duplications of bonds, but what they are afraid of is when the demobilization comes that it will just take months and probably two or three years to straighten out the accounts. So what they want to do is change that system, that the only allotment that can be made is for a full bond, one bond a month, and the soldier can make what they call a "Series E" or "Allotment E", I think they call it, whereby he can allot so much to a bank or somebody at home, just like they make a family allotment, and in that way, the bank or the family acts as agent for the soldier and keeps the accounting now and during demobilization out of the Army. They can also make transfers to home.

H.M.JR: Why are they worried that this is difficult after the demobilization? I don't get that.

MR. D.W. BELL: Because the accounts will be so long being brought together after the war.

H.M.JR: And they are worried about if it is less than eighteen dollars and seventy-five cents?

-3-

MR. D.W. BELL: Yes, there will be partial allotments hanging over for months before they can bring them together. It is an accounting problem and procedure. They are lacking in man-power, they claim.

H.M.JR: Are you convinced of their sincerity?

MR. D.W. BELL: Yes, I am convinced that they think they have a problem they just can't solve. It is just about like the first problem they had which they didn't like until they separated and they are just now getting to the bottom of that barrel which has taken almost two years or a year and a half.

H.M.JR: Well, may I make an original suggestion?

MR. D.W. BELL: Yes.

H.M.JR: Let's get out one for them, a ten dollar bond at seven dollar and fifty cents.

MR. D.W. BELL: They suggested we put out a special security for them.

H.M.JR: Let's get out for the soldier a ten dollar bond, which would be seven dollars and fifty cents, wouldn't it?

MR. D.W. BELL: That's right.

H.M.JR: I think, personally, it would be most unfortunate to stop this and also to say eighteen dollars and seventy-five cents. They would say, "To hell, I can't do that", but give them a seven dollar and fifty cents bond with a ten dollar face value, you have something.

MR. D.W. BELL: Yes, that seven dollar and fifty cents bond, from our standpoint, multiplies our records a great many times which we now are snowed-under on. I am afraid you can't keep it out of the public's hand if you once issue it. We have had a number of requests, you know. I

-4-

think it would please them very much, though.

H.M.JR: Excuse me one minute, I will be back. I personally would be very, very sorry to see this thing stopped. I think eighteen dollars and seventy-five cents is too much. I think a ten dollar bond or ten dollar bill--"Sure, I'll take it"--I mean the whole thing, which General Marshall I know is very interested in, of taking this money. I don't care how expensive it is, the war is expensive, anyway. But I would definitely limit this to soldiers.

(Secretary leaves the meeting temporarily)

What do you people think?

MR. HAAS: Can't they sell it your way and still keep an allotment smaller than eighteen dollars and seventy-five cents by this assignment method? Does that improve this situation?

MR. D.W. BELL: They are willing to do that. That is one of their schemes that they are going to substitute for a monthly allotment. They will issue nothing less than a bond so far as the Army is concerned, but they can make an allotment of six dollars and twenty-five cents or twelve dollars and fifty cents..

MR. HAAS: How about the suggestion of selling them only to enlisted men, not to officers or anything?

MR. D.W. BELL: They would still have a man-power problem.

MR. WHITE: The Secretary's suggestion would seem to me to be an inevitable conclusion that you would come to, if you approached it this way. Supposing you had everybody in the United States having an average income of what an enlisted man and the corporal gets. You wouldn't dream of selling twenty-five dollar bonds. You would sell ten dollar bonds. With eleven million people in the service

-5-

you practically have to treat them like a separate population, so that from the point of view of tapping a wide market, if you were approached with that problem from the start, I think everybody would agree that seven dollars and fifty cents is about as much as you can pry loose from a fellow who gets about twenty-five or thirty dollars left from his allotment.

MR. GAMBLE: Of course the whole system is set up on that basis and we are selling bonds to nearly thirty million people a month on that basis. There is as many people outside the Armed Forces getting fifty or sixty dollars a month as in.

MR. WHITE: What are you talking about?

MR. GAMBLE: I am not talking about the average income. There are a lot making seventy and eighty dollars a month.

MR. BLOUGH: Especially after their living expenses.

MR. D.W. BELL: We had somewhat the same problem at the beginning, you know. We established throughout the Government service a minimum allotment of three dollars and seventy-five cents which would mean five allotments or five monthly deductions would give an eighteen dollar and seventy-five cents bond. The Army said that was too low. They couldn't handle it from the accounting standpoint. The Navy said the same thing. They went to the six dollars and twenty-five cents, twelve dollars and fifty cents, and so forth. They claim they sold as many, if not more bonds, under that scheme. Now Carter claims he will sell more bonds this way. I can't agree with that at all.

H.M.JR: Look, Danny, this rule of an enlisted man and only an enlisted man can deposit money with the

-6-

Treasury and get four percent--we have a precedent--that something should be done for the enlisted man that is not done for the commissioned officer.

MR. D.W. BELL: In the way of a special bond?

H.M.JR: Yes, I mean making a distinction between an enlisted man and a commissioned officer.

MR. D.W. BELL: There isn't any question about that. That can be done.

H.M.JR: I mean an enlisted man today can take his money, deposit it with the Treasury, provided he will leave it there until the war is over, and get four percent.

MR. D.W. BELL: That is an Act of Congress.

H.M.JR: That is what my son, Lt. Henry Morgenthau III, recommended. He told his men, "Don't buy any bonds, deposit your money and get four percent."

MR. D.W. BELL: That makes a lot of sense, too.

MR. WHITE: And they can withdraw it after demobilization.

H.M.JR: Or under special circumstances, provided that his officer will sign a piece of paper.

MR. WHITE: Even if they are dishonorably discharged?

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

MR. D.W. BELL: I think it is his money.

MR. WHITE: It is unimportant, but there was a rule to that effect also in force, he could deposit his money and get that much interest, but the trouble with it was that if he was dishonorably discharged he didn't get it and that is what kept a great many of them from doing it.

-7-

H.M.JR: There are not many, only sixty or seventy million dollars, altogether.

MR. WHITE: You may find that that may be true. If it is true, that may be holding many soldiers back from depositing.

MR. D.W. BELL: I don't think so. This is the man's money. The only thing you can hold back on a court martial is the unpaid portion of his salary. I told you about the case where the man enlisted and sold his business for twenty-five thousand dollars. He put it in four percent deposit and will have it there when he comes out of the Army.

H.M.JR: Look, on public relations, there is no question?

MR. SMITH: No, there is a colonel coming over this morning to talk about it. What he told me on the telephone was this, that the Army was stopping its payroll savings. Now, however you slice it, that is what this thing is going to add up to, the way it stands, and to have a story come out that the Army is stopping its war bond savings as we go into the Fifth, ain't good. If you could say there is a new bond being offered, you have a constructive story and you can bury the whole problem involved.

H.M.JR: Because you have spent so much time on it, how does it strike you?

MR. SMITH: I think it is a wonderful thing to do, providing it is physically possible. I don't care how many headaches Dan has.

H.M.JR: They can move it into the Brewster Plant. There is an idea for you.

MR. D.W. BELL: Say, listen, I have a headache moving now. I want you to see that plant and the headache we have.

-8-

MR. SMITH: You don't have to move any people into the Brewster Plant. They are all sitting there waiting for a job to do.

MR. D.W. BELL: I am familiar with the Brewster Plant. I don't want anything to do with it. I am like Bob Patterson.

H.M.JR: Make a note, when I go out to Chicago, I want to see that.

MR. D.W. BELL: Yes, I would like to have you see it.

H.M.JR: But don't you think it is good?

MR. SMITH: I think it would be swell. The other thing is the problem on that four percent business, the man who had been into it very thoroughly, Mr. Whitcomb, I think, said that the reason the men won't do that was because they just don't like to see their money go off, with some vague promise at the end of the war they would get it back. This way, you are giving them delivery on a bond every month. That is what they want worse than anything else. The trouble that the War Department had in putting money into bonds and never getting the bonds has done us more damage than anything else.

MR. D.W. BELL: That was the original scheme....

MR. SMITH: That is true, but it is still a hang-over.

H.M.JR: Danny, unless you feel very strongly, I would like to tell General Somervell when he comes--

MR. D.W. BELL: I think you should suggest it to him. I think Carter would be very pleased. He discussed it with me many times. He would like to have a soldier's bond or a military bond, whatever you want to call it.

-9-

H.M.JR: I would call it the "G.I. Bond".

MR. HAAS: Just enlisted, you think?

H.M.JR: Sure, G.I. Bond.

MR. D.W. BELL: It will take a little time to get that bond available, so I think they ought to continue the payroll saving until then.

MR. GAMBLE: Not only then, but the Army is selling approximately a million, eighteen dollars and seventy-five cents bonds a month there, three hundred thousand fifty dollar bonds, forty-five thousand one hundred dollar bonds and three thousand people who sign up to buy two-one hundred dollar bonds a month. I think the Army would like to deduct some of the bookkeeping on that. They would do it if they had a bond as easy to handle as this seven dollars and fifty cents bond. I think we ought to preserve what we have and simply offer this bond as a solution to their problem on deductions.

H.M.JR: That is all.

MR. GAMBLE: I think they are kicking about both. I think they are trying to liquidate a big headache they have.

MR. D.W. BELL: They just haven't been on top of the accounting problem, in either the first system or this one.

H.M.JR: I am not going to give in on anything except the deduction. I have a constructive suggestion.

MR. D.W. BELL: You have changed over night. Yesterday you said you were not going to fight it and that if they wanted to change it, it was all right with you.

MR. GAMBLE: I think you have an answer for it now.

H.M.JR: Well, that is my privilege.

- 10 -

MR. D.W. BELL: Yes, I just want to say--

H.M.JR: I really just got to thinking about it. I have been thinking about it ever since you talked to me.

MR. D.W. BELL: I don't think this ten dollar bond solves their problem at all.

MR. GAMBLE: It doesn't, but it may stop them from getting rid of what they want to get rid of.

MR. D.W. BELL: It adds to record-keeping in Chicago. From the public relations standpoint, though, it is good.

MR. WHITE: The problem you raised, that they didn't want these accumulative accounts - if that is the reason, it solves it.

MR. D.W. BELL: But it adds to their issuing problem.

H.M.JR: Well, listen, on that I am confident that General Marshall will side with me, because the Army, while they have a wonderful alibi, today is a terrible day for them to come in and talk, because they are in just no shape in regard to what the soldier is going to do on D-Day when he lands on Continental Europe. I know they have a good alibi. They are not ready, and they have no plan, and they haven't issued their orders, and I can just rub their noses in it if they get rough with me.

MR. D.W. BELL: For what?

H.M.JR: They have not yet decided how they are going to handle the money situation when the soldier lands in Continental Europe. The orders have not yet gone out.

MR. WHITE: With respect to bonds?

- 11 -

H.M.JR: With respect to their pay; with respect to inflation. I mean, what is the Army going to do to keep down inflation - keep contact with the public - whichever country they go to, and so forth and so on. The thing is still not settled.

On the one hand, General Marshall says he wants this, that, and the other. On the other hand, here they are; they haven't been able to contact the French Committee--

MR. D.W. BELL: Churchill is doing that for them.

H.M.JR: Incidentally - this is for those who are interested - this is very secret, but I am going to say it - those of you who know how I protested about Mr. Brand being made the British Treasury representative over here, I learned through channels which I cannot disclose that while this discussion was going on, of my protesting, Churchill sent a cable to the President asking if it was all right to send Mr. Brand over here. The President sent back - "Sure, I know. He is a good guy. O.K."

MR. D.W. BELL: Good coordination.

H.M.JR: Mr. Brand is coming in at eleven and I am going to receive him this morning, and I think after that I am going to be very busy and it will be up to Mr. Bell and Mr. White to receive Mr. Brand.

Well, I am glad I had this little opportunity.

Dan, you have something?

MR. D.W. BELL: I have a letter going to Mr. Altmeyer and Miss Perkins on the Social Security investment. We had your first meeting of that Board and decided to put the funds in five-year Treasury notes. I would like to change that and put them in one-year certificates. Here are two letters. (Hands letters to the Secretary)

- 12 -

H.M.JR: Does it sound all right?

Is the bond market all right?

MR. HAAS: It is holding, but that is all.

H.M.JR: What do you want?

MR. HAAS: I would like it to show a little vigor.

MR. D.W. BELL: It is really in good shape, I think. I talked to Bob Rouse yesterday. The market absorbed in one transaction yesterday, seventy-five million of the two and a quarter restricted, and two other transactions - large ones - one thirty and one thirty-five, and never made a ripple on the market.

H.M.JR: That is marvelous. I feel about the Government bond market the way my wife used to feel before I was in the Treasury; if I ever bought any securities and came out even, I thought I was damned smart.

MR. GAMBLE: That is a lot the way it stands now.

H.M.JR: If I came out even, I thought I was awfully smart.

MR. D.W. BELL: The expenditures went just a hundred million above March, but the savings bonds redemptions for the month of May hit the high record of two hundred and seventy-eight. Why, I don't know, unless they are getting ready for the drive. People are redeeming bonds in order to buy.

H.M.JR: What about the gross sales?

MR. D.W. BELL: Seven hundred and fifty; a little higher than March, which was seven hundred and nine.

H.M.JR: George, see that the boys have the room in shape. I want to go in there some time today.

- 13 -

MR. D.W. BELL: The total expenditures of all accounts are down a little. March was high because you had four hundred million dollars of interest that month.

MR. HAAS: The total is down.

MR. D.W. BELL: I think we ought to open up again this cabaret tax for a slight discussion. I think we have put these boys in a rather impossible position.

If they are called before the Committee and if they are asked their opinion on this tax, now I think they can say that the Treasury does not want to oppose it. But I think they ought, in honesty, to say that it does present an administrative problem, and that it, in effect, kills any policing of the cabaret tax.

I think in honesty they ought to say that. Do you agree, Roy?

MR. BLOUGH: Yes.

H.M.JR: Who has been seeing you?

MR. D.W. BELL: Well, we had a conference on it yesterday, to go over the matter.

H.M.JR: Boring from within?

MR. BLOUGH: That is right. I don't wish to affect in any way your decision as to whether we oppose or favor the change. And if we are not called upon to express an opinion, it is my feeling that we should keep as far away as possible, in harmony with your position. But if we are called upon and asked whether there are administrative problems in connection with this tax, we cannot honestly say there are not, and if we do not honestly say there are, the tax then falls down - the Treasury will have no out for it.

- 14 -

H.M.JR: I will make a bargain with you. I have always told you, particularly on account of the difficulties up there, to always be intellectually honest. Right?

MR. BLOUGH: Yes, sir.

H.M.JR: O.K. You say what you believe, and then say, "Paragraph." "But the Secretary doesn't want to do anything. His own personal opinion is, if this is what the Congress wants to give the soldiers a break, notwithstanding the position, he is in favor."

MR. BLOUGH: You want to be in favor of it if the Congress is in favor of it.

H.M.JR: No, I didn't say that. You explain the technical difficulties, but then simply say that the Secretary said if this is brought up that he is in favor of exempting the soldiers from this tax.

MR. D.W. BELL: I think that is all right. All you want to point out, if you are asked, is to tell the truth about the administrative difficulties.

H.M.JR: Sure. I have always told him that.

MR. BLOUGH: Yes, sir, I am perfectly willing to do that. Now, I think it puts you in an impossible position.

H.M.JR: Don't worry about me. Listen, after all, how many votes are there amongst the soldiers?

MR. O'CONNELL: You mean how many are going to vote?

H.M.JR: Let's be practical, old boy; let's be practical. As Mr. Roosevelt's Secretary of the Treasury, I exempt them from the tax. You explain the difficulties, and so forth, see?

MR. BLOUGH: The reason I think it puts you in an impossible position, and the situation is so difficult,

- 15 -

is that what you are, in effect, recommending is an impossibility.

H.M.JR: That is all right. That is what makes the wheels go around.

MR. BLOUGH: That is all right.

H.M.JR: It is all right with me as long as we keep the soldiers in mind. I am for doing something for them while they are in the Army. I will be tough about it in the bonuses, giving them jobs, helping them find themselves, and all that. I have been in too many cabarets; I have seen them soaked. My God, they soak these guys right and left, and then slap a tax on.

MR. D.W. BELL: It isn't the tax that soaks them, though.

H.M.JR: O.K. It is damned good public relations. Right, Fred?

MR. SMITH: I heard you. I would hesitate to say, right here, whether it is right or wrong. I would like to wait a week and see!

H.M.JR: God! That is wonderful.

MR. SMITH: You just wait now. You are talking about at most five thousand soldiers. What about the other five thousand soldiers that are sore about this whole cabaret tax? I don't know how sore they are. It will take a week to find out. They may just be in a terrible state about cutting down this cabaret tax. I don't know whether they are, see?

H.M.JR: Can you wait a week until he makes up his mind?

MR. BLOUGH: The conferees may meet informally tomorrow, or they may not meet until early next week. Are you getting some opinion from the soldiers?

- 16 -

H.M.JR: He is going to now. He just thought of it.

MR. SMITH: No, I didn't. I have been thinking about it ever since the other day.

MR. BLOUGH: Your point is that the soldiers who don't get any chance to go to cabarets, may--

MR. SMITH: No, the few soldiers who go to cabarets, you may make happy; but the other soldiers may be so sore about taking the tax off cabarets that if you go out of your way to recommend anything in connection with cutting that tax down, you may be doing yourself more damage than good.

H.M.JR: Well, I'll stay with the position I stated until I get back the Frederick Gallup Smith poll!

MR. SMITH: My statement isn't that you should change your position, but how far you should go in this letter.

H.M.JR: This isn't a letter.

MR. WHITE: It seems to me everything you say, Fred, supports the Secretary's position, because the Secretary is not against the total tax. He favors the amendment to give the soldier a free ride, I gather, notwithstanding the fact that it may greatly diminish the tax. If he said what Roy thinks should be said on grounds of policy, namely, that if you exempt the soldier you are so reducing the revenue from the tax and making it so difficult to administer that we are in favor of having no tax at all; now that would get the soldiers sore who don't like the idea of removing a tax on cabarets. But those fellows wouldn't mind.

MR. SMITH: That is a fine point, Harry. The whole thing stacks up to this, that we had a thirty percent tax on cabarets, and there was a huge fight which the cabarets financed and the soldiers and everybody else, and we knocked it off. And what is worse, people as far

- 17 -

away as that don't break it up. It all has to do with the cabaret tax.

My whole point is that maybe it would be just as well to sit tight and do nothing, if possible. And if you have to do something, simply make a very non-partisan statement of the difficulties involved. Period.

H.M.JR: Now, may I clear the atmosphere a little bit for myself, anyway? I am on record for not reducing the thirty percent tax. Right?

MR. BLOUGH: I think you are on record.

MR. SMITH: Yes, but you are not on record.

MR. D. W. BELL: Yes, the Treasury is on record of saying that they have no information at this time which would justify the reduction in tax. They suggest that we wait a few months until we get some statistics.

MR. SMITH: That isn't what I mean.

H.M.JR: What I say is this: Roy goes up and says if they are going to reduce the tax to twenty percent, the Treasury is opposed to it; we want to leave it at thirty; that if you add the exemption of the soldiers it may just vitiate the whole thing. "But I am authorized to say that Mr. Morgenthau again re-states his position that he doesn't want to reduce the tax; but if you are going to monkey with this business and reduce it, then he says to exempt the soldier--if you are going to do anything."

MR. BLOUGH: Yesterday we were going to go along with the twenty percent.

MR. D. W. BELL: That is right. He changed his mind. Yesterday we said we would accept that. I don't think I'd go too strongly against the twenty percent tax.

H.M.JR: That is all right; I can change.

- 18 -

MR. BLOUGH: I just hope they forget about asking us to come up!

MR. SMITH: That would be a lovely way out.

MR. HAAS: Somebody must have told them about the difficulty, because I notice Downey mentioned the Treasury.

MR. BLOUGH: In every past consideration of it, the difficulties have been pointed out. I don't think Senator George will stand up behind that soldier business for a minute.

H.M.JR: This is what I am saying after twenty-four hours: If we are going to do something for the cabarets to make it easier, then I say do something for the soldiers.

MR. BLOUGH: All right.

MR. SMITH: Will you have anything written at all?

MR. BLOUGH: Not if I can help it. And then it will be in Executive Session!

H.M.JR: Otherwise, we leave it alone. How's that?

MR. BLOUGH: We'd rather leave it alone for the time being, as our report said.

MR. WHITE: You don't mind soaking the soldier thirty percent, but if it is going to be twenty - that is not very logical. If you are going to do something for the cabarets, which is to reduce the tax, then you are willing to exempt the soldier, but if you are going to charge the cabaret thirty percent - not very logical. You better not go there.

MR. SMITH: Forty-four, forty, or fight!

MR. D.W. BELL: The whole thing is a new amendment so they really could cut out the twenty percent and leave in the soldier exemption.

- 19 -

H.M.JR: Now are you straightened out?

MR. BLOUGH: I think I have important business in New York over the weekend.

H.M.JR: How far did we get?

MR. D.W. BELL: I am through.

MR. C.S. BELL: Kelchner's attitude has improved a whole lot over night. He called in and was a little apologetic about his attitude in the past and indicated his willingness to go on with us.

Hershey, Pennsylvania, is out for the present Conference. I hope to have an answer on the Bretton Woods place by noon.

H.M.JR: And as my contact with Mr. Hershey, will you tell him we have thought the matter over and we would be very glad to have the State Department handle the publicity for the whole Conference, and Mr. Smith will handle it for the American Delegation. I almost said New York.

MR. SMITH: I would rather let them handle the whole business and then just let us be a liaison.

H.M.JR: Would you mind sitting down with Charlie and getting what happened here? I think it worked out to our advantage.

MR. SMITH: I wouldn't mind at all. I am relieved about the whole business.

H.M.JR: If you are not happy, come and see Papa.

MR. SMITH: You bet!

MR. C.S. BELL: I think that is going to be far more workable with Fred and myself.

- 20 -

H.M.JR: You are satisfied, aren't you, Harry?

MR. WHITE: Yes.

H.M.JR: You don't have to say anything about Fred if you don't want to, but we will have somebody to handle the American publicity.

MR. WHITE: To cooperate with them.

H.M.JR: But he has improved?

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

H.M.JR: Is he going to handle the funds?

MR. C.S. BELL: He wanted to wait until today. I tried to get that out of him last night.

H.M.JR: It looks better?

MR. C.S. BELL: It looks good.

H.M.JR: All right, see if you can get Smith to come along.

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

That is all.

MR. WHITE: You expressed an interest in this letter from Monet about the financial directive. I just wanted to inform you that we had taken their views and transmitted them to the proper sources, and modified our position, which is taken care of. I still feel a little weak in the knees from the statement you made about Brand. I mean, that whole episode is such a strange one; for you to take that position, and for them to go from Churchill to Roosevelt - Roosevelt probably didn't know much about it and didn't know you had even been considering it.

- 21 -

H.M.JR: He didn't. I was told that Roosevelt said, "I know Brand; he is a good fellow. O.K." But Roosevelt didn't know about it because I didn't want to bother him.

MR. WHITE: The British way down the line will go all the way up to Churchill and Roosevelt.

H.M.JR: Should I tell Roosevelt every little thing? The answer is no. I can't let him know that I know this. But I am going to say something to him about my troubles so he knows the thing. But this is the way Churchill works. It is very unfortunate. It doesn't really bother me. Don't let it bother you. As Mrs. Roosevelt said, Churchill hasn't learned anything in the last sixty years and he won't learn anything in the next sixty. Don't let it worry you. It is the kind of thing that happens to me all the time.

MR. WHITE: This must have got back to Brand.

H.M.JR: Oh, sure.

MR. SMITH: Maybe he is just coming in this morning to give you a raspberry and turn around and walk out.

H.M.JR: No, I have a letter from Halifax telling how Brand worked on this Monetary Conference and all the rest of the thing - paving the way for it.

Look, I have had many, many much more difficult situations than this vis-a-vis the White House and Churchill. The President, in the final analysis, always has backed me and will back me if I get into trouble.

MR. WHITE: I am sure, if he knew what had gone on before.

H.M.JR: I didn't think it was important enough to tell him. Mind you, Halifax did tell me that they had a message that Churchill knew about this thing and still insisted on the thing going through. Halifax did tell that.

- 22 -

MR. WHITE: I had agreed some time ago to go to the American Investment Association tomorrow morning and talk on the contemplated post-war monetary situation. I had planned to be back Saturday night.

H.M.JR: Good.

MR. GAMBLE: I just have one thing. I talked to Early's office this morning. They talked to the President yesterday about this Texarkana show and he said that he had talked to you about it.

H.M.JR: Who?

MR. GAMBLE: The President said he had talked to you about it and sort of agreed to do it, and hadn't made up his mind yet. So at least he hasn't said no yet.

H.M.JR: I think it is wonderful that he remembered that I had talked to him.

MR. GAMBLE: That is the only thing important.

H.M.JR: I think he is going to be here, too.

MR. GAMBLE: I thought that was good news because it is getting pretty late for them to keep us on the hook if he isn't thinking about doing it.

MR. WHITE: When he spoke to you he wasn't certain.

MR. BLOUGH: I have nothing.

H.M.JR: You and I have to go out to a cabaret and have your secretary tell us where the good spots are. Maybe Harry knows. Some of these little bayous up the Chesapeake - I would love to go to those.

MR. HAAS: I have a figure this morning you have been trying to get for a few years.

H.M.JR: Out of you?

- 23 -

MR. HAAS: Yes - how many people have purchased savings bonds - eighty-one million; there are sixty-seven million people receiving some form of income, that means from ten cents on up, so I think that is an extra performance.

MR. GAMBLE: Eighty-one million different people.

H.M.JR: Save that for my speech.

MR. D.W. BELL: How do you arrive at that total so suddenly?

MR. HAAS: It is all described in this yellow book, Dan. Your shop has done a lot of work on this thing.

H.M.JR: Just as long as somebody can't reach down and--

MR. WHITE: It took him two years to get it. It will take somebody else five years to disprove it, so you are safe.

MR. HAAS: That is all I have. You want that analysis of those figures. I will give you that.

H.M.JR: This was handed to Mrs. Morgenthau. The people backing this National Symphony here in Washington want to have a similar trust fund, and it is the Library of Congress. All they want to know is this part which brings me in is agreeable. If you want to know more about it, Mr. Finkenstaedt is President of the Board. Dan knows more about it.

MR. D.W. BELL: It isn't a Government thing, is it?

H.M.JR: But they want to set up a similar trust fund to the Library of Congress, so they can accept funds.

MR. D.W. BELL: They want tax exempt, too, I suppose.

H.M.JR: Yes.

- 24 -

MR. O'CONNELL: I haven't anything.

H.M.JR: I have just thought of it this minute - what about this fellow who was vice president of some advertising agency, whom Olrich discovered over there?

MR. SMITH: He is working for Olrich now.

H.M.JR: How about picking him up?

MR. SMITH: I will pick it up - pursue it.

H.M.JR: If we told Olrich we needed him for two or three weeks, what?

MR. SMITH: Let me pursue it. If he is here, I think we can do it.

H.M.JR: He is here.

MR. SMITH: He was doing a lot of travelling, that is all.

H.M.JR: It might be worth while.

MR. WHITE: Are you going to be here next Thursday? We are having the group from the American Bankers Association down here. I would like to be able to tell them that you will drop in for a few minutes.

H.M.JR: I think the answer will be yes.

June 2, 1944
10:30 a.m.

G. I. BONDS

Present: Mr. D. W. Bell
Mr. Gamble
General Somervell
General Carter

GENERAL SOMERVELL: Well, how are you, sir?

H.M.JR: I am fine.

GENERAL SOMERVELL: We have a little problem we wanted to lay before you here. Carter knows more about it than I do. I think I will let him do most of the talking.

GENERAL CARTER: It is a question of our bonds, Mr. Secretary. We have discussed it with Mr. Bell and his associates, and we feel that we need Treasury support and plan, because we want to be certain there is nothing done that would not be harmonious with your ideas, but we are up against a very serious problem in man-power, sir. Thirty percent of the allotments in dollar value are on the installment plan. Sixty percent in number are on the installment plan:.....

H.M.JR: Thirty percent in dollars?

GENERAL CARTER: Thirty percent in dollar and sixty in number. Now, when we started out to sell bonds under the pay reservation plan which was at the beginning, you probably recall that didn't go very successfully and we had to abandon it because it involved setting up an account for each individual.

MR. D.W. BELL: It went too successfully.

-2-

GENERAL CARTER: We are now in the process of liquidating those old plans and we have issued up to date many millions of checks refunding the balances that were due to the individuals on the old plan. That fund which was originally one hundred and seventy-seven million dollars, is now down to around five or six.

H.M.JR: You mean the men didn't want to complete their partial payment.

GENERAL CARTER: We changed the plan and went into a bond allotment plan.

MR. D.W.BELL: They liquidated the first plan, see?

GENERAL CARTER: Now, the bond allotment plan places the burden of the transaction, as far as information is concerned, in the field. In other words, if a soldier subscribes for a bond--

H.M.JR: Can I interrupt you? I have a suggestion and I think you will like it. I know this story, see? It will save time. The suggestion we have, because we have been talking about this thing this morning, is if this thing bothers you, that we get out a new G. I. Bond, a ten dollar bond, which would sell for seven dollars and fifty cents.

GENERAL CARTER: Wonderful! We would like that, or a half bond.

H.M.JR: No, no!

MR. D.W. BELL: Would that solve your problem?

H.M.JR: Ten dollar bond, seven dollars and fifty cents.

GENERAL CARTER: It would simplify our problem tremendously.

-3-

GENERAL SOMERVELL: A sergeant gets more than a lieutenant, you know.

H.M.JR: May I just let that rest for a minute and see if the idea hit? Would that solve your problem?

GENERAL CARTER: Provided that would obviate any necessity for installments.

H.M.JR: Yes, cut out installments.

GENERAL CARTER: I would like to point out one thing, Mr. Secretary, and that is when we discontinued the three dollars and seventy-five cents installment plan, we sold more bonds. In other words, the discontinuance of the three dollars and seventy-five cents installment plan, those men discontinued that and they went into the six and a quarter. They went into the higher installments. The number of allotments was kept up, a slight increase in that. The dollar volume went higher. In other words, we sold as many or more bonds when we discontinued that small installment than we did before. Now we are also selling a great many bonds for cash through the transfer account. We are transferring approximately one hundred and sixty-one million dollars from overseas, up to date, of which quite a large portion goes into the purchase of bonds by our offices in New York and San Francisco. Now, in addition to that, much of that money that goes into the banks is also used for the purpose of bonds by the individuals to whom the money is made payable.

MR. D.W. BELL: A man doesn't say "I want an allotment for a bond"; "I just want this transfer of twenty-five dollars sent to a bank".

H.M.JR: I got a check from my son, Henry, in England the other day, eighty dollars, with no instruction.

GENERAL SOMERVELL: So you bought a bond.

-4-

H.M.JR: No, I put it in his bank and wrote and asked them. I don't know what he wanted, but I got this check for eighty dollars.

MR. D.W. BELL: This means that the Army will do away with the payroll deduction scheme of two installments, one of six dollars and twenty-five cents and the other of twelve dollars and fifty cents and you will substitute therefor a seven dollars and fifty cents allotment for a bond.

MR. GAMBLE: Plus the continuance of any sale of bonds involving eighteen dollars and seventy-five cents purchase.

GENERAL CARTER: Continue that, just as we are doing now.

MR. GAMBLE: Because that is the most important part of your program, dollar-wise. They have done a beautiful job on that, for the number of people who buy.

GENERAL CARTER: Mr. Secretary, when we demobilize the Army and have these installment plans out, if it is a three installment plan, two-thirds of the men will have a balance due them:

H.M.JR: Mr. Bell has told me. We spent a half hour on this this morning before you came in.

GENERAL SOMERVELL: Then we accept this ten dollar bond business, we continue the sales for cash of the other series, as we are doing and discontinue the installment plan.

MR. D.W. BELL: That is right.

H.M.JR: The only condition we would like you to make, we would like for you to postpone this long enough for us to get out the ten dollar bond.

-5-

GENERAL CARTER: Our difficulty there is only this, that if this Drive starts we will get an avalanche of bond allotments on the present plan which we will have to cancel later, and this is the problem we are trying to avoid.

H.M.JR: You want to avoid this Fifth War Loan?

GENERAL CARTER: We want to avoid getting some of the small installments. It puts such a tremendous burden in the field.

MR. GAMBLE: Mr. Secretary, they could amend their instructions to say that during the period of the Fifth War Loan to sign no new pay reservation plan but to accept only cash purchases for bonds.

H.M.JR: Let me give you another one. How long will it take you to print these bonds?

MR. D.W. BELL: I don't know. If it means changing the plate too much, it will take some little time. If we can just rearrange the present bond plate. The thing that worries me is that the denomination is engraved and this is a new denomination and we have to engrave that thing. I was thinking that August one is the earliest possible we can get bonds into the field, if that soon. I think it might be done this way. I don't think a delay to August one would be serious. You might put this plan into effect and allow the allotments for the ten dollar bonds to come along. You would issue them all here, anyway, in your central offices.

GENERAL CARTER: We issue them here in our central office on a schedule. Our civilian issuances are now all decentralized to the field and that works fine. We want to do the same thing with the military.

GENERAL SOMERVELL: How much of a job would it be to give them a receipt to be replaced by a bond?

-6-

GENERAL CARTER: We are giving them a receipt in this plan, a receipt for the money that they have really deposited for the purchase of the bond. We are giving that to the man when he gets his pay.

GENERAL SOMERVELL: Then would there be any serious consequences if the delivery of that bond were delayed until after the first of August?

GENERAL CARTER: That part would be all right. The thing we are trying to avoid that is very vital to us, is to have a great number of these bond allotments come in on the installment plan and have to set up those accounts.

GENERAL SOMERVELL: No, I mean, if we stop that business right now and say "In lieu of that we are going to sell you these ten dollar bonds"--

GENERAL CARTER: Oh, we could do that.

GENERAL SOMERVELL: The printing of these bonds will not be ready until the first of August. In the meantime,--

GENERAL CARTER: Just delay issuance, that is all we would have to do.

MR. D.W. BELL: Would that be serious? We won't get into another situation like we got on your first plan where it would take a year to straighten it out?

GENERAL CARTER: No, because if they started selling this ten dollar bond now, that bond would go on the issuance schedule that we got from the theatre, and the bond office in Chicago would hold that issuance up until we got the bonds.

MR. D.W. BELL: That is all right so far as your central office in Chicago is concerned, because it will take that long to get it from the field and into issuance, anyway, but the Army posts have to give a receipt.

-7-

GENERAL CARTER: We can do that, because our population in this country now is on the low side. Our big population is abroad. There is where we want the relief.

MR. D.W. BELL: I should say the ones abroad, we probably could have bonds before they could get their schedules straightened out, anyway. It would be in the Army posts in this country where they might not get it for forty-five days.

GENERAL CARTER: I don't think that is a problem.

H.M.JR: It is all right with me, do you really want that open for everybody?

GENERAL SOMERVELL: These things always have been open to everybody.

MR. D.W. BELL: I wouldn't distinguish.

GENERAL CARTER: I think all should be offered to anybody who wants to buy them.

H.M.JR: A soldier can deposit his money and get four percent -- only for an enlisted man.

GENERAL CARTER: That fund is going to go up very fast, Mr. Secretary.

H.M.JR: That is only for enlisted men, but if you people think it is going to make it easier--

GENERAL SOMERVELL: I had a sergeant over here the other day. I wanted to send him to Officers Candidate School. He said, "General, I appreciate it, but I hate to lose the hundred dollars a month."

H.M.JR: He must be an old-timer.

GENERAL SOMERVELL: He is. He has been in nineteen years, but he says, "I hate to lose the hundred dollars month."

-8-

H.M.JR: Would you want to make it open to everybody?

GENERAL CARTER: Yes.

MR. D.W. BELL: Now, wait a minute. You want to make it open to your civilian employees?

GENERAL CARTER: No. I am talking about officers. That raises a question about civilian employees. We have a tremendous volume from them.

GENERAL SOMERVELL: But you are selling them on the reservation plan.

MR. D.W. BELL: Does that need to be disturbed?

GENERAL CARTER: Not all all.

MR. D.W. BELL: Then let's not disturb it.

GENERAL SOMERVELL: Just substitute the words "Military and Naval Personnel" for "Enlisted Men" and then you have it.

H.M.JR: I am not going to fight about that.

MR. D.W. BELL: I think we can get some title for this bond. You suggested the "G. I. Bond". That won't quite fit the officers.

GENERAL SOMERVELL: Oh, they are G. I's.

H.M.JR: I just thought it was a sort of nick-name.

GENERAL CARTER: I think it is a fine idea.

GENERAL SOMERVELL: We are very grateful to you, sir.

MR. GAMBLE: We would like to see the announcement, General Carter, if we may.

June 2, 1944
11:58 a.m.

225

HMJr: Hello.

Operator: McCloy.

HMJr: Right.

Operator: Go ahead.

John
McCloy: Hello.

HMJr: Hello, Jack.

M: I just talked with Stimson and with Marshall....

HMJr: Yes.

M: about that camp. I've got a camp -- I don't know which one it is but he -- but Marshall said he'd certainly give me one.

HMJr: Good.

M: So you can just rely on getting one.

HMJr: Good.

M: I don't know whether it will be Ontario. It depends upon which one has better facilities for mixed people.

HMJr: Yeah.

M: I assume there will be women and children.

HMJr: Yes.

M: Yeah. Okay.

HMJr: Now, wait a minute. Wait a minute. Wait a minute.

M: Yeah.

HMJr: This is what our boys said -- or this is what the President said at his press conference this morning.

M: Yeah.

- 2 -

HMJr: "War Refugees: Mr. Roosevelt revealed that consideration is being given to the possible use of an army camp area no longer needed by the military as a temporary haven in this country for refugees."

M: Yeah.

HMJr: And then he goes on about the Mediterranean. You'd better get it. It's all

M: I'll get it. I'll get it. At any rate, we've got one for you.

HMJr: Well, can we say so?

M: Yes, you can say so. You can say that the Army has indicated that we'll have one available.

HMJr: I mean, I can send that message to him?

M: Yes. That's right.

HMJr: When are you going to name it?

M: Well, I'll name it probably during the day. It's just which -- which one is the better one for those purposes.

HMJr: I think I'll wait until you name it.

M: All right. Fine.

HMJr: Did you get my little letter?

M: Yes, I did.

HMJr: All right.

M: Thank you very much.

HMJr: You're welcome.

M: Much obliged.

June 2, 1944
12:01 p.m.

HMJr: Hello.

Operator: Forrestal. Go ahead.

HMJr: Hello.

Secretary
Forrestal: Henry.

HMJr: Yeah. You're not having trouble in Beacon are you with those Japanese families?

F: (Laughs)

HMJr: How many did you take?

F: I expect to have if I take one on. Joe almost -- Joe almost hired one last year until I found it

HMJr: Yeah.

F: Henry, what is your measure of John Sullivan's ability? I realize that's a

HMJr: Listen, old man, you'd have to sit down with me on that.

F: Yeah. That's what I -- uh -- gather.

HMJr: Any time at your convenience.

F: But it's something I shouldn't move on too speedily, is it?

HMJr: Well, I mean, I -- I'd rather look you eye to eye.

F: You bet.

HMJr: I'm available any time. I mean, if you'll give me a couple of hours.

F: Yeah.

HMJr: I mean, if you want to pick me up tomorrow morning, or something like that.

F: Fine. I'll do that, Henry.

- 2 -

HMJr: What? What time do you go down usually?

F: Well, I go down about half past eight.

HMJr: That would be perfect. Do you know where I live?

F: The same house, isn't it?

HMJr: 2434 Belmont.

F: Right. I'll be around there.

HMJr: If you want to drop around eight-thirty, we can --
I walk about ten or fifteen minutes down.

F: All right.

HMJr: What?

F: Okay.

HMJr: How would that be?

F: Fine.

HMJr: Thank you.

F: Right.

June 2, 1944
1:35 p.m.

229

HMJr: Hello.

Operator: Mr. McCloy.

John
McCloy: Yes.

HMJr: Hello.

M: That will be Fort Ontario.

HMJr: What a man!

M: Now, it's either -- you can have either Fort Ontario or Madison but we think Ontario is better for your purposes.

HMJr: Fort Ontario -- where is it?

M: Fort Ontario -- it's near Oswego. We've selected one that was somewhere near a town.

HMJr: Near Oswego, New York?

M: Yes.

HMJr: Well, that's in the East.

M: That's in the East. There's another one out in Fort Thomas, Kentucky, but that's near Cincinnati, too close to the center of the country, I think. And that is not -- I think it's not as good as this one.

HMJr: Well, I -- this sounds good. Can I tell that to the President?

M: You can tell the President that, yeah.

HMJr: Because we said twenty -- that's wonderful.

M: Okay.

HMJr: Ever so much obliged.

M: All right. Fine.

June 2, 1944
1:36 p.m.

230✓

HMJr: Hello.

Operator: Miss Tully is with the President. Miss Brady is on the line.

HMJr: Right.

Operator: All right. There you are.

Dorothy Brady: Hello, Mr. Secretary.

HMJr: Hello.

B: Grace is in with the President.

HMJr: Right. When John Pehle and I saw the President yesterday....

B: Yes.

HMJr: we said we could find a camp for these refugees that he talked about in his press conference today....

B: Yes.

HMJr: within twenty-four hours.

B: Uh huh.

HMJr: Well, it's now exactly twenty-four hours and twenty minutes.

B: Uh huh.

HMJr: And the War Department has just notified me that they have room for a thousand refugees at Fort Ontario....

B: Uh huh.

HMJr:Oswego, New York.

B: Uh huh.

HMJr: And I wish you'd give that message to the President.

B: Uh huh.

- 2 -

HMJr: Now, the other thing is this: he kind of jumped the gun on us on this announcement at press conference and I wonder if it would be any use in getting over to him this afternoon this draft of this message to Congress.

B: No.

HMJr: It would not be of any use?

B: I don't even know if I'll be able to get this message to him because he's on his way.

HMJr: He's on his way?

B: Yep.

HMJr: I see. So

B: If I can't get it to him, I'll just have to give it to Grace to hold, I guess, until Monday.

HMJr: Are they sending any business down to him?

B: Well, I don't think so.

HMJr: You don't think so?

B: I mean, not unless it's dispatches or something like that.

HMJr: I see. Well, when she comes back, could I talk to her, please?

B: Surely. Yes.

HMJr: Thank you.

B: All right.

June 2, 1944
1:53 p.m.

Ted
Gamble: Hello, Mr. Secretary.

HMJr: Ted.

G: Yes.

HMJr: I have this memorandum from Smith in which he says that you said, or he said that I've accepted this luncheon, up in New York the day I go to the Fifth Avenue Association.

G: Yes.

HMJr: I have no recollection of it.

G: Well, that's the affair where we cut the ribbon for the unveiling of the street.

HMJr: It's not on my schedule.

G: Yes, it is, Mr. Secretary.

HMJr: It's not -- I mean on the schedule

G: On the one -- on the copy you have.

HMJr: No.

G: Well, this was the -- I spoke to you about going to New York when they unveiled this street.

HMJr: That's right.....

G: To visit with them one day. Well, that's the same affair.

HMJr: Yeah. But I mean, I didn't know I was going to a luncheon.

G: Well, as a matter of fact, the luncheon part of it was something that wasn't originally presented to me.

HMJr: Yes.

G: And it was presented as an affair that was going to be held at the Waldorf -- this ceremony that was going to be held there.

- 2 -

HMJr: Well, then -- well, if you didn't know it, how could I know it?

G: Well, I mean that I gave you all the information that I had on it. And since, Fred has had some further information on it and it has turned into a luncheon.

HMJr: Well, now, what is the status? What time am I supposed to be there?

G: At noon.

HMJr: And

G: On that date -- on the twenty-first.

HMJr: And then when do I

G: Be free to leave?

HMJr: cut the ribbon? Yeah.

G: Shortly after the luncheon.

HMJr: And then what?

G: And during the luncheon. Then if you wanted to visit with them there, they're going to have a parade. There's going to be a good deal of activity going on, but we did not confine you to anything more than the ceremony of the cutting of the ribbon to unveil the street.

HMJr: I see.

G: And that's all you're tied down for.

HMJr: Plus the luncheon.

G: Well, not even necessarily that, Mr. Secretary. We did not promise to deliver you for the luncheon because when they originally spoke to us about it, they didn't even tell us it was a luncheon.

HMJr: Well, listen, you just reversed yourself. At the beginning you said you told me about the luncheon.

G: Well, I meant that I told you, Mr. Secretary, that it was an affair at the Waldorf-Astoria.

HMJr: Yeah.

G: They did not tell me at the time that it was a luncheon.

HMJr: Well, now, where do we stand? (Laughs)

G: Well, I meant -- here's what I'm trying to say to you: they told me that the meeting was going to take place at the Waldorf....

HMJr: Yes.

G: that the ceremony was going to be held there. The only part that they didn't tell me, which I did not relay to you was that in connection with it there was to be a luncheon.

HMJr: Now, we -- we start at the end.

G: Yes.

HMJr: Do I have to go to the luncheon....

G: No, sir.

HMJr: to cut the ribbon?

G: No, sir, you do not. You could come and cut the ribbon after the luncheon was over. You would not have to be there for the luncheon.

HMJr: What do you advise?

.....G: I would -- if they go ahead with the show and -- as it's set now, they're going to have these representatives of all the countries there, including some of the ambassadors. I think you would enjoy the luncheon.

HMJr: Huh -- says you.

G: Well, I think it will be a colorful affair, Mr. Secretary, and you're not expected to make any formal speech and I do think really that you would enjoy it.

HMJr: Well, now, look. I don't know whether Mrs. Morgenthau wants to go or not, but will you see that this thing comes to us as an invitation for both of us?

G: Yes, sir, I will.

HMJr: Will you do that?

G: Well, I think she would enjoy it tremendously.

HMJr: Well, then there's a letter -- they give me a letter to write to Gehle.

G: Yes.

HMJr: Can't that be held up?

G: That can be held up until the invitation is forthcoming for both you you.

HMJr: Right.

G: That will be done this afternoon.

HMJr: Yeah. Now, wait a minute, I've got another one.

G: Right.

HMJr: Now, you remember you tried to go over with me about this Los Angeles schedule of mine.

G: Yes.

HMJr: And now comes in a piece of it....

G: Yes.

HMJr: in regard to Los Angeles. Have you got a machine going in your place?

G: No, I'm at the -- down in the projection room.

HMJr: Oh.

G: (Laughs)

HMJr: Oh -- because I could hear this thing.

G: No.

HMJr: You're missing a picture.

G: We're showing Bell and those people the Eisenhower films.

HMJr: Oh. Well, I'm tying you up then, huh?

G: No, no, no. It's all right, sir.

HMJr: Why don't you and Fred Smith -- just a moment -- why don't you and Fred Smith come in tomorrow at eleven

G: Fine.

HMJr: and let's talk any other plans

G: Fine.

HMJr: for the trip, see?

G: We may as well review the whole trip.

HMJr: Yeah. Why wasn't I asked to see the Eisenhower picture?

G: Well, I have them -- I'm leaving them here in the room for you, Mr. Secretary.

HMJr: Right. Well, then eleven o'clock, you and Smith, tomorrow.

G: Fine. All right, sir.

TO:

237

Secretary Morgenthau

I didn't know that this was both a luncheon and opening of the "Avenue of the Allies". However, Gamble said that you had cleared both, so I am putting the luncheon on the calendar also.

Hold up? ^{F.S.}
(FS)

Fred Smith
Room 290½

June 2, 1944

Dear Mr. Gehle:

Ted Gamble has told me about the luncheon and the dedication of the "Avenue of the Allies". I have put this on my calendar, and am looking forward to the event.

I want to thank you for your kind invitation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Frederick W. Gehle
War Finance Committee
1270 Sixth Avenue
New York 20, New York

FS:mlf



TREASURY DEPARTMENT

WAR FINANCE COMMITTEE

OFFICE OF STATE CHAIRMAN

1270 Sixth Avenue
New York, 20, New York
May 29, 1944

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

My dear Mr. Secretary:

We are greatly pleased at the news that you are to be with us on June 21st next, on the occasion of the dedication of Fifth Avenue as the "Avenue of the Allies". Our program for the day is rapidly taking form, and I will, at a later date, acquaint you with it.

The high mark of the day will be a luncheon at the Waldorf Astoria at which you are to be the guest of honor. Ted Gamble has no doubt told you of this luncheon, and I sincerely trust your secretary will not fail to place it on your calendar, for we are looking forward with a great deal of anticipation to having you with us.

With kind regards,

Very truly yours,

Frederick W. Gehle,
Executive Manager

June 2, 1944
2:05 p.m.

WAR REFUGEE BOARD

Present: Mr. Pehle
Mr. Luxford
Mr. DuBois
Mrs. Klotz
(War Refugee Board group)

H.M.JR: I got hold of Mrs. Brady to try to tell Grace to give the President a message that I had heard from McCloy, that it to be Oswego. She said she doubted whether she could get any more messages to the President between now and Monday. I have a call in. He is to leave momentarily, now.

MR. PEHLE: So we won't see him?

H.M.JR: He hasn't actually left yet. I might possibly get over there. I know where he is going. How long did we have that thing before when he was up at Hyde Park and couldn't get anywhere?

MR. PEHLE: Yes, two weeks.

H.M.JR: Now, my guess is, I may be wrong, but if I try to get it over, and try to get it in the briefcase, I think it would only annoy him.

MR. PEHLE: I agree. I think it has to be done across the table.

H.M.JR: What did you fellows have in mind? Did you think I was going to see him this afternoon?

MR. PEHLE: Just this, if we could get a message out right away to Congress it would make all the difference in the world; but if it can't be, it can't be.

- 2 -

H.M.JR: Did you think I could get an appointment?

MR. PEHLE: Conceivably, if he were going to be there.

H.M.JR: I don't think you fellows understand how hard it is to get in there.

MR. PEHLE: Mr. Secretary, I do; but one reason these things go so far is that we ask unreasonable things, that is all. Of course they are unreasonable.

H.M.JR: I wouldn't say that.

MR. PEHLE: We don't mind being told, "No, it can't be done."

H.M.JR: I said these fellows push me and that is why you get things done. Sometimes it is a little hard to take. But I checked; you can't push that fellow.

MR. PEHLE: Oh, I know. I think he has been pushed.

H.M.JR: Yes, then I think, when he comes back the thing to do is to ask to see him again. You get over there and you are always running the risk of - you don't know whose hands it is going to get in, do you see?

MR. PEHLE: I agree.

H.M.JR: I think the thing to do is to get on the record that we want to see him.

MR. PEHLE: Will he be back the first of the week?

H.M.JR: Oh, yes, he will be back Monday. You agree with me, don't you?

MRS. KLOTZ: I think so, yes.

MR. PEHLE: Is this a good place?

- 3 -

H.M.JR: He says yes.

MRS. KLOTZ: He said it was near a city.

MR. PEHLE: Is that good?

H.M.JR: What was the other place?

MRS. KLOTZ: Kentucky.

H.M.JR: Choice of that or Kentucky.

MR. PEHLE: I think the President should have the choice.

H.M.JR: No, Oswego, where it is cool; it has a decent climate.

MR. PEHLE: I am thinking of the thing politically. He is moving awfully fast. Oswego is half way between. I think Rochester and Buffalo - somewhere in there--

H.M.JR: He said the East.

MR. PEHLE: I see.

H.M.JR: You get down to Kentucky - I wouldn't go.

MR. PEHLE: That is right. He said the Atlantic seaboard.

H.M.JR: This is the Atlantic seaboard.

MR. PEHLE: I guess that is right.

H.M.JR: I get down into Kentucky and get into all kinds of Southern Democratic prejudices. This is right in Senator Mead's bailiwick.

MRS. KLOTZ: I would think that the South would be the worst place.

- 4 -

H.M.JR: This is right near Senator Mead, some place in Ontario, I think.

These decisions, you see - I go about a million miles an hour, occasionally.

MRS. KLOTZ: Did he limit it to a thousand people?

MR. PEHLE: He didn't. That is one of the points - whether, in the message, we ought to say it is going to be limited to a thousand. He did in the discussion.

H.M.JR: He said it should be explained it was over a thousand.

MR. PEHLE: But when he said that there will be many additional thousands, the way I interpreted that, there would be many additional thousands that would have to be taken care of elsewhere.

H.M.JR: I think the best position we can take is that this is a token to the rest of the world.

Come here, I will show you where Oswego is (consults atlas). It is there. That is a nice place - it has a good climate.

.....MRS. KLOTZ: He seemed to favor that very strongly - Mr. McCloy.

MR. PEHLE: The President was talking about the Carolinas. That was because he had been down there recently.

H.M.JR: That is all. I would let it go.

MR. PEHLE: I saw Baruch in the outer office.

H.M.JR: I know you did. He was very much pleased.

MR. PEHLE: He said he had written you a letter.

- 5 -

H.M.JR: Which I never got. You never had a letter?

MRS. KLOTZ: Recently?

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

(Mr. Luxford and Mr. DuBois enter the conference with the following members of the War Refugee Board group: Miss Hodel, Mr. Stewart, Mr. Friedman, Mr. Abrahamson, Mr. Lesser, Mrs. Mannen, and Mr. Weinstein)

H.M.JR: I just wanted to tell you all how pleased I am at the way you people have been working so hard in the last month to take care of the refugees in this country, and you have actually accomplished that. I think you all ought to feel a personal satisfaction.

As you know, it is very nice for America not to be high and mighty and tell the rest of the world what to do, and demonstrate themselves, and set an example. So I am very happy. I want to thank each and every one of you.

MR. PEHLE: We want to thank you, Mr. Secretary, for what you have done.

H.M.JR: I could follow the leader!!

(The War Refugee Board group leaves the conference)

MR. PEHLE: The Secretary thinks it would be bad, and I agree, to send over the documents cold, and they would be lost. He is going to put in a call for an appointment right away.

H.M.JR: He is either in the car, or about to put his foot in the car. I think it is a mistake. I know where he is going. He goes down there to relax and somebody rushes up and says, "Here is Morgenthau, who wants you to have this thing." I know his reaction.

MR. DuBOIS: I agree with you fully.

- 6 -

H.M.JR: I checked. I tried to get Miss Tully - I wanted to say, jokingly, "I want the President to know that we are twenty minutes late; we said twenty-four hours and it is now twenty minutes of two. We are twenty minutes late on getting a camp. Please give him that message."

Mrs. Brady said, "I would love to do it, but Miss Tully is over there with the President, now. I don't think Miss Tully can see him again. I don't know that I can. When she comes back--

MRS. KLOTZ: She was so tense.

MR. PEHLE: Who is this?

H.M.JR: Mrs. Brady. They are having their troubles.

MR. PEHLE: Oh, I bet!

H.M.JR: So you can't even get that message to her. I think it would get off to a bad start. If he is not worried about the Congressional thing, I wouldn't worry too much. On those things, he very seldom goes off half-cocked. He thinks those things through.

He kept saying - I call it a mental block. He has had a mental block on this thing. I don't know what they call it.

MR. PEHLE: That is a good description.

H.M.JR: Suddenly it clears; he is satisfied; he goes overboard a hundred percent. I would let her ride.

MRS. KLOTZ: I have a different theory, altogether. I think when he discontinued listening to those people who were opposed to it, he favored it.

H.M.JR: I still can't get over what has happened to Rosenman's influence on the Jewish question.

- 7 -

MR. PEHLE: You see, this reporter said to Rosenman, "I understand you are opposed to this."

Rosenman said, "How could that be? It is ridiculous."

MR. DuBOIS: Player did it very well, too.

H.M.JR: Did you coach him?

MR. DuBOIS: No, I didn't coach him.

MR. PEHLE: He told us what he had done.

H.M.JR: Well, anyway, I would let her ride. I am going to put in a request.

MR. PEHLE: Fine. We will have all the documents.

H.M.JR: I will put in a request when he gets back.

What else do you have, Joe?

MR. DuBOIS: That is enough for one day, I think.

MR. PEHLE: Thank you for having the people in. It is very helpful.

H.M.JR: Nothing else today, Joe?

June 2, 1944
4:00 p.m.

HMJr: Hello.

Roberta
Barrows: Hello, Mr. Secretary. Can I help you?

HMJr: I think you can.

B: All right.

HMJr: You most likely heard the President today say that -- talk about bringing some refugees over here.

B: In the press conference?

HMJr: Yeah.

B: I wasn't in there but I understand he did, uh huh.

HMJr: Yes. Now, then, he wants us to give him a message which he can send up to Congress explaining it, you see?

B: Uh huh.

HMJr: So when he gets back, I'd like another appointment for Pehle and myself.

B: Good.

HMJr: To give him a proposed message to Congress....

B: Yes.

HMJr:on this subject, and the sooner we see him the better, because the message was to have gone first and the publicity afterwards.

B: (Laughs)

HMJr: But he kind of jumped the gun.

B: Cart before the horse, huh?

HMJr: Huh? What?

B: Cart before the horse, huh?

HMJr: Yes.

B: All right.

HMJr: When he gets back, I believe, Monday

B: Yes, sir.

HMJr: if you would try to get us in.

B: Monday he won't have any appointments except one in the afternoon, sir, and I'm afraid it's going to be a long one.

HMJr: Well, then, Tuesday.

B: Tuesday, I expect, will be the first chance. I'll tell the General though. Maybe he can do it Monday.

HMJr: Well....

B: He'll be calling us, I think.

HMJr: Thank you.

B: Thank you, sir. Bye.

HMJr: Bye.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JUN 2 1944

TO Secretary Morgenthau
FROM Mr. Haas
Subject Current Developments in the High-grade Security Markets; Bank Earnings

I. Little Change in Prices of
Government Securities

Prices of taxable Government securities have shown little change in recent weeks. In the partially tax-exempt category, modest declines were registered by the short- and medium-term issues, while the longer-term maturities displayed some strength.

II. Excess Reserves Decline

Excess reserves of member banks amounted to \$711 millions on May 31, a decline of \$53 millions from the preceding Wednesday, and one of \$225 millions from two weeks previously (Chart I).

III. Treasury Bill Policy and
Commercial Bank Reserves

The resumption, on May 11, of the weekly increase in Treasury bills emphasizes again the dual role which bills have come to play in war finance. They are at once a means by which the Treasury borrows money and a means by which commercial banks can replenish their reserves. It would have been possible to raise funds in the market by offering any one of several types of securities; it would probably have been possible to get along without market borrowing until the proceeds of the Fifth War Loan began to come in. The issuance of additional bills at this time, however, helped to prevent the further tightening of the commercial bank reserve position and to build up the liquidity of the banking system prior to the coming loan drive.

Chart II traces the development of the second, or reserve, function of bills, since the establishment of the posted buying rate of $\frac{3}{8}$ of 1 percent per annum discount, on April 30,

Secretary Morgenthau - 2

1942, made the use of Treasury bills as bank secondary reserves really effective. It shows the bill holdings, at the end of each month, of commercial banks, Federal Reserve Banks, and other investors. (Figures for commercial bank holdings of bills on April 30, 1944, have only recently become available, so that the chart does not show the effects of the current increase in bill volume.)

When the $3/8$ of 1 percent buying rate was posted, the outstanding volume of bills was just under \$2.0 billions; on April 30, 1944, it was \$13.1 billions. During the first 13 months of the 2-year period, the bulk of the increase went to the commercial banks. Following the Second War Loan, and as a result of the outflow of War Loan deposits into the mass of individual deposits, it became necessary for commercial banks to replenish or add to their reserves by selling bills to the Federal Reserve Banks. In June, July, and August 1943, Federal absorbed an amount equal to the entire net increase of bills plus the greater part of the decrease in commercial bank holdings.

The increase in War Loan deposits incident to the Third War Loan, in September, provided a temporary respite to commercial banks; and they were able to increase their bill holdings by acquisitions from both Federal Reserve Banks and other investors. There followed another period of 3 months during which bills were shifted from commercial banks to Federal, another reversal of the movement during the Fourth War Loan, and then a renewal of the movement towards the Reserve Banks which appears to be still in process and which will probably continue until the Fifth War Loan is under way.

The most significant point brought out by the chart is probably that, following the peak in commercial bank holdings of bills at the time of the Second War Loan, each successive peak and valley in commercial bank holdings of Treasury bills has been lower than the preceding one. This is because of the slowing down and final cessation of the increase in Treasury bills last summer. Since then, commercial banks have been making active use of the limited supply of Treasury bills to maintain their reserve positions. The increase of deposits, and consequent increase of reserve requirements, together with the growth of currency in circulation and other factors, have been gradually exhausting the supply of bills available for this purpose, i.e., those not already held by the Federal Reserve Banks.

Secretary Morgenthau - 3

The increase of \$200 millions a week of Treasury bills initiated on May 11 may be expected to stop this attrition in the secondary reserves of commercial banks. It is probable, however, for reasons already discussed, that the bulk of the increase in the outstanding amount of Treasury bills during the remainder of the year will go into the Federal Reserve Banks. Such an outcome is, in fact, necessary if the increase in Treasury bills is to serve its primary purpose of providing additional commercial bank reserves.

IV. Other High-grade Securities Show Improvement

Prices of high-grade corporate bonds have continued the rise which has been in progress for the past few months, and they are now at their highest levels since last September. Municipal bonds have also been strong in recent weeks, and they are currently quoted close to their all-time highs.

V. New Issue Market Active

Considerable activity occurred in the new issue field last week as dealers began to "clear the decks" in preparation for the Fifth War Loan drive. Public bond offerings of \$105 millions, mostly refundings, in the week ended May 27 were the heaviest since the week ended January 15, 1943, when \$127 millions of new bonds, of which \$90 millions represented a Canadian Government loan, reached the market. Principal offerings last week included \$56 millions of California Toll Bridge Authority and \$23 millions of Virginia Electric and Power Company bonds. Both offerings were refunding operations, and were well received by the market.

The chief offerings during the current week include \$42 millions of Consumers Public Power District of Nebraska refunding revenue bonds and \$6 millions of Chattanooga, Tennessee, electric power refunding revenue bonds, both of which were awarded on Wednesday. The Chattanooga offering is of particular interest as an indication of the improvement in the municipal bond market during the past six months, because the proceeds are to be used to redeem, at a premium, outstanding bonds issued only last November, and on which the first coupon will not be due until July 1 of this year.

Secretary Morgenthau - 4

VI. Insured Bank Profits in 1943
Were 45 Percent Above 1942

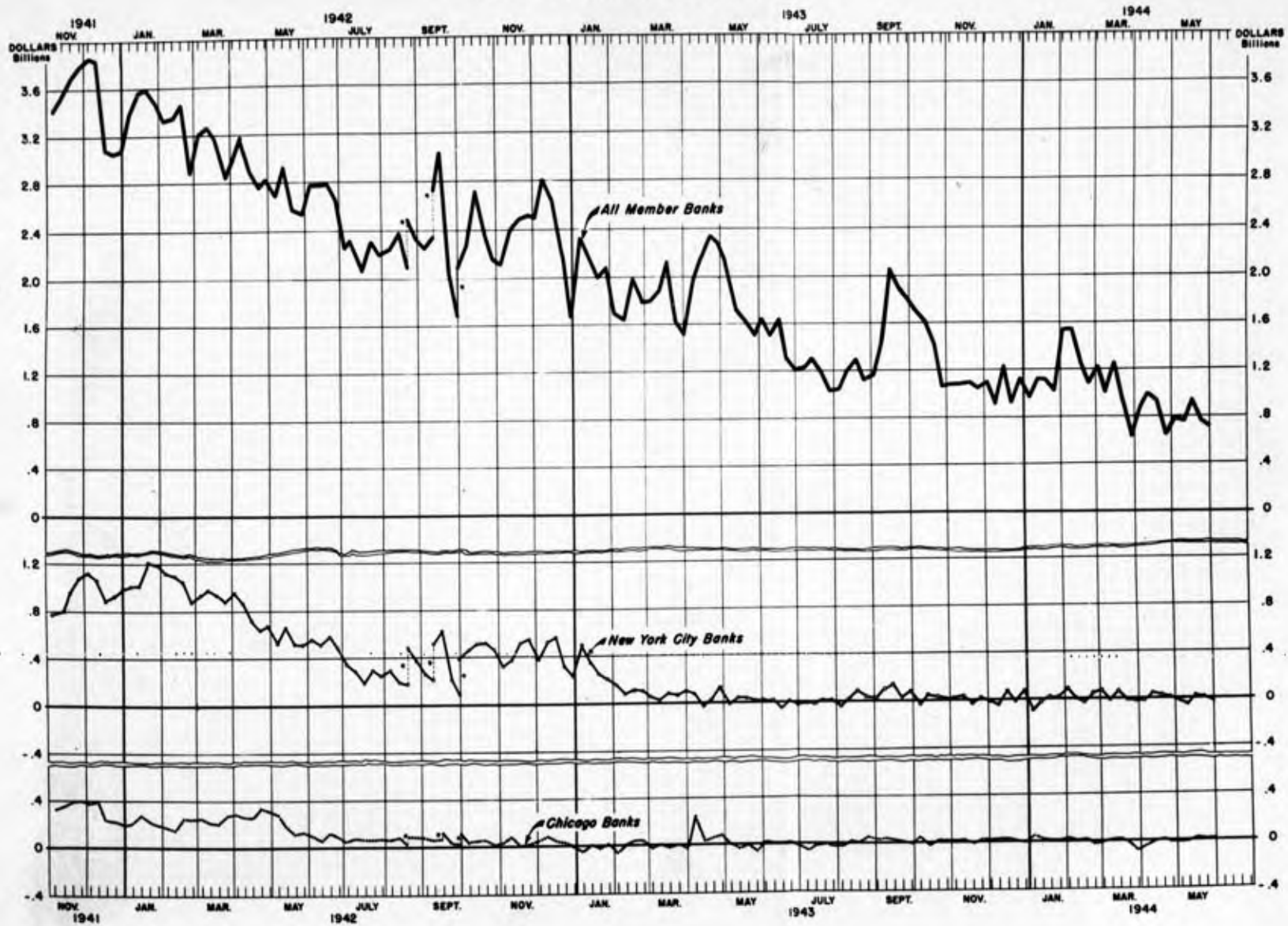
Net profits, after taxes, of the 13,274 insured commercial banks amounted to \$638 millions in 1943, or 45 percent more than the \$441 millions earned in 1942, according to a statement released by the FDIC for publication on Wednesday. These are the largest profits since the deposit insurance system was established in 1934, and represent a return of 8.6 percent on capital accounts. (Member bank profits were also as high as they had ever been since data first became available in 1919.)

Chief source of earnings was interest on securities -- principally United States Government securities -- which amounted to \$861 millions in 1943, as compared with \$610 millions in the preceding year, despite a decline in the average yield on securities held from 1.78 percent to 1.33 percent. Interest and discount on loans decreased from \$805 millions in 1942 to \$692 millions in 1943. The table below shows, in summary form, the principal items in the consolidated profit and loss statements of insured commercial banks for 1942 and 1943:

	<u>1942</u>	<u>1943</u>	<u>Net Change</u>
	(In millions of dollars)		
Current operating earnings			
Interest and dividends on securities	610	861	+251
Interest and discount on loans	805	692	-113
Other current operating earnings	<u>376</u>	<u>406</u>	<u>+30</u>
Total	<u>1,791</u>	<u>1,959</u>	<u>+168</u>
Current operating expenses..			
Salaries and wages	564	594	+30
Interest on time deposits	175	164	-11
Other current operating expenses	<u>386</u>	<u>398</u>	<u>+12</u>
Total	<u>1,125</u>	<u>1,156</u>	<u>+31</u>
Net current operating earnings	666	803	+137
Taxes paid	177	228	+51
Recoveries and profits on securities	223	353	+130
Losses and charge-offs	<u>271</u>	<u>290</u>	<u>+19</u>
Net profits	<u>441</u>	<u>638</u>	<u>+197</u>
Dividends	228	233	+5

Attachments

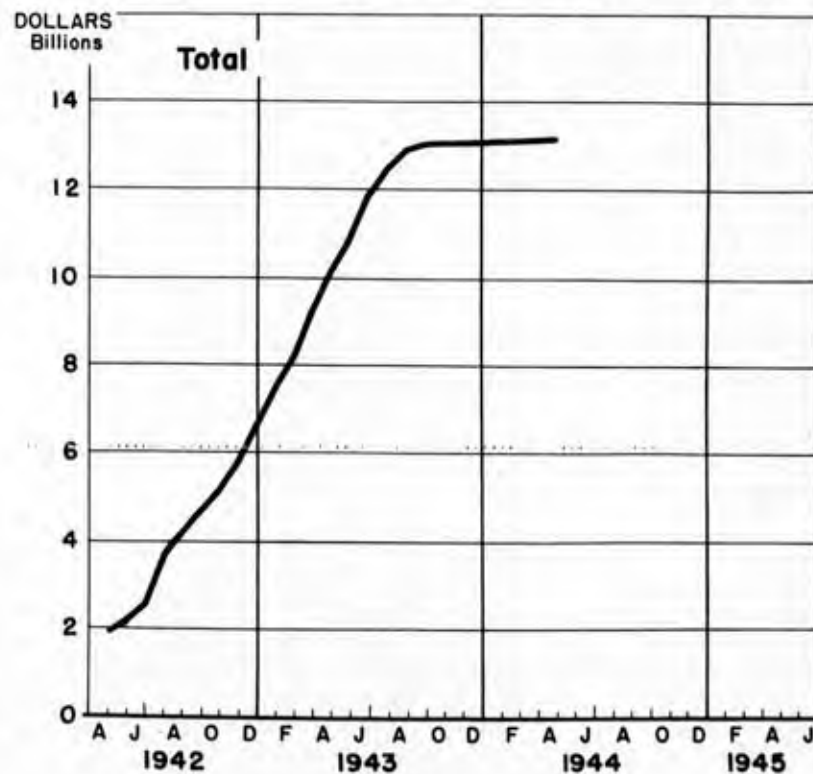
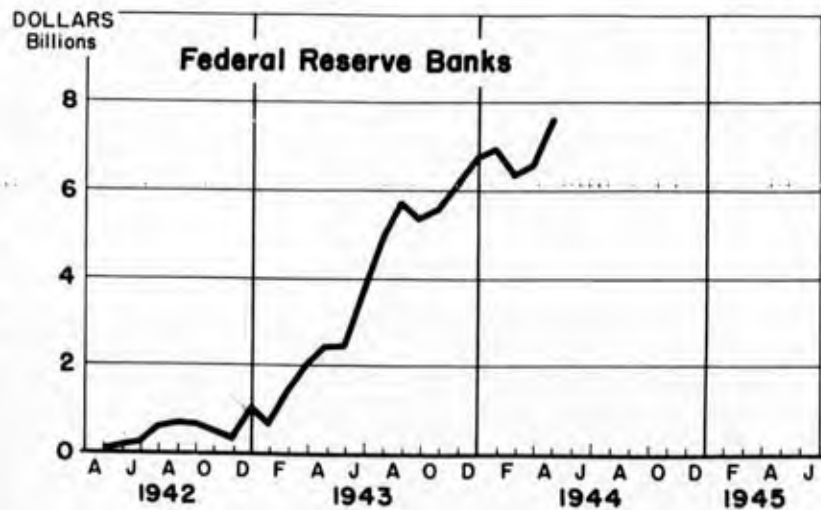
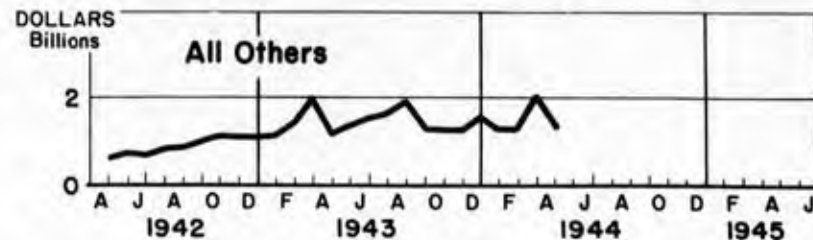
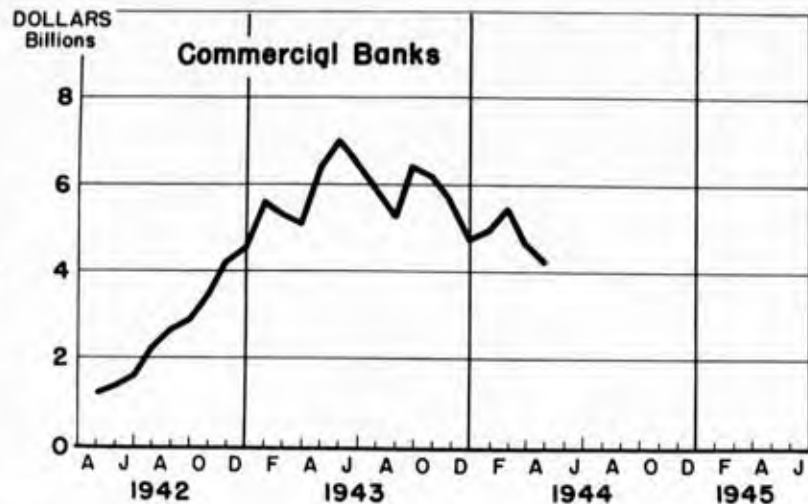
MEMBER BANK EXCESS RESERVES



*Change in reserve requirements

OWNERSHIP OF TREASURY BILLS, BY TYPE OF INVESTOR

End of Month Figures





EIGHTH DISTRICT

STATE OF NEW YORK
DEPARTMENT OF PUBLIC WORKS

CHAS. H. BELLE

SUPERINTENDENT

JAMES S. BIXBY, DIST. ENG.

PLEASANT VALLEY ROAD

P. O. BOX 551, Poughkeepsie, N. Y.

COUNTIES
IN 8TH DISTRICT

COLUMBIA
DUTCHESS
ORANGE
PUTNAM
ROCKLAND
ULSTER
WESTCHESTER

POUGHKEEPSIE, N. Y.,

June 2, 1944.

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

My dear Mr. Morgenthau:-

I am delighted to learn from Dick Meyer that it may be possible for you to attend our War Bond Barge Rally on the evening of June 27 and make a short address to the people assembled for this event. As soon as the details of our program are settled, I will write or talk to your Secretary, Mr. Smith, in order to make final arrangements.

Looking forward to seeing you, I am,

Yours sincerely,

JSB:EMT

Jim Bixby
City Chairman
War Finance Committee

June 2, 1944

Dear Mr. Link:

I doubt that I will be able to take advantage of your kind invitation. According to the plans set up in Los Angeles, I will have a very full morning, culminating with a large luncheon at noon.

Thank you very much for thinking of me. It is my sincere hope that on my next trip to Los Angeles my calendar will be less crowded and perhaps you will give me a rain check.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Harold B. Link, Manager
The Los Angeles Breakfast Club
3201 Los Feliz Boulevard
Los Angeles, California

ES:mlf:vam

OFFICERS AND DIRECTORS

Tom R. Knudsen, President
 Don Lake, Chairman of the Board
 Ernest W. Bennett, Vice-President
 Mr. Ernest G. Bashor, Vice-President
 Jgene U. Blalock, Vice-President
 Harry G. Johansing, Vice-President
 Harry S. Hargrave, Vice-President & Treasurer
 L. D. Hollingsworth, M.D., Secretary
 Henry W. Catlin, Assistant Secretary
 H. O. Barnes, M.D.
 John E. Bauer
 Alex A. Dewar
 V. M. Ekdahl
 Russell R. Fray
 Frank E. Geiger
 Harold D. Leslie
 G. Elmer Moreland, Past President
 Harrol R. Smith
 L. E. Timberlake
 Charles Von Der Ahe
 Dr. Philip E. Zeiss

THE LOS ANGELES BREAKFAST CLUB

(NON-PROFIT)

THE SHRINE OF  FRIENDSHIP

NON-POLITICAL NON-SECTARIAN

SUCCESSOR TO THE BREAKFAST CLUB ORGANIZED MARCH 6, 1928

MEETING ON WEDNESDAY MORNINGS

3201 LOS FELIZ BLVD.

PHONE NORMANDY 21191

LOS ANGELES, CALIFORNIA

26

May 26, 1944

ADVISORY COUNCIL

Col. Harry M. Baine
 Dr. Frank F. Barham
 E. Manchester Boddy
 Mayor Fletcher Bowron
 R. A. Carrington, Jr.
 Norman Chandler
 Frank P. Doherty
 Wm. May Garland
 Byron C. Hanna, Past President
 Wm. Randolph Hearst
 John P. Herrick
 Roger Jessup
 W. T. Kester, Past Chairman of the Board
 George O. Kolb
 Gordon L. McDonough
 Judge J. F. T. O'Connor
 Edwin O. Palmer, M.D.
 Dr. R. B. von KleinSmid, Past President
 Governor Earl Warren
 Judge Carlos S. Hardy, Club Counsel
 Rev. J. Whitcomb Brougher, Jr., Chaplain
 Bishop Bruce R. Baxter, Hon. Chaplain
 E. M. Gore, Publicity Director
 C. Earle Memory, C.P.A. Auditor
 Harold B. Link, Manager

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

Dear Mr. Morgenthau:

Noting that you plan to be in Los Angeles on June 14, we are sending you this cordial invitation to be an honor guest of our Club on that morning between the hours of eight and nine-thirty o'clock, for our regular weekly breakfast meeting.

The occasion will mark our annual Flag Day program, and it would be doubly significant if you were to make a short talk on the Fifth War Loan drive. All of us remember the enjoyment your father used to derive from our Breakfast Club programs, and we were always sincerely fond of him. We realize that you will have a very heavy schedule on June 14, but hope you will feel like fitting this into your program for the day and that you will speak to us for ten or twelve minutes. Our entire program has been broadcast on Warner Brothers' station, KFWB, for more than seventeen years so that you would have a tremendous listening audience in addition to the three hundred and fifty or four hundred people at the Club.

We shall appreciate a reply at your earliest convenience.

Cordially,

THE LOS ANGELES BREAKFAST CLUB


 Harold B. Link, Manager

HBL:jk
 CC-Robert H. Moulten

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau

May 29, 1944

FROM Fred Smith ~~RS~~

Normally this would be a lot of effort for so early in the morning, but you might want to do it because your Father apparently appeared several times.

At the present time your schedule on June 14th will include:

- (1) A trip to a war plant in the morning
- (2) Noon luncheon, sponsored by the Los Angeles Chamber of Commerce, and attended by eleven hundred people
- (3) The broadcast in the evening.

Do you want to make a date for the Breakfast Club?

MEMORANDUM

TO: Secretary Morgenthau

FROM: Mr. Surrey

SUBJECT: Formation of Committee of Experts
to Consider Technical Corporate
Tax Problems

June 2, 1944

(To be Considered in Connection with
Mr. Blough's memorandum re Consulta-
tions on Postwar Taxation)

It is suggested that a Committee of outside tax experts be established to act in an advisory capacity on technical corporation tax problems. The Committee would consist of five or six leading tax attorneys and accountants. It would meet from time to time with representatives of the Treasury. A similar Committee has been functioning for several months with respect to the estate and gift taxes and the progress has been very satisfactory.

I have discussed the matter with the Chairman of the Tax Section of the American Bar Association and he is very anxious to cooperate along these lines.

The work of this Committee would be complementary to the consultations that are suggested with business executives, representatives of labor, and others, on post war taxation. The Committee would deal with the more technical problems while the broader problems of policy would be discussed with the other groups.

MEMORANDUM FOR THE SECRETARY

June 2, 1944.

Mail Report

Again the Fifth Drive dominated the week's mail, and again incoming letters showed the same cooperative spirit and contained many pledges of quotas raised and passed. There were perhaps 250 replies to form letters sent by the War Finance Division to industries, banks, and other business organizations. These were almost unanimously cooperative in tone. Occasional criticisms were of a minor character or dealt with individual problems which it would be impossible for the Treasury to anticipate in estimating a definite quota or concrete cooperation. Several bank officials particularly commended the Treasury request that banks refuse to lend money for speculative purchasing of bonds. Slogans and songs are still coming in, though not in such great quantity as in the past.

Fred Smith

For the first time, a number of the small slips enclosed by Federal Reserve Banks when checks are sent for redeemed bonds have been sent back to us with an apology or explanation scribbled on the back to let us know why the bonds had been cashed. Several mentioned a personal emergency and promised re-investment in bonds when conditions improved. A good proportion of the writers said that E Bonds had been converted into a larger interest-bearing bond. There were 49 bonds turned in for redemption and very few complaints of delays in receiving bonds, with only 3 persons reporting overdue interest.

Aside from the continued individual demands for tax refunds, there was practically no tax mail. Cabaret taxes did not appear in the correspondence, while the passage of the simplified withholding tax ended the campaign for the Curtis-Gearhart Bill.

Please look into this and speak to me. - Attach to Mr. H. S. ...

- 2 -

Memorandum for the Secretary.

June 2, 1944.

The announcement in regard to the International Monetary Conference to be held in New Hampshire immediately brought in requests for material on stabilization plans and a few inquiries about the Conference itself. Doubtless this mail will grow during the time before the gathering is held.

White House mail was the lowest in receipt that we have ever had. Of the 192 pieces received here during the month of May, 113 were rerouted, and a large part of this mail consisted of requests for the forwarding of tax refunds reported in March. Quite a few of the writers took the tone that they had to "tell on" the Internal Revenue Bureau to the President in order to get any action.



General Comments

Floyd McGriff, Publisher, Detroit Suburban Newspapers, Detroit, Mich. Will you please send me a copy of the agenda to be considered at the forthcoming International Monetary Conference? Also, I would appreciate very much a copy of the plan which the American delegation will sponsor. One of our readers has asked us, "Is this to be the sin of World War II - with a touch of Cross of Gold crucifixion that Bill Bryan used to mention frequently?" The secrecy with which this whole thing has been conducted is not conducive to confidence insofar as the general public is concerned.

Emory E. Cochran, Ph.D., N.Y.C. As a taxpayer and full-blooded American of several generations may I urge you to use every means at your command to halt the reckless shipment of gold to all corners of the earth. I can assure you that our rapidly diminishing gold reserve is a source of grave concern to countless Americans who fear that unless this procedure is stopped at once, we shall be faced with a currency problem second only in gravity to the war itself. I understand the Congress, according to law, must give its consent before such gold shipments are made, and that this law has been repeatedly violated. I trust that you will take immediate action to halt the reckless drain on our gold reserves.

- 2 -

Favorable Comments on Bonds

Jim Bullard, Freight Conductor, Rock Island Lines, Eldon, Mo. Greetings from just one of the rank and file out here on the busy main line of a great railroad. * * * I made a little bet with Uncle Sammy back in May 1942 that I would buy the limit each year of your Series E War Bonds, par value of \$5,000, and keep them until they paid out. So far, wife and I have done just that, and in the days to come, when I have retired from the Rock Island, those War Bonds will keep the Big Bad Wolf away from our cabin door down here in the Missouri Ozarks. It is little enough for us who are too old to carry a gun, but who have good jobs, to get right in and buy War Bonds. It is worth a lot to be able to live in a free country -- a country where it is not thought unusual for a working man to drop a line to a high Government Official, just as I am doing today. With best of regards and good luck to your Fifth War Bond Drive.

- 3 -

Unfavorable Comments on Bonds

Donovan D. McCarty, Attorney at Law, Olney, Illinois. If you want people to buy United States Bonds, why, in the name of common sense, don't you simplify the regulations for the transfer of those bonds when the owner dies? Like most bureaucratic regulations, they are so written as to disguise what you want done. Recently I sent in some registered bonds for transfer, in which the assignment was witnessed by the Postmaster. This morning I am advised that the Postmaster is not authorized to witness this type of bond, and I receive a list of officers authorized to witness bonds, the most of which we do not have in this county. * * * I now must have these bonds all re-assigned and re-witnessed and send them back, and it will take another six weeks or two months. * * * The last time I sent in a batch of bonds, not witnessed by the Postmaster, I got them back because I hadn't taken them to the Postmaster. Practically every state in the union recognizes a Notary Public as being authorized to witness signatures, and all corporations on the transfer of stocks will accept such an officer as a witness. I own quite a few Government Bonds, but if my wife is going to have all the trouble in transferring my bonds to herself that I have had in trying to get bonds transferred for other people, I am going to get rid of them and get my estate into something that she won't have so much trouble with.

Louie L. Petrea, Fresno, Calif. * * * During a recent conversation with a fellow worker, the subject of buying War Bonds was discussed. I have two sons in the Navy and I myself am a World War I veteran, so naturally I grew more or less indignant when this friend of mine stated he had not purchased any War Bonds yet. When I asked why he hadn't, his answer was that he was afraid of the bonds' future value. His reason for thinking this was due to the fact that he knew a barber "back home" who, during the drives of World

- 4 -

War I bond sales, had purchased bonds which afterwards proved to be valueless. The barber emphasized his remark by stating he papered his barber shop with them. * * * A short time after my first conversation, I chanced to mention bonds to another particular friend of mine, who only recently arrived from the Middle West. The "barber shop story" was related to him, and to my surprise he made a similar statement concerning the War I bonds. He stated that some people in the town from which he came, burned the bonds in the street, and my friend swore up and down that the bonds were worthless. What I wish to ask you is -- "Did such things take place, and were any of the World War I refused redemption by our Government?" We are led to believe that bonds we purchase now are the safest investment in the world, and I still think so, and want to continue with that thought, but rather than continue in doubt, I take this means of finding out the truth.

William F. Reed, Bethlehem, Pa., returning form sent with check when bonds are redeemed, writes as follows: "These bonds were purchased or agreed upon a 6-day week basis, so when work goes to 5 days, and you ask your employer to lower the deductions, and he refuses to do so, naturally you must redeem them. Yours for a little more common sense and cooperation."

H. G. Smith, Comptroller, Callaway Mills, LaGrange, Ga. * * * You ask that we establish a quota "averaging \$100.00 cash investment per employee". I presume that this applies for the two months' period June and July; however, this suggested quota appears to me to be somewhat high for the textile industry. If you will refer to monthly reports of "War Savings Bonds Payroll Savings Sales", on which is reported to you both the number of employees and the total monthly payroll, you will find that the above quota would call for approximately 50% of payroll earnings, which I believe you

- 5 -

will agree is out of line for the industry that we are in. We are going into the question of establishing plant quotas, and we will work with the Treasury Department's representative here toward organizing teams for canvassing the employees, cooperating with other local and district committees in carrying out this Fifth War Loan Drive.

Arthur S. Whiston, President, North Side Real Estate Board of Chicago, Chicago, Ill. (Telegram) Your movie, "Skirmish on the Homefront", designed to sell War Bonds, has proven very detrimental to our business, and we believe that it does not present a true picture of the real estate business as it exists today. In the last Drive real estate interests in Chicago subscribed to \$750,000 worth of bonds, and we believe that if this type of picture continues to be shown that we will of necessity be forced to cut our quantity of purchases considerably. Our Board insists that this movie be immediately withdrawn.

Letter addressed to the President by H. W. Brochtrup, Transcript-Herald Publishing Company, Boyd, Wisc., and referred to the Treasury for handling. "Just a short letter to call to your attention what I consider to be a very unjust situation. I publish two small papers in villages both under the 600 population mark in a rural Wisconsin setup. We have been donating ads for all sorts of Government Agencies for more than two years, sometimes more than a page a week in each paper. Our revenue has been cut to a minimum by the fact that all kinds of advertising formerly placed by manufacturers, gas and rubber companies, etc., has been discontinued for the duration. The Government-paid bond advertising, sponsored in the Bankhead-Cannon Bill, would have saved a great many small papers from closing shop. That is probably why the large papers, like the Chicago Tribune and others, were so against this Bill. I believe

- 6 -

the Bill was a fair one. It certainly did not constitute a subsidy. A paper's stock in trade is advertising, and it certainly would not receive a subsidy if it was paid for space used by the Government any more than we are subsidized by any of our other advertising accounts. * * *

Letter addressed to the President by Oscar Terhell, Route 2, Waubun, Minn., and referred to the Treasury for handling. "Sorry to take up any of your valuable time, Mr. Roosevelt, but would like to ask you if it is the intention of the U. S. Government to force people to buy Government Bonds who are financially unable to do so. Here is my story. Last spring my neighbor (appointed bond salesman for the township - Mr. Oscar Borgrud, Waubun, Minn., Route 2) stopped in at my place and insisted that I buy a bond. When I told him that I did not have the money at that time to do so, said that I could borrow at the bank. Well, I went to the bank and asked them if they would lend me the money to buy the bond and take same as security. They said it was not their policy to do so, and they thought in my case the Government would not insist on my buying a bond until I was able to do so. I owed the bank at that time \$250.00, and I owed the feed mill for feed for the cows, and I owed a doctor bill. Well, when I would not buy a bond, my neighbor got roaring mad and said that I was no neighbor of his, and that he would never step on my place again. He has been advertising around the neighborhood that that old German would not buy a bond, and to have nothing to do with him. Well, Mr. Roosevelt, you know this hurts. I am half German by my Father, and my Mother is a full Yankee. My folks were raised in this country, and I was born and educated in Minnesota, so we are supposed to be natural citizens all along the line -- but are we treated as citizens? If we're going to be treated as outcasts, we might as well move over in Germany, as he has advised me to do -- although I have no relatives

- 7 -

over there whatever, and do not know where I would go. As far as the bonds are concerned, I wish I could stack away the bonds I could carry, but if you cannot pay for them, what are you going to do? * * *

P. A. Hubble, President, First National Bank of Grant Park, Grant Park, Ill. * * * I have felt I would write a letter, thinking perhaps while there may be a great many others who will be of the same opinion as I in this Middle West, many of them may not write you, and you will have no way of learning the situation just as it seems to the bankers in small country towns in this part of the U.S.A. The next loan should be subscribed fully and promptly, but what worries me, the country towns and the country itself in agricultural localities will not meet the quota, I'm afraid. The last drive, the 4th, farming localities did fine. This county, Kankakee, was oversubscribed 25%. This was the highest in the state by 12%. * * * The money we received came from spring farm sales of farmers who were quitting farming, also from sales of corn and winter fed cattle - they being sold about that time. Now that such income has stopped for the next few months, I do not see how we are going to reach our quota by 50%. Maybe I'm pessimistic, but I'm basing this on my many years' experience in the banking business in this locality. The subscriptions this time must come from monthly checks of milk producers, and factory workers, and few of the factory worker class live in this locality. I've made talks to committees on Bond Drives, but the money must be in the locality to do the job, for in no case have I suggested any one borrow money to subscribe. * * *

Powell C. Groner, President, Kansas City Public Service Company, Kansas City, Mo. In your telegram of the 21st you ask our active support in the forthcoming War Loan Drive, with a definite plant quota to be established by the War Finance Committee of this State, and the Drive

- 8 -

to be enthusiastically supported by top management. It goes without saying that the management of this Company will fully cooperate to the best of its ability. However, your attention should be invited to the fact that Federal labor policies of the past dozen years have inevitably had the effect of driving management and labor apart, so that the old collaborative spirit no longer exists, opportunities for direct contacts are rare, and employees instinctively distrust any project advocated by management, no matter how meritorious it may be. Despite these handicaps we will endeavor to make the campaign a success on this property.

- 9 -

Unfavorable Comments on Taxation

Milton Pepp, Philadelphia, Pa. Certain form letters issued by the Collector of Internal Revenue concerning the collection of delinquencies have come to my attention. These letters are discourteous in the extreme, and immediately place the recipient in the criminal category. Not only that, but they are sometimes sent without complete investigation. This is like waving a red flag in front of the taxpayer. It is requested that you read some of these letters from the viewpoint of an honest taxpayer (about 95% of us are), and then get someone to revise them.

1-10-50

ACTIVITIES OF THE SALARY STABILIZATION UNIT
OF THE BUREAU OF INTERNAL REVENUE

(Requested by the Secretary)

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JUN 2 1944

TO Secretary Morgenthau
 FROM Mr. Haas
 Subject: Activities of the Salary Stabilization Unit
 of the Bureau of Internal Revenue

In accordance with your request, we asked the Salary Stabilization Unit of the Bureau of Internal Revenue to furnish us with such statistical data as would portray the activities and accomplishments of that Unit since its establishment in October 1942. The Unit supplied us with such data as it had on hand or was able to obtain quickly from its records, and it is on the basis of this information that the report below has been prepared.

(1) Number of cases. There were 18,922 cases on hand in the Salary Stabilization Unit on May 1, 1944. This was the lowest number on hand in recent months and represented a sharp drop from the 29,708 cases on hand on January 1. Figures on the number of cases on hand on selected dates are set forth in the table below.

Date	Number
July 1, 1943	21,500
September 30, 1943	26,471
November 27, 1943	24,722
January 1, 1944	29,708
March 1, 1944	27,937
April 29, 1944	19,729
May 1, 1944	18,922

(2) Personnel. The decrease in the number of cases on hand in the Salary Stabilization Unit is accounted for primarily by the increase in the number of persons assigned to the Unit's operations, there having been only a small variation in the number of new cases being received each month since last October. A tabulation showing the number of persons employed at the end of each month since October follows:

Secretary Morgenthau - 2

Persons Employed in the Salary Stabilization Unit

Date	Number of Persons Employed		
	Technical	Other	Total
October 31, 1943 ...	178	145	323
November 30, 1943 ..	190	159	349
December 31, 1943 ..	194	168	362
January 31, 1944 ...	201	170	371
February 29, 1944 ..	220	182	402
March 31, 1944	259	189	448
April 30, 1944	271	214	485

We are advised with respect to the foregoing figures that all technical employees make rulings and process various types of applications. The other employees of the Unit are, for the most part, office and clerical help, but some of them are used in a semi-technical capacity.

(3) Age and status of cases. At our request the Salary Stabilization Unit broke down the 19,729 cases on hand on April 29 so as to show the age and status of these cases. A summary of the replies received indicated that 1,355 or 7 percent had been on hand more than 3 months and 157 or 8/10 of 1 percent had been on hand more than 6 months. No action is being taken in some of these old cases, it was reported, however, because the Unit is waiting for the employer to submit various items of information that were not included in the schedules submitted with the case. These items are needed by the Unit before it can render a decision on the matters involved in the case and the Unit will take no final action until they are submitted. On the remainder of the old cases, the Unit indicated that its field offices thought that a large proportion of them would be closed out by the end of May.

A classification of cases on hand on April 29 indicating the period of time on hand and the status of the case (that is, either "being worked on" or "in abeyance, awaiting information") appears in the table that follows. Appeal cases are shown separately in the table because they normally involve a greater volume of discussion and correspondence than do the new cases submitted on salary stabilization matters.

Secretary Morgenthau - 3

Number of Cases on Hand at Salary Stabilization Unit,
Classified by Status

April 29, 1944

Period of time on hand	Cases being worked on			Cases in abeyance awaiting information from employer			Total all cases
	New cases	Appeals	Total	New cases	Appeals	Total	
(Months)							
6 to 7	30	51	81	66	10	76	157
5 to 6	45	84	129	25	16	41	170
4 to 5	75	212	287	53	133	186	473
3 to 4	54	301	355	130	70	200	555
Subtotal - over 3 .	204	648	852	274	229	503	1,355
2 to 3	445	418	863	458	111	569	1,432
1 to 2	2,730	812	3,542	1,182	220	1,402	4,944
Under 1 month	7,573	2,242	9,815	1,679	504	2,183	11,998
Total	10,952	4,120	15,072	3,593	1,064	4,657	19,729

Secretary Morgenthau - 4

A review of the above figures in detail for each of the regional offices through which the Salary Stabilization Unit operates indicates that a disproportionate percentage of the cases 3 months old are in the Chicago office. This office has 58 percent of the Unit's cases over 3 months old, it appears, as against 29 percent of the cases under 3 months old. It is noted in this connection that the Chicago office has only 14 percent of the Unit's personnel.

(4) Results of salary stabilization decision.
The cases that the Salary Stabilization Unit handles may be divided into six categories. Some statistical material is available for each of these categories but the amount varies as is shown in the table that follows.

<u>Type of case</u>	<u>Data available</u>
(1) Salary adjustment	Reasonably complete data showing reasons why cases were approved or denied and ranges of salaries involved (see Exhibits 1 and 2 attached).
(2) Overtime	Partial data on some cases. No data on other cases (see Exhibit 3 attached).
(3) Bonus or additional compensation	No data available, except number of cases received, processed, and on hand.
(4) Salary rate schedules	" "
(5) Salary and bonus	" "
(6) Appeals	" "

Secretary Morgenthau - 5

The "salary adjustment" type of case (the first type of case shown above, and for which the Unit has compiled reasonable complete statistical data) covers a large portion of the cases received, but accounts for only a relatively small fraction of the total number of persons whose salaries are involved in the Unit's activities. Most cases classified in this group involve only one or two persons. Other types of cases, however -- for which the Unit has compiled little statistical data -- many involve hundreds or even thousands of persons. A few examples of such cases are set forth in Exhibit 4 attached to this memorandum.

It is obvious from the foregoing and from the exhibits referred to that except for the "salary adjustment" cases answers to some of the important questions that might be raised about the salary stabilization program are not possible from the data available. Questions such as the following readily come to mind.

How many people were affected by the decisions in the salary rate schedule, salary and bonus, or bonus or additional compensation cases?

What did the salaries of the people affected by these decisions amount to?

What were the reasons these cases were decided in the manner that they were?

How many schedules were approved as submitted; how many were slightly modified; how many substantially modified; how many denied in full?

What was the subject of the appeal cases; on what basis was the decision of these cases arrived at?

It would seem to be a policy decision as to whether it would be desirable for the Bureau of Internal Revenue to undertake specially to recruit for the Salary Stabilization Unit the manpower necessary to obtain a volume of

Secretary Morgenthau - 6

statistical material that would provide answers to questions such as these. In arriving at this decision, it would be necessary it seems, to consider the problem in two parts; that is, (1) what should be done about cases that have been processed in the past, and (2) what should be done about future cases.

With respect to the past cases, the Salary Stabilization Unit suggests that it seems questionable whether the companies involved should be contacted anew to obtain such statistical information as is not now on file. These contacts, it is pointed out, might involve some disadvantages for the Treasury. Some companies might, for example, use the occasion to reopen an old case in which the Bureau's decision did not give the company all it desired. Others might use the request for information as an excuse to publicly criticize the Treasury for attempting to gather more statistical information than private business felt necessary.

As far as future cases are concerned, the Unit indicates that the statistical information necessary to obtain answers to some of the foregoing questions could be obtained without too great difficulty if sufficient staff were recruited for the job.

Attachments

EXHIBIT 1

Reasons for Which Salary Adjustment Cases Submitted to Salary Stabilization Unit
of Bureau of Internal Revenue Were Approved or Denied, By Type of Case
October 1942 to April 1944

Reasons for action	Number of cases		Number of employees	Old salary	Adjust- ment proposed	Amount allowed	Amount denied	Percent of proposed adjustment		Percent amount allowed
	Received	Processed						Allowed	Denied	
	(-----In thousands-----)				(-----Dollars in millions-----)			(-----Percent-----)		
Increased responsibility	*	*	73.9	317.5	64.2	46.6	17.7	72.5	27.5	14.7
Inequity	*	*	30.8	101.6	15.1	12.6	2.5	83.2	16.8	12.4
Cost of living	*	*	19.3	66.6	8.7	7.5	1.2	85.9	14.1	11.3
Merit	*	*	79.1	319.7	45.5	38.4	7.1	84.4	15.6	12.0
Promotion	*	*	23.0	104.2	23.4	21.4	2.0	91.4	8.6	20.5
Incentive, prosecution of war and other	*	*	15.0	76.4	17.9	13.7	4.2	76.4	23.6	17.9
Subtotal	224.3	212.6	241.1	986.1	174.9	140.1	34.8	80.1	19.9	14.2

Note: Figures are rounded and do not necessarily add to totals. Percentages are calculated from original figures.

1/ These percentages are only roughly accurate.

* Data not available.

EXHIBIT 2

Salary Ranges Involved in Salary Adjustment Cases Submitted to Salary Stabilization Unit
of Bureau of Internal Revenue, By Type of Case
October 1942 to April 1944

Range of salary	Number of cases		Number of employees	Old salary	Adjust- ment proposed	Amount allowed	Amount denied	Percent of proposed adjustment		Percent amount allowed
	Received	Processed						Allowed	Denied	
(-----In thousands-----) (-----Dollars in millions-----) (-----Percent-----)										
0 - 2,399	*	*	38.0	76.0	16.5	14.9	1.6	90.3	9.7	19.6
2,400 - 3,999	*	*	121.5	377.0	59.3	52.1	7.2	87.8	12.2	13.8
4,000 - 4,999	*	*	34.3	151.5	22.7	19.0	3.7	83.6	16.4	12.5
5,000 - 7,499	*	*	29.9	172.9	31.2	23.6	7.7	75.5	24.5	13.6
7,500 - 9,999	*	*	8.4	69.2	13.8	9.8	4.0	71.3	28.7	14.2
10,000 - 19,999	*	*	7.5	94.4	21.8	13.9	7.9	63.8	36.2	14.7
20,000 - 34,999	*	*	1.2	28.3	6.3	4.1	2.2	64.8	35.2	14.5
35,000 - 49,999	*	*	.2	6.5	1.3	.9	.4	71.3	28.7	14.5
50,000 and over	*	*	.1	10.2	1.9	1.8	.1	92.9	7.1	17.4
Subtotal	224.3	212.6	241.1	986.1	174.9	140.1	34.8	80.1	19.9	14.2

Note: Figures are rounded and do not necessarily add to totals. Percentages are calculated from original figures.

1/ These percentages are only roughly accurate.
* Data not available.

Exhibit 3

Summary of Allowances by Salary Stabilization
Unit on Basis of Overtime

(Dollars are millions)

Number of employees involved	78,394
Old salary	\$276.0
Adjustment proposed	48.6
Amount allowed	44.9
Amount denied	3.8
Percent of proposed adjustment allowed ..	92.3%
Percent of proposed adjustment denied ...	7.7%
Percent amount allowed is of old salary..	16.3%

Note: In addition to the above, the Salary Stabilization Unit reports that many rulings were issued permitting employers to grant increases for overtime where the number of employees and total overtime hours per week were not known. The additional compensation allowed under these rulings was geared, it is reported, to the amount received by the highest paid group of wage earners and progressively reduced for those employees in the higher pay levels under the same method as was followed in the cases covered in above schedule. This resulted in many employees receiving less than their straight time rate for the extra hours with some employees receiving no additional compensation for the extra work.

281
EXHIBIT #
Samples of Salary Stabilization Cases Submitted to Internal Revenue

Salary Rate Schedules								Salary and Bonus or Additional Compensation		
General Motors		Crane		Carnegie Steel		Shell Oil		General Motors	Shell Oil	Dupont
Number of employees	Salary ranges	Number of employees	Salary ranges	Number of employees	Salary ranges	Number of employees	Salary ranges			
473	\$ 95 - 120	10	\$3,100 - 6,300	5,320	\$175 - 200	4,359	\$125 - 160	Employment 10,000	Employment 2,994	Employment 2,422
10,530	110 - 140	23	4,200 - 8,000							
11,893	130 - 185	31	3,170 - 5,600		to		to	Salary ranges	Salary ranges	Salary ranges
13,298	155 - 225	11	2,970 - 5,800		585 - 940		900 - 1,667	\$2,400 to 100,000	\$1,500 to 20,000	\$3,700 to 58,000
11,247	175 - 280	19	2,600 - 4,316							
19,199	225 - 370	22	2,600 - 4,290					Amount involved	Amount involved	Amount involved
7,885	290 - 475	18	3,016 - 4,160					\$9,500,000	\$547,635	\$4,565,250
		17	2,860 - 4,004							
		12	4,420 - 8,100							
74,525		26	3,172 - 5,800							
		12	2,028 - 4,004							
		55	2,600 - 4,836							
		27	2,184 - 4,056							
		10	4,420 - 6,300							
		35	2,652 - 4,420							
		27	3,795 - 6,000							
		38	2,132 - 5,400							
		23	5,800 - 7,500							
		20	3,900 - 5,500							
		20	3,120 - 5,016							
		18	2,400 - 4,032							
		23	2,160 - 4,260							
		20	2,184 - 3,552							
		17	2,280 - 5,016							
		15	1,776 - 3,000							
		30	3,000 - 6,000							
		12	2,280 - 4,500							
		10	2,520 - 4,498							
		621								

This schedule was a joint approval by the War Labor Board and Commissioner. Substantially all employees receiving over \$130.00 per month are under the jurisdiction of the Commissioner.

25

JUN 2 1944

Dear Mr. Altmeier:

When the Old-Age Reserve Account was originally established under the Social Security Act, approved August 14, 1935, the Treasury invested the old-age insurance funds in Treasury notes with maturities of five years, the maximum length of time for which Treasury notes may be issued under the Second Liberty Bond Act, as amended. The rate of interest on such notes was fixed by statute at 3% per annum.

The Social Security Act Amendments of 1939, approved August 10, 1939, provide that special obligations thereafter issued to the Federal Old-Age and Survivors Insurance Trust Fund bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt, except that where such average rate is not a multiple of one-eighth of 1%, the rate of such special obligation shall be the multiple of one-eighth of 1% next lower than such average rate. Under this amendment the Treasury continued the issuance of special five-year Treasury notes for investments of the Federal Old-Age and Survivors Insurance Trust Fund. This policy has been varied to the extent that reasonable amounts of funds currently available have been invested in the long-term 2-1/2% Treasury bonds issued under our war loan drives.

The last of the 3% special Treasury obligations held by the Fund matured on June 30, 1943. In the meantime the average interest rate on the outstanding public debt has been reduced and the special obligations issuable to the Fund may now bear a rate of 1-7/8%. In view of this situation it is believed that the interest rate on the special obligations would be more promptly adjusted to accord with changes in the average rate of interest computed on the basis of the statutory formula, if all new investments for account of the Federal Old-Age and Survivors Insurance Trust Fund are made in Treasury certificates of indebtedness maturing annually on June 30 of each fiscal year instead of continuing the present practice of investing in five-year notes. All new money and the proceeds of all maturing securities, to the extent not invested in long-term market issues, would be invested in certificates of indebtedness maturing on June 30 of the fiscal year in which such investments are made. Under this procedure the special obligations held by the Fund would be reinvested at the

- 2 -

beginning of each fiscal year on the basis of the average rate of interest borne by all interest-bearing obligations of the United States then forming a part of the public debt, in accordance with the statutory formula. This is the manner in which investments for account of the Unemployment Trust Fund are made.

In lieu of calling a meeting of the Board of Directors for the approval of this recommendation, I am polling the members by letter and I shall be glad if you will advise me whether this recommendation has your approval.

Very truly yours,

(Signed) H. Morgenthau, Jr

Secretary of the Treasury and
Managing Trustee of the Federal
Old-Age and Survivors Insurance
Trust Fund

Honorable A. J. Altmeyer
Chairman, Social Security Board
Federal Security Agency
Washington 25, D. C.

JUN 2 1944

My dear Madam Secretary:

When the Old-Age Reserve Account was originally established under the Social Security Act, approved August 14, 1935, the Treasury invested the old-age insurance funds in Treasury notes with maturities of five years, the maximum length of time for which Treasury notes may be issued under the Second Liberty Bond Act, as amended. The rate of interest on such notes was fixed by statute at 3½ per annum.

The Social Security Act Amendments of 1939, approved August 10, 1939, provide that special obligations thereafter issued to the Federal Old-Age and Survivors Insurance Trust Fund bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt, except that where such average rate is not a multiple of one-eighth of 1%, the rate of such special obligation shall be the multiple of one-eighth of 1% next lower than such average rate. Under this amendment the Treasury continued the issuance of special five-year Treasury notes for investments of the Federal Old-Age and Survivors Insurance Trust Fund. This policy has been varied to the extent that reasonable amounts of funds currently available have been invested in the long-term 2-1/2% Treasury bonds issued under our war loan drives.

The last of the 3½ special Treasury obligations held by the Fund matured on June 30, 1943. In the meantime the average interest rate on the outstanding public debt has been reduced and the special obligations issuable to the Fund may now bear a rate of 1-7/8%. In view of this situation it is believed that the interest rate on the special obligations would be more promptly adjusted to accord with changes in the average rate of interest computed on the basis of the statutory formula, if all new investments for account of the Federal Old-Age and Survivors Insurance Trust Fund are made in Treasury certificates of indebtedness maturing annually on June 30 of each fiscal year instead of continuing the present practice of investing in five-year notes. All new money and the proceeds of all maturing securities, to the extent not invested in long-term market issues, would be invested in certificates of indebtedness maturing on June 30 of the fiscal year in which such investments are made. Under this procedure the special obligations held by the Fund would be reinvested at the

- 2 -

beginning of each fiscal year on the basis of the average rate of interest borne by all interest-bearing obligations of the United States then forming a part of the public debt, in accordance with the statutory formula. This is the manner in which investments for account of the Unemployment Trust Fund are made.

In lieu of calling a meeting of the Board of Directors for the approval of this recommendation, I am polling the members by letter and I shall be glad if you will advise me whether this recommendation has your approval.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury and
Managing Trustee of the Federal
Old-Age and Survivors Insurance
Trust Fund

Honorable Frances Perkins
Secretary of Labor
Washington 25, D. C.



TREASURY DEPARTMENT

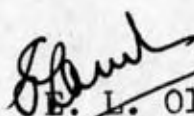
WASHINGTON 25



June 2, 1944

MEMORANDUM TO THE SECRETARY

With reference to the last paragraph of my memorandum of May 17, 1944, there is attached for your information, a copy of the schedule, which was issued instead of the map originally planned, by the Office of Defense Transportation, indicating the relative need for trucks in the various districts of the country.


E. L. Ollrich
Assistant to the Secretary

Enclosure

ESTIMATED DISTRIBUTION OF DEMAND FOR EQUIPMENT
-- SEGREGATED BY O.D.T. REGIONS AND SIZE OF
EQUIPMENT.

287

REGION	LOCAL ALLOCATION OFFICE	C A P A C I T Y							
		LIGHT		MEDIUM		HEAVY		TRAILERS	
		% REG.	% U.S.	% REG.	% U.S.	% REG.	% U.S.	% REG.	% U.S.
1	Portland, Me.	6.2	.72	8.9	1.1	2.2	.48	1.6	.02
	Boston, Mass.	12.6	1.5	12.8	1.6	13.2	2.93	7.4	.10
	Springfield, Mass.	2.7	.31	3.2	.40	2.8	.62	2.9	.04
	*Lebanon, N.H.	2.8	.33	3.0	.37	3.9	.87	2.9	.04
	**Lebanon, N.H.	2.9	.33	2.3	.29	2.6	.57	.60	.01
	Providence, R.I.	3.5	.41	3.7	.47	3.6	.79	6.7	.09
	Syracuse, N.Y.	11.0	1.3	8.4	1.1	7.4	1.7	5.2	.07
	New York, N.Y.	28.4	3.4	28.7	3.6	34.9	7.8	47.3	.65
	Albany, N.Y.	5.9	.70	6.9	.87	6.0	1.3	5.0	.06
	Binghamton, N.Y.	4.7	.56	4.3	.54	4.6	1.1	4.1	.05
	Buffalo, N.Y.	8.4	.99	5.4	.69	4.7	1.1	4.4	.06
	Trenton, N.J.	4.5	.53	5.6	.71	4.4	.99	5.2	.07
	Hartford, Conn.	6.4	.75	6.7	.84	9.3	2.1	6.6	.09
2	Roanoke, Va.	5.5	.49	6.2	.73	2.9	.53	1.6	.01
	Harrisburg, Pa.	8.9	.79	8.2	.96	12.3	2.2	14.9	.14
	Scranton, Pa.	7.6	.67	8.2	.95	11.4	2.1	9.0	.08
	Philadelphia, Pa.	17.7	1.6	12.2	1.4	24.3	4.4	38.0	.36
	Baltimore, Md.	18.1	1.6	22.3	2.6	21.9	4.0	14.6	.14
	Salisbury, Md.	8.2	.72	9.1	1.1	5.2	.93	2.1	.02
	Pittsburgh, Pa.	21.2	1.9	18.6	2.2	15.5	2.8	5.0	.04
	Richmond, Va.	12.7	1.1	15.1	1.8	6.4	1.2	14.6	.14
3	Raleigh, N.C.	10.9	1.3	9.0	1.3	.7	.34	6.6	.05
	Columbia, S.C.	6.8	.84	6.0	.84	.3	.13	3.8	.03
	Charlotte, N.C.	8.0	.99	6.3	.89	1.0	.48	6.0	.04
	Atlanta, Ga.	12.1	1.5	14.7	2.1	2.7	1.2	19.9	.16
	Birmingham, Ala.	9.6	1.2	10.3	1.4	.3	.14	5.7	.04
	Jacksonville, Fla.	10.9	1.4	9.7	1.4	1.1	.48	8.8	.06
	Tallahassee, Fla.	11.3	1.4	11.7	1.6	1.0	.46	15.4	.12
	Nashville, Tenn.	12.9	1.6	13.2	1.9	1.2	.57	7.6	.06
	Memphis, Tenn.	9.8	1.2	11.3	1.6	1.1	.50	23.3	.19
	Jackson, Miss.	7.6	1.9	7.7	1.1	.5	.21	2.8	.02
4	Louisville, Ky.	9.6	1.1	15.6	1.7	12.8	1.5	29.0	.39
	Lexington, Ky.	4.1	.47	4.6	.50	3.1	.36	.6	.00
	Charleston, W.Va.	4.4	.51	3.7	.40	2.6	.30	0.0	.00
	Wheeling, W.Va.	3.7	.43	4.8	.52	4.5	.52	2.8	.04
	Cincinnati, Ohio	4.6	.53	3.9	.42	3.0	.35	1.7	.02
	Cleveland, Ohio	15.5	1.8	10.5	1.15	14.1	1.6	8.9	1.2
	Toledo, Ohio	6.7	.78	6.1	.67	6.7	.79	1.7	.02
	Columbus, Ohio	5.4	.60	6.3	.69	4.0	.47	12.5	.16
	Lansing, Mich.	22.2	2.6	27.4	3.0	24.7	2.9	24.7	.33
	Detroit, Mich.	24.2	2.8	17.7	1.9	24.5	2.9	18.0	.24
5	Chicago, Ill.	18.6	2.9	24.1	4.2	41.0	6.4	49.8	.83
	Springfield, Ill.	13.1	2.1	13.9	2.4	10.6	1.7	5.4	.08
	Ft. Wayne, Ind.	8.6	1.3	8.3	1.5	6.4	1.0	7.7	.12
	Indianapolis, Ind.	9.6	1.5	10.9	1.9	10.2	1.6	12.4	.19
	Minneapolis, Minn.	8.5	1.5	10.1	1.8	10.1	1.6	4.3	.07
	Fargo, N.D.	9.9	1.6	5.7	1.0	1.9	.30	.5	.00
	Pierre, S.D.	7.4	1.2	4.1	.72	2.1	.33	2.6	.04
	Madison, Wis.	5.8	.90	6.2	1.1	5.9	.91	4.6	.07
	Milwaukee, Wis.	6.1	.91	6.6	1.2	2.6	.41	4.9	.08
	Davenport, Iowa	5.4	.84	4.1	.72	4.3	.67	2.6	.04
	Des Moines, Iowa	6.1	.96	5.6	1.0	4.7	.73	5.2	.08

ESTIMATED DISTRIBUTION OF DEMAND FOR EQUIPMENT
— SEGREGATED BY O.D.T. REGIONS AND SIZE OF
EQUIPMENT

288

REGION	LOCAL ALLOCATION OFFICE	C A P A C I T Y							
		LIGHT		MEDIUM		HEAVY		TRAILERS	
		% REG.	% U.S.	% REG.	% U.S.	% REG.	% U.S.	% REG.	% U.S.
6	Kansas City, Mo.	20.0	2.2	23.3	2.2	34.0	1.9	23.3	.15
	St. Louis, Mo.	11.2	1.2	11.9	1.2	16.0	.87	13.2	.08
	Topeka, Kans.	6.7	.75	6.4	.61	7.0	.41	7.4	.04
	Wichita, Kans.	23.7	2.6	18.6	1.8	12.0	.65	8.5	.05
	Lincoln, Nebr.	13.4	1.5	12.4	1.2	7.0	.39	4.7	.03
	Omaha, Nebr.	10.1	1.1	11.1	1.1	15.0	.84	21.3	.14
	Little Rock, Ark.	14.7	1.6	16.2	1.6	9.0	.49	21.7	.14
7	New Orleans, La.	9.4	1.2	12.8	1.4	9.4	.47	10.8	.14
	Shreveport, La.	6.4	.80	11.9	1.3	3.6	.18	11.2	.14
	Albuquerque, N.M.	4.4	.55	2.8	.29	4.3	.21	1.6	.02
	Oklahoma City, Okla.	10.7	1.4	11.0	1.2	13.7	.68	8.7	.11
	Tulsa, Okla.	10.7	1.4	8.9	.94	14.5	.73	6.7	.08
	Ft. Worth, Tex.	8.4	1.0	2.1	.22	2.7	.13	5.1	.06
	Dallas, Tex.	10.3	1.3	17.2	1.8	10.7	.54	19.3	.25
	***El Paso, Tex.	4.5	.56	3.4	.36	4.0	.19	3.6	.04
	Houston, Tex.	18.5	2.3	15.9	1.7	23.4	1.2	14.6	.19
	San Antonio, Tex.	14.8	1.9	11.6	1.2	7.3	.36	12.1	.15
	Amarilla, Tex.	.2	.03	.3	.03	1.5	.09	.2	.00
	****El Paso, Tex.	1.5	.18	1.9	2.0	4.9	.24	5.7	.07
8	Salt Lake City, Utah	13.1	.79	17.9	.84	41.3	1.4	39.4	1.0
	Denver, Colo.	31.8	1.9	29.6	1.4	32.2	1.1	40.3	1.0
	Casper, Wyo.	7.2	.44	3.6	.17	1.5	.05	1.0	.0
	Boise, Idaho	22.2	1.4	25.9	1.2	14.4	.48	15.4	.04
	Billings, Mont.	25.7	1.6	22.9	1.1	10.6	.36	3.8	.01
9	Portland, Ore.	12.3	1.2	10.8	.84	8.5	1.2	.2	.15
	Seattle, Wash.	4.9	.46	6.5	.50	4.4	.60	2.3	.03
	Spokane, Wash.	5.8	.55	10.3	.80	2.8	.38	.8	.01
	San Francisco, Cal.	39.5	3.7	32.6	2.5	36.3	5.0	54.4	.85
	Los Angeles, Cal.	30.9	2.8	34.8	2.7	43.1	5.9	25.6	.40
	Phoenix, Ariz.	8.7	.80	4.9	.38	4.9	.67	6.7	.10

*Covers the State of New Hampshire

**Covers the State of Vermont

***Covers the following Counties in New Mexico - Lea, Eddy, Chaves, Lincoln, Otero, Dona Ana, Sierra, Luna, Grant, Hidalgo.

****Covers the State of Texas.

June 2, 1944

My dear Mr. Ambassador:

I wish to acknowledge receipt of your letter of May 27th, which transmitted a message you received from Sir John Anderson. Thank you for passing this on to me.

Sincerely,

(Signed) H. Morgenthau, Jr

The Right Honorable the Viscount Halifax, K.G.,
Ambassador Extraordinary and Plenipotentiary,
British Embassy,
Washington, D.C.

Confidential

BRITISH EMBASSY,
WASHINGTON 8, D. C.

May 27th, 1944.

My dear Morgenthau,

I send you a message I have just received from
John Anderson:

"The Ambassador has reported to me his further private conversation with you when he delivered to you my message about Robert Brand as Treasury Representative. I want to thank you for meeting me in this spirit. The personal relations of our Treasury Representative with you, and United States Treasury, are perhaps the most important part of his task, and as I said in my previous message I have no doubt that as you get to know Brand, he will gain your confidence in the same way as Frederick Phillips had it.

"You may care to know that from the beginning of monetary talks between your experts and ours, Brand has taken a close personal interest in the matter and he brings an attitude very sympathetic to the idea of the necessity for some international monetary arrangements for post-war difficulties of all us."

Yours sincerely,

Halifax

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



THE SECRETARY OF STATE
WASHINGTON

June 2, 1944.

My dear Mr. Secretary:

This is to inform you that the President has indicated approval of the letter which I sent him on May 26 with regard to the proposed credit to the Netherlands Government, a copy of which I enclosed with my letter to you under the same date.

Sincerely yours,

A handwritten signature in cursive script, reading "Cordell Hull". The signature is written in dark ink and is positioned below the "Sincerely yours," text.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau
FROM Mr. Pehle

JUN 2 1944

I am attaching herewith a copy of
the report of the War Refugee Board for May 22
to 27, 1944.

Attachment.

Report of War Refugee Board
for Week of May 22 - 27, 1944

SITUATION IN HUNGARY

Ambassador Steinhardt has advised us of the receipt of a letter from the representative in Ankara of the International Red Cross, in reply to our request for information concerning the Jewish situation in Hungary. The International Red Cross stated that, in response to our inquiry, it has now instructed its Budapest representative to keep its representative in Ankara informed as to Hungarian developments. According to a preliminary report from Budapest, lack of transportation and the impossibility of obtaining Hungarian exit visas are virtually insurmountable difficulties in the rescue of Jews from Hungary. This report repeated previous advices to the effect that the Jews of Budapest have been placed in concentration camps near industrial centers on the outskirts of the city, in the hope that Allied planes will hesitate to bomb such areas.

According to a report from the U. S. Consulate in Jerusalem, in response to our recent cable, the Jewish Agency there has indicated its belief that only 12 to 15 persons are still under arrest in Rumania for aiding Jews to escape. The name of one Hungarian official allegedly involved in the Hungarian persecutions has been forwarded by the Jewish Agency as its only information along these lines to date. In a recent DNB report received by the Agency it was stated that up to April 25 over 300,000 Jews from the war zone had been interned.

RELATIONS WITH OTHER GOVERNMENTS

A. United Nations

1. Great Britain

Upon our recommendation, clearance from the London Blockade Committee has now been obtained with respect to two proposals on the part of the American Friends Service Committee involving the purchase in neutral countries of foodstuffs to be despatched for the relief of particularly needy displaced persons and refugees in France. This clearance, to which the Foreign Economic Administration also lent

- 2 -

its support, is based on the condition that the proposed purchases in Portugal and Spain be subject to the usual controls as to kinds of goods procured and firms or intermediaries dealt with, and on condition that the proposed exports from Switzerland comply with current instructions to our Legation at Bern. Appropriate licenses are to be issued permitting the transfer of \$25,000 to the American Friends' representative at Lisbon and \$25,000 to their representative in Switzerland. Distribution of the food-stuffs purchased is to be handled by an associate organization in France under International Red Cross supervision.

Through our Embassy in London we have been furnished with a copy of a letter from the British Ministry of Economic Warfare, asking confirmation of MEW's understanding that under the terms of Treasury licenses covering refugee rescue and relief operations, we are authorizing the expenditure of hard currencies in occupied countries only when it is "strictly necessary to secure assistance in effecting actual rescues, and that it is not authorized for the purchase of relief supplies in enemy territory." MEW also indicated that it would appreciate being informed of any general instructions sent Bern in connection with the procedure to be followed in the future concerning purchases made in Switzerland from remittances approved by us.

2. Yugoslavia

Through Ambassador MacVeagh in Cairo we have been advised of a communication from the Royal Yugoslav Ministry of Foreign Affairs in which agreement is expressed with the refugee policy of this Government. It was stated that Yugoslav diplomatic representatives and other organizations have received instructions to give all possible aid to Allied and international bodies concerned with war refugee questions.

B. Neutrals

1. Portugal

In a cable from Minister Norweb in Lisbon we have been informed that the representative in Portugal of the American Polish Relief Council has applied to his committee for additional funds to finance the sending of relief supplies to Poland. Board Representative Dexter has recommended that we approve increased remittances in the event the Relief Council in turn makes such an application.

- 3 -

2. Sweden

Board Representative Olsen in Stockholm has raised the question as to what concern we will have with the problems of bringing immediate relief to European refugees when hostilities cease. Numerous Swedish organizations are said to be engaged in such post-war planning, and the Swedish Government itself is reported to have appointed a commission and made a large appropriation in connection with promoting plans for immediate post-war action. Olsen stated that the Swedish Government is obviously interested in what this Government is planning along similar lines and would like to cooperate.

In response to this inquiry, we are advising Olsen that while the Board itself has no assigned jurisdiction in this particular field, our military authorities, the United Nations Relief and Rehabilitation Administration, and the Intergovernmental Committee have all had discussions and made plans along these lines.

C. Latin American

1. Mexico

In a despatch from Mexico City Ambassador Messersmith has reported that to date no official reply has been received from the Mexican Foreign Office in response to the Embassy's memorandum of March 24 soliciting, in general terms, Mexican cooperation in war refugee matters. Messersmith again indicated his reluctance to approach the Mexican Government with a request for affirmative collaboration beyond the issuance of a general declaration on refugee policy.

In connection with our efforts to induce Latin American countries to guarantee visas for child refugees reaching Switzerland, Messersmith stated that he has not approached the Mexican Government because he fears that the answer to such a proposal "made in this way at this time" would be negative. Messersmith bases this fear on an informal conversation with the Minister of Foreign Relations, on the financial straits in which the Mexican Government reportedly finds itself at the moment and on what he describes as personal knowledge of the lack of facilities for the accommodation of such children.

Messersmith concluded with the observation that "so far as refugees are concerned, the Mexican Government is not in a position to collaborate for the present" and

- 4 -

reiterated his belief that it would be inadvisable to urge any specific measures on Mexico.

RELATIONS WITH THE INTERNATIONAL RED CROSS

A. Approach to Germans concerning Unassimilated Civilian Internees

Minister Harrison has transmitted to us the text of a letter received from the President of the International Red Cross in response to our proposal that the International Red Cross attempt to obtain from the German and satellite governments assurance that Jews and other persons detained, interned or otherwise confined in Axis territory would be accorded treatment equal to that of civilian internees. The International Red Cross response maintained that steps of the kind proposed would go far beyond the "limits of their traditional capacity" and that the governments to whom such a request might be addressed would inevitably view the proposal in that light. It was also pointed out that in provisions of international agreements, the International Red Cross has only a slender basis upon which to found its humanitarian activities, and is therefore dependent upon the good will of belligerent states. The International Red Cross felt that it might thus lay itself open to the objection that it was trespassing upon internal concerns of state should it attempt to act on behalf of certain categories of persons considered by the state concerned to be subject exclusively to its domestic legislation.

In response to our request that the International Red Cross at least press for an assurance of equal treatment to the extent that interned persons would be permitted to receive packages under International Red Cross supervision on the same basis as civilian internees, the International Red Cross declined on the ground that such a proposal would be viewed by Germany and the satellite governments in much the same light.

In connection with the civilian war relief work to which the International Red Cross feels compelled to confine itself, it was stated that encouraging results have been achieved. According to the International Red Cross, it was largely due to our support a short time ago of proposed feeding projects that urgently needed relief activities could be undertaken in certain countries.

- 5 -

B. Supplies for Relief Programs

We are cabling Minister Harrison and Board Representative McClelland in Bern for additional information in connection with the proposal made to us by the International Red Cross that stockpiles of relief supplies be built up in Switzerland, to be drawn upon as opportunities arise for their despatch to relief centers. More specifically, we are inquiring as to what assurances there are that such stocks will benefit unassimilated groups exclusively, and as to the names of camps where such programs could be undertaken with the usual distribution guarantees. We are also asking for estimates of the number of standard food parcels and clothing parcels that could be shipped monthly through existing InterCross facilities.

RESCUE AND RELIEF PROJECTS

A. Evacuations from Spain

According to a report from the representative in North Africa of the United Nations Relief and Rehabilitation Administration, transmitted by the U. S. Consulate in Casablanca, 38 recently arrived refugees are now well settled at Camp Lyautey. At the same time it was reported that a ship was ready to proceed to Spain to embark a group of approximately 800 refugees destined for North Africa.

Another report from the U. S. Embassy in Madrid indicated that 221 French refugees sailed from Algeciras for North Africa early in May, bringing to 906 the total number of such refugees evacuated from Spain since the beginning of the year. It was estimated that approximately 650 French refugees remain in Spain, with new arrivals crossing the frontier at the rate of about 10 a day.

B. Evacuation to and through Portugal

Reports we have received from Portugal indicate that there may be a conflict between the operations of the World Jewish Congress and the Joint Distribution Committee in their efforts to rescue child refugees from enemy territory. We are therefore sending James H. Mann, Assistant Executive Director of the Board, to Lisbon for a short visit of inspection, to confer with Board Representative Dexter and with representatives of both the World Jewish Congress and JDC. An attempt will be made in the course of this visit to obtain better coordination in the activities of these two organizations, thereby insuring more effective cooperation with the Board's program.

- 6 -

C. Evacuation to and through Turkey

We have advised Ambassador Steinhardt of our proposal that, in the event the Swedish Government permits the use of the "S.S. Bardaland" in evacuation operations in the Black Sea area, the vessel put in at Istanbul to be fitted with the necessary passenger accommodations. Steinhardt has been requested to suggest an alternative arrangement if the proposed refitting operations are not satisfactory to the Turkish Government.

We are also indicating to Steinhardt that Istanbul rather than Haifa would be the final destination of the proposed voyage of the "Bardaland." Such a final destination is proposed on the basis of urgent recommendations on the part of a representative of the War Shipping Administration, who suggested that obtaining safe-conduct from Constanza to Haifa would not only be extremely difficult but would be certain to entail delay. We are advising Steinhardt that this representative was also of the opinion that the alterations necessary to prepare the "Bardaland" for the short run between Constanza and Istanbul would be relatively simple and quickly installed, particularly in comparison to the alterations that would be necessary to prepare the vessel for the run between Constanza and Haifa. The latter run, we were advised, would call for greater attention as to the minimum comfort of the passengers and would also mean that fairly extensive feeding and sleeping facilities would have to be installed. It was suggested that many more, perhaps even twice as many passengers could be carried on the shorter run, particularly if weather conditions were such as to permit the carrying of passengers on the open deck.

D. Evacuation of Abandoned Children from France to Switzerland

The American Jewish Joint Distribution Committee has thus far remitted \$600,000 under its original license issued in January in connection with evacuating child refugees from France to Switzerland. Upon our recommendation, Treasury has now renewed this license for an additional six-month period and has authorized the remittance of another \$50,000 for these operations.

We have been advised by our Embassy in the Dominican Republic that the Foreign Minister there has informally indicated that, since the Dominican Republic has no mission in Switzerland, it is his intention to send a note to our Embassy in the Dominican Republic requesting that the Swiss

- 7 -

Government be informed by our Legation in Bern of the Dominican Government's intention to accept from 1,000 to 2,000 child refugees. It was also indicated that the proposed note would suggest that this Government accept responsibility for the actual issuance of the visas.

E. Evacuations to Italy and the Mediterranean Area

Board Representative Ackermann has reported from North Africa that the continued evacuation of Yugoslav refugees to Italy depends on their continued removal to the Middle East or other areas. Although the Middle East is said to have agreed recently to accept an additional 14,500 refugees, this acceptance was on condition that the United Nations Relief and Rehabilitation Administration supply additional medical personnel. In order to avoid impeding the flow of refugees to places of safety, Ackermann has asked that we urge UNRRA to obtain the needed personnel immediately.

F. Latin American Passports

According to a cable from Minister Harrison in Bern, the Swiss Government has indicated that the matter of the internees removed from Vittel was discussed by the Swiss Legation in Berlin during a recent visit to the German Foreign Office. Information said to have been received in Berlin confirms previous advices to the effect that the Gestapo is proceeding with a careful examination of the identity papers of citizens of American republics interned at Camp Vittel and at Camp Compiègne. It was stated that internees able to furnish satisfactory proof of their nationality are not disturbed, while those unable to do so are removed from the camps.

Minister Harrison was also advised that the Swiss Consulate at Paris in a report to the Swiss Foreign Office, had confirmed the fact that 163 persons were removed from Vittel. Harrison has asked the Swiss Foreign Office to endeavor to furnish a list of the 163 persons deported, along with an indication of their alleged citizenship claims. A list was also requested of persons at Vittel whose documentation status is such as to lead to the belief that they may be treated in a similar manner.

1. Colombia

In response to the report from our Embassy in Colombia that the Polish Minister there proposed to address a note to certain Latin American governments calling for the

- 8 -

issuance of a declaration concerning the recognition of passports held by internees, the State Department has cabled its belief that such an approach might be embarrassing to other American republics. State indicated its feeling that the Polish Government should first take up this matter with the Emergency Advisory Committee for Political Defense at Montevideo, with a view to obtaining a recommendation supplementing a resolution already adopted by the Committee. Our Embassy has been requested, however, to make it clear that this Government is thoroughly in sympathy with the Polish Minister's objectives, and that strong representations on behalf of the individuals in question are being made by this and other Governments.

2. Bolivia

In a communication from the U. S. Embassy in Bolivia growing out of an unofficial discussion with the Bolivian Minister of Foreign Affairs, we have been asked to forward all available information with respect to Jews in Axis territory said to be in possession of Bolivian identification documents.

3. Cuba

In a cable from Havana Ambassador Braden has informed us that he has been advised by the Cuban Ministry of State that the Cuban Embassy in Madrid is being instructed to make urgent representations in support of our approach to the Spanish Government with respect to the return of the refugees deported from Vittel.

We have been advised from London that, in response to our request, the British Minister at Havana has been instructed to assure the Government of Cuba that the recognition of Cuban passports issued to refugees in countries under enemy control has the approval of the British Government.

4. El Salvador

Ambassador Thurston has advised us from San Salvador that the Salvadorian Minister for Foreign Affairs has reported having addressed a note to the Spanish Minister there in support of our proposed exchange negotiations with Germany, and with respect to the protection in the interim of all persons holding passports issued in the name of El Salvador. The Spanish Minister is said to have acknowledged receipt of this note, and Madrid has presumably been duly informed.

- 9 -

5. Guatemala

We have been advised by Ambassador Long in Guatemala that, in response to our proposal, the Guatemalan Foreign Office has requested the assistance of our Embassy there in transmitting to the Government of Switzerland, as the protecting power, a request that there be granted to all persons in Axis territory possessing Guatemalan documents or claiming Guatemalan nationality the fullest protection and rights. The Guatemalan Government has indicated that it is requesting such protection because of the humanitarian considerations involved, but reserves the right to investigate each case later and to reject any persons whose nationality cannot conclusively be proved.

6. Haiti

We have cabled our Embassy in Haiti to inform the Haitian Foreign Minister of this Government's disappointment over the failure of Haiti to support representations looking toward the protection of the lives of internees in Axis territory. We are also asking that the Haitian Government be advised that Ecuador, Costa Rica, Guatemala, Honduras, Nicaragua, Uruguay and Venezuela have already expressed themselves as being in full accord with us on this matter, and that other Latin American countries concerned have given indications that they too will support our position.

Our Mission there is also being requested to approach Haitian authorities again with the request that the German Government be asked to honor all documents issued in the name of Haiti until advised to the contrary by the Haitian Government; that any adverse determinations of the validity of such documents be postponed until the claimants reach places of safety; and that our proposed exchange negotiations be supported by Haiti.

7. Paraguay

Ambassador Frost has advised us that, according to the Paraguayan Under Secretary of Foreign Affairs, a note has now been despatched to the Spanish Charge d'Affaires at Asuncion for transmission to the German Government, admonishing the Germans to respect the rights of internees holding Paraguayan passports.

Frost also transmitted a copy of a note to the Paraguayan Foreign Office from the Polish Minister at Buenos Aires, requesting protection for 52 Polish Jews confined in

- 10 -

Camp Vittel and for one confined at Camp Compiègne. This note stated that the persons in question need not necessarily be accepted for entry into Paraguay, since they hold Palestine certificates. The Under Secretary of Foreign Affairs is said to have indicated that, as in the case of the approaches previously made by us in this connection, Paraguay's position will be an affirmative one with respect to the Polish request.

8. Venezuela

Ambassador Corrigan in Caracas has advised us that the matter of requesting protection for the holders of passports issued in the name of Venezuela has now been taken up through the Swiss Government. A copy of the memorandum submitted by Venezuela to the Swiss Government in this connection has been forwarded to us.

In a later communication Corrigan reported having again conferred with the Acting Foreign Minister and having urged further urgent representations in Madrid by Venezuela in support of the representations made by our Embassy there.

9. Jews in Greece

In a pending message to Ambassador Hayes in Madrid, we are asking for comments and suggestions with respect to a conversation concerning Jews in Athens claiming Spanish citizenship said to have been held recently between Ambassador Franco in Lisbon and the representative in Portugal of the World Jewish Congress. Ambassador Franco is reported to have stated that Spain is not only not anti-Semitic, but that on the contrary, his brother, General Franco, is very interested in the Jewish question. Ambassador Franco is said to have assured the World Jewish Congress representative that steps would be taken without delay to obtain from the Germans the release of 400 Spanish Jews in Greece, along with permission for them to leave that country.

Ambassador MacVeagh has transmitted from Cairo certain recommendations made by the JDC representative there concerning the rescue of refugees from Greece. Among other proposals, the active cooperation of the British War Office and of the War Department was urged in accelerating the transportation of refugees between Greece and Turkey. Representations to neutral governments, especially Spain, Portugal, and Turkey, with a view to the more energetic protection of their own Jewish nationals, were also recommended.


J. W. Pehle
Executive Director

CABLE TO ALGIERS

FROM WAR REFUGEE BOARD TO MURPHY, CHAPIN AND ACKERMANN

Reference your 1709 of May 24.

We have now been advised by the War Department that permission has been granted by the Supreme Allied Commander, Mediterranean Theater, for the appointment, for territories adjacent to Italy, of a special representative to be attached to ACC headquarters. We have also been advised that Lt. Commander Lawler, whose appointment was proposed, is not presently available.

In view of the importance of having an accredited War Refugee Board representative authorized to act in Italy, we are advising the War Department that Ackermann, the Board's special representative for the Mediterranean area, is authorized to represent the Board in Italy, pursuant to the above-mentioned permission of the Allied Commander. As soon as this designation is confirmed, Ackermann will be advised. Ackermann may continue to maintain his headquarters in Algiers but he should go to Italy as often as he deems necessary. During Ackermann's absence, Saxon, in addition to his duties as Senior Treasury Representative, will be expected to represent the Board in Algiers. These arrangements concerning Saxon and Ackermann have been approved by the Treasury Department.

This is War Refugee Board cable to Algiers No. 17.

June 2, 1944
5:00 p.m.

LTK- 789

306

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

Jerusalem

Dated: June 2, 1944

Rec'd 9:55 p.m.

Secretary of State,
Washington.

74, June 2, 6 p.m.

FOR WAR REFUGEE BOARD FROM GRUENBAUM CHAIRMAN
OF JEWISH AGENCY JOINT RESCUE COMMITTEE.

"Proposed use of steamship TARI for rescue Jews from Rumania is now out of the question because of publicity given to project but if another Turkish ship of similar size can be found by Agency believe that the Turkish Government will permit it to sail without safe conduct further than that guarantee can be given similar to that given for TARI. Safe conduct would not be requested and ship would proceed in the same manner as MARITZA and MILITIAA have been used. In view of imminent possibility of Constanza being occupied by Germans as they retreat before Soviet Armies matter is very urgent.

Agency has received reliable information that there has been a definite German decision to proceed as rapidly as possible with systematic deportation of Hungarian Jews to Poland. Every day transport is to be sent and 8,000 from Carpatho Russia have already been taken. Suggest deportation would be much impeded if railways between Hungary and Poland could be bombed. Also suggest renewal of warning against Hungarian participation and persecution and inclusion of Bulgaria in warning as German influence in that country is rapidly increasing with accompanying massacres.

Has International Red Cross instructed its representatives in Hungary to assist in relief and protection of Jews as suggested by Dobkin in his telegram to Rabbi Wise? Funds available here for work are limited and would urge appointment your representative to Turkey who would have authority to assist financially in plans approved by you or that Embassy at Ankara be authorized to participate financially."

PINKERTON

EDA
RR

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Tangier
TO: Secretary of State, Washington
DATED: June 2, 1944
NUMBER: 157

SECRET

Yesterday while discussing with Orgaz the purposes of War Refugee Board and the activities of Kessler, American representatives of the American Joint Distribution Committee, in Tangier, we expressed our appreciation of the favorable consideration given by Orgaz to the request of the Jewish communities of Tangier and Tetuan to permit 500 refugee children to enter Tangier from Hungary temporarily. The High Commissioner was informed by me that Kessler was spending \$12,000 per month for refugees in Tangier at the present time, for some of whom arrangements are being made for entry into Palestine and Canada, and Kessler was willing to assume the expenses incident to relief of an additional 500 children whether from Hungary or other countries that are occupied.

It was stated by Orgaz that Madrid would have to make the final decision and that request had been forwarded with favorable recommendation by him. The important question was not so much a financial one as finding for the children necessary supplies in Tangier. It was stated by Orgaz that because of this it would facilitate matters if the departure of the refugees in Tangier at the present time, with which Kessler is now occupying himself, could be facilitated before the 500 children arrive, but the one had not necessarily been made contingent upon the other by him. It was stated by me that he could count on Kessler's cooperation and my own and that the United States would welcome Orgaz' interest.

The foregoing message was repeated as No. 76 to Madrid for the information of our Embassy there.

CHILDS

MME

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

SECRET

AMLEGATION,

June 2, 1944

8 p.m.

LISBON.
1579

The following is from Pehle for Mann care Leyter and is
WRB cable no. 35.

On arrival Algiers suggest Ackermann and you see Mendes-
France or Guindey of Commissariat de Finance regarding Lisbon cable
no. 1446 of May 13 containing message, delivered in Washington, to
Mendes-France from Weissman.

HULL
(GLW)

WRB:MMV:KC
6/2/44

WE

S/CR

BJR - 557

PLAIN

Lisbon

Dated June 2, 1944

Rec'd 12:50 p.m.

Secretary of State,
Washington.

1684, June 2, 11 a.m.

WRB 59.

Mann arrived safely.

NORWEB

REP

INCOMING TELEGRAM

LC - 787

PLAIN

Lisbon

Dated June 2, 1944

Rec'd 9:56 p.m.

Secretary of State,
Washington.

1686, June 2, 1 p.m.

FOR RABBI STEPHEN WISE, JEWISH CONGRESS, NEW YORK FROM WEISSMAN
WRB.

60. "Your 107.

Please consult WRB Washington who completely informed regarding temporary stoppage rescue work and other difficulties. Washington advises early arrival Lisbon special WRB representative in attempt secure agreement between agencies. Suggest you maintain close contact WRB regarding developments".

NORWEB

EDA-EMB

cc: Miss Chauncey (for the Sec'y), Abrahamson, Aksin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, Mannon Marks, McCormack, Sargoy, Smith, Standish, Stewart, Weinstein, H.D.White, Pehle, Files.

CABLE TO STOCKHOLM

Please deliver following message to Minister Johnson, Stockholm, for Olson, War Refugee Board Special Attache, from J. W. Pehle.

We are transferring ten thousand dollars to you for your confidential use as needed in War Refugee Board operations. These funds are not subject to usual government disbursing requirements and you are responsible to me alone for their expenditure but you should keep careful record and obtain receipts where possible. These funds may be used at your discretion but should not (repeat not) be used for routine administrative expenses.

THIS IS WRB STOCKHOLM CABLE NO. 23

June 2, 1944
5:10 p.m.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: June 2, 1944
NUMBER: 1966

SECRET

This is Message No. 25 for WRB

From Congress Committee, Stockholm for World Jewish Congress,
New York.

Have been successful in arranging good organization for carrying out various kinds of help work for Jews of Bulgaria, Hungary and Rumania. Since it is impossible to collect sufficient funds here, have applied for \$50,000, WRB, Washington through its representative here for Executive Committee for relief of Jews in Europe which Chief Rabbi Ehrenpreiss directs. In view of the fact that these funds are needed immediately, it would be appreciated if you would support and hasten this application. Bease cable your reply.

JOHNSON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: June 2, 1944
NUMBER: 1967

SECRET

Reference is made herewith to Department's May 27 telegram 1031.

This is in reply to WEB No. 20 and is our No. 24 for War Refugee Board.

Newcomers Christian Fellowship directed by Reverend Friedrich Forell, three West Ninety-fifth Street, New York, is the Swedish affiliate of Svenska Israel Mission in New York. International Committee on Christian Approach to Jews, directed by Dr. Conrad Hoffman, address unknown, appears to be another affiliated organization.

JOHNSON

CABLE TO BERN

From War Refugee Board to Harrison

Please deliver the following message to Rene Berthelet, Wasserstrasse 14, Zurich, from the International Rescue and Relief Committee:

"No. 29 Did not receive your eleven Stop Our representative Leon Denenberg can now be contacted care of American Legation Ankara Stop Please reply whether possible rescue Lazar Gurvic friends and other similar cases indicate what was done for those cases in our number 25 and 26 Stop Inform Salomon Frank care of Frieda Sommer Guggustr 25 Zurich his American visa granted Washington October 1942"

THIS IS WRB CABLE TO BERN NO. 32

June 2, 1944

10:50 a.m.

CABLE TO MINISTER HARRISON AT BERN

The following is from War Refugee Board for McClelland

Recent developments in Hungary make it increasingly clear that efforts must be made to arrange for the prompt departure from Hungary of persons belonging to those classes which are likely to be the initial victims of Nazi plans to deport and exterminate Jews in that country. To this end, please consult with Saly-Mayer, Sternbuch and Riegner and such of their colleagues as they may suggest. You should also consult with Jacques Locher, c/o Cerealia Ltd., Talstrasse, 83, Zurich; Julius Perry, Nueschelerstrasse, 49, Zurich; Jacques Kanitz, Bundesplatz 2, Bern; Kurt Grime, Utoquay 47, Zurich; and Hans Popper, Quai Gustave Ador 60, Geneva. You should inform the five last named that their names were suggested respectively by Mrs. Anny, Joe, Victor, Lasslo, Kmil and Gabor. Please also inform the five that the persons who suggested consulting them requested that they consider the advisability of enlisting the assistance of Otto Peyer, Bahnhofstrasse 70, Zurich, and through him of securing the services of the former representative of Loew Angern. Such persons are prepared to remit funds necessary to cover fees and expenses incident to efforts of the five, of Peyer and of former Loew Angern representative to effectuate departures. In order to assure this, however, you should advise the Board promptly of their estimate of needs for initial experimental operations and of the name and address of the person to whom remittance should be made.

After consulting with each of the indicated groups separately with respect to the means thought to be available to each to effectuate departures and their views as to the probability of success, you should hold a joint meeting with representatives of each group able to be of assistance, bearing in mind that the coordination of such activities is essential if duplication of effort, confusion and failure are to be avoided.

If you should be of the opinion that any of the groups has nothing to offer, or if any of the five should indicate that he has no way of being of assistance, or if you should conclude that the plan or plans proposed are not feasible, or if complete coordination and cooperation do not appear probable, please advise the Board in detail promptly. You might also consider conferring with each of the five separately, informing him of the person who suggested his name, before calling them together as a group.

You are being given the foregoing detailed suggestions only because the groups indicated represent widely divergent groups and it is essential that in this matter all cooperate closely.

-2-

Prior to communicating with the five whose addresses are given above, you should consult appropriate officers of the Legation and such other appropriate Americans as may be known to you to ascertain such information as may be available concerning them. If there is any seemingly adverse information concerning any such individual, do not communicate with him, advising the Board promptly of the individual involved and of the nature of such information.

You will realize the urgency of this matter and will impress upon those consulted the necessity of avoiding all conflicting action. Please keep the Board fully advised with respect to all developments as promptly as possible.

THIS IS WRB BERN CABLE NO. 33.

June 2, 1944
4:25 p.m.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATED: June 2, 1944
 NUMBER: 3506

SECRET

Following is from Sternbuch for Union of Orthodox Rabbis:

The Vittel situation is not clear and for some time there has been no direct news. It is not known how many internees remain at Vittel and who are among those at the Drancy concentration camp near Paris. Necessary steps to bring internees back to Vittel have been taken by the American Legation at Bern.

In connection with Bergen-Belsen and York Camp Bergau near Dresden we wish to refer to last explanations by us. Unfortunately, there has been no change in the situation there. No authorization to contact or visit this camp or to send parcels of food is held by IRC. Your intervention is expected by us.

We urgently ask you to find a solution to the problem of proposed passports without regard to the Vittel situation. Those papers are received by us only from one Consulate up to the present time. This is absolutely insufficient for rescue work carried on by us. At various places such papers are useful means and they have so far helped in Slovakia and Hungary. Jews in Hungary are requesting them most urgently to be emitted by different states.

We are quite desperate regarding the increasingly terrible Hungarian situation. There are already on deportation lists 3,000 Jews. It is urgently requested by Rabbi of Neutra and others that airmail be sent to the towns of Munkacs, Kaschau and Presov. 15,000 Jews per day are deported to Poland over this route since May 15. The people are in despair that nothing has been done until the present. It is requested that you intervene and not miss another hour in this matter as this is one means of rescue.

As yet our courier from Lithuania has not returned. Chief Rabbi Hager of Wyszynitz and family have been saved and arrived yesterday in Bucharest.

Negotiations with Slovakia for the purpose of opening further labor camps for refugees from Hungary have been started by us with the Vatican's aid. The cost of setting up these camps has been underwritten by us provided there is no restriction on admission of new refugees.

From the

-2-

From the Rabbi of Neutra we have received a message wherein he bitterly complains of not having enough money for this rescue work. He must support about (*) people from Hungary who are saved daily besides those coming from Poland. Moreover, all Jews in hiding as well as in numerous labor camps must be fed. The Rabbis are all without livelihood. A further 200,000 francs have been placed at his disposal and he wires that for the vast rescue program this sum is ridiculous. At least \$1,000,000 are expected by him and he calls heaven and earth as witnesses that if he had had more money he could have saved the Gaon of Tschechoiw and many others.

The following is a message which the courier brought from President Freudiger of Budapest; along the whole line situation is assuming catastrophic proportions. Nearly all over the country ghettos are being set up in the most inhumane way; in east and south ten frontier comitates under dictate of Germans and other areas are under the direction of local authorities which are quite as brutal as in the east. Szombatheley is an absolutely closed ghetto now and nearer circumstances are unknown. Jews of Galanta are concentrated in Stefanikow having been permitted to carry with them hardly anything. The way things look in concentration camps of Zseged and Kassa cannot be described by me. The deser are in wood without cover. In Kaschau 15,000 and in Ungvar about 20,000 are living in brick factories. They are in houses in Nagyvarad but approximately 13,000 are in a few streets which are walled off with boards. It is the same in Munkacs. It is declared by Buurpleit Mofremu that this is technique used to break down the resistance of masses psychologically to prepare them for the worst which has come true. Jewish deportation has become the naked truth and is mercilessly carried on. Today in Murkaos, Kaschau, Nyiergyhaza, etc.; other transports are to follow tomorrow. About 310,000 of our brethren, orthodox, reservoir of the country are now being subjected to these measures. Avoiding further misfortune is solely dependent on your grasping this situation and on your coming to our aid. We are absolutely dependent on you for life or death. We can perhaps be partially or totally saved if you can and will keep us, but we are lost if not. Do not sit still and do not think about it long. Take action at once and awake those who can aid us as long as there is yet time to do so.

A million Swiss francs were promised at once by wire but a million dollars are requested by them. We wish to know what action should be taken.

HARRISON

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: June 2, 1944
NUMBER: 499

SECRET

Your 895 of May 18 and 915 of May 20.

Reference your 915. Last paragraph Department's 440 of May 17 refers to persons reportedly arrested in Bucharest, Rumania for activities in aiding escape of refugees from Rumania and near-by countries. According to more recent information, only twelve to fifteen of them are still under arrest.

Regarding situation in Hungary, please consider advisability of your direct or indirect approach to Hungarian mission or other personalities in Turkey along the lines of the Cretzianu talks. If, in your opinion, such conversations are feasible and might serve some useful purpose, please act accordingly and keep Department informed.

Department and Board gratified to have your confirmation of report that Jewish refugees arriving in Turkey from Greece are permitted to enter and pass through Turkey without Turkish visas. In view of the critical situation in Balkans, it would appear most important, if you have not already done so, to attempt to obtain a similar arrangement with respect to refugees coming by land from Bulgaria. Please advise us of any results which are obtained in this matter.

THIS IS WRB CABLE TO ANKARA NO. 49

HULL

cc: Miss Chauncey (for the Sec'y), Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, Mannon, Marks, McCormack, Sargoy, Smith, Standish, Stewart, Weinstein, H.D. White, Pehle, Files.

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy Ankara
DATED: June 2, 1944
NUMBER: 500

SECRET

Please refer to our 470 of May 25 concerning the use of the SS BARDALAND for refugee evacuation operations.

We have just received a cable dated May 25 from Minister Johnson reading as follows:

"The Swedish Foreign Office has again been approached by the Legation in accordance with instructions contained in WRB no. 13. The Swedes have been extremely cooperative and sympathetic and today are instructing the Swedish Minister in Berlin to request the Germans for permission to divert the vessel and to guarantee safe conduct. The Swedish Red Cross has agreed to act as charter party. It is indicated by a cable received from the Master of the BARDALAND that the vessel is sufficiently seaworthy to make the proposed voyages and that after appropriate refitting in Istanbul to provide sanitary, lifesaving and kitchen equipment, the vessel will be able to accommodate between 400 and 500 persons.

The Swedes have been advised by us that all arrangements for selection of refugees for embarkation, exit permits, and assembling refugees at port of embarkation will be taken care of through War Refugee Board's facilities and that when the BARDALAND arrives at Constanza, all such necessary arrangements will have been completed. This is important as the Swedes do not want to assume responsibility for such matters and, in fact, they have no available facilities in the area for such purposes.

The Swedes are sincerely willing to press the strongest possible case with the Germans although they are frankly very dubious regarding the whole proposition."

It is assumed that the technical arrangements referred to by Minister Johnson in the second paragraph of his cable will be made by you as soon as the likelihood of the BARDALAND'S sailing for Constanza appears more concrete. We shall keep you advised of further developments.

THIS IS WAR REFUGEE BOARD'S CABLE TO TURKEY NO. 48.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Embassy, Ankara
 DATED: June 2, 1944
 NUMBER: 503

SECRET

From War Refugee Board to Ambassador Steinhardt, Ankara, Turkey.

Please refer to your 941 of May 23.

We appreciate your excellent handling of this difficult situation and accept your judgment as to the route of the voyage and the charter arrangements. The Board is anxious to retain the right to use the TARI as long as there is any reasonable hope that it may ultimately be permitted to sail. While we hope that it will not be necessary to do so, you are authorized, if you deem it desirable, to use the \$160,000 already transmitted to you to hold the TARI. In any event please advise us before finally relinquishing the right to use the TARI.

For your confidential information, the Bulgarian Ministry to Stockholm is said to be sympathetic with our refugee evacuation program. If at any point you deem it desirable, you may cable Minister Johnson in Stockholm asking him to enlist the support of the Bulgarian Minister there in connection with any project requiring the cooperation of the Bulgarian Government.

With respect to the general question of obtaining shipping for refugee operations across the Black Sea the following is for your information:

We have been advised by the State Department that the British are requesting the American Government's view concerning appropriate conditions to be proposed to the Turkish Government in consideration for the renewal of the charters of five British cargo ships now in Turkish service and known as the Adana ships. It is our understanding that these vessels were originally chartered to Turkey for the on-shipment of military supplies from Egyptian ports to Turkey and that the stoppage of military shipments to Turkey has nullified the purpose for which the ships were originally chartered to Turkey by the British Government. We understand from the State Department that the British authorities in London and Ambassador Hugessen are anxious to receive in return for the re-charter of the Adana ships a substantial quid pro quo from the Turkish Government. In addition to various political conditions proposed tentatively by the British Government as a condition to the re-charter of the Adana ships the British are apparently suggesting that a further condition might be added to the effect that a suitable Turkish vessel up to the tonnage of one Adana ship should be placed at the disposal of the British and American Governments for refugee evacuation operations. We understand that at the present time the charters of the Adana ships are being temporarily renewed for two month periods pending a final decision on this matter by the British and American Governments.

In order to strengthen your hand in future dealings with the

Turkish Government concerning refugee matters and particularly in order to facilitate the obtaining of Turkish shipping for refugee purposes in the future, we have recommended to the State Department that it suggest the following among others as conditions to the re-charter of the Adana ships:

1. So long as any of the Adana ships are under charter to the Turkish Government, the Turkish Government should make available the TARI or a similar vessel for repeated refugee evacuation voyages across the Black Sea to a Turkish Black Sea Port with a German safe conduct if it can be obtained or without such a safe conduct, whenever in the opinion of the British and American Ambassadors to Turkey such voyages become feasible. It shall be clearly understood that the re-charter of the five Adana ships will constitute fulfillment of any Turkish demand that a substitute passenger vessel be made available to the Turks while the TARI is engaged in refugee evacuation operations.

2. The Turkish Government should cooperate with the British and American Ambassadors in effecting arrangements whereby evacuation operations across the Black Sea without a German safe conduct by small boats carrying relatively small numbers of passengers such as the MARITZA, MILKA, and BELLACITTA will be continued and if possible intensified. Such cooperation would include not only permitting all refugees arriving in this manner to land in Turkish Black Sea ports and remain in Turkey until Turkish rail facilities permit them to be transported across Turkey to Palestine but also actively assisting the British and American Ambassadors in their efforts to find and put into service in Turkey small boats which can operate in the same manner as the three above-named ships.

The War Refugee Board would of course agree to arrange for the payment of a reasonable charter hire for the use of any Turkish vessel made available and to assume responsibility for the maintenance and support of refugees in transport or awaiting transportation in Turkey.

In view of the necessity of using for military purposes all passenger ships now available to us, the War Refugee Board is also recommending that if the Turkish Government insists upon a guarantee of replacement in kind in the case of loss of any Turkish vessel made available in the future for refugee evacuation operations, consideration should be given to using the re-chartering of the Adana ships as a basis for requesting the Turkish Government to waive such guarantee in the future unless the Turks are willing to make a similar guarantee to replace any of the Adana ships that are lost. However, if the giving of a guarantee in kind appears absolutely necessary in order to obtain the use of Turkish vessels the War Refugee Board will, despite all difficulties, seriously consider giving such a guarantee in connection with future voyages of the TARI or any other Turkish vessel because of the urgent humanitarian considerations involved and the strong interest of this Government in the refugee evacuation program. It should be clearly understood that the original guarantee to replace the TARI in the event of loss on its first voyage still stands and that the above refers to subsequent voyages of the TARI and any other Turkish vessels made available for refugee evacuation purposes.

- 3 -

The State Department is transmitting the Board's recommendations to the British.

This is War Refugee Board Cable to Ankara No. 46.

HULL

LFG-843

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

Ankara

Dated June 2, 1944

Rec'd 2:56 a.m. 3rd

Secretary of State,

Washington.

1000, June 2, 5 p.m.

FOR JOHN PEELE, WAR REFUGEE BOARD, AND ANDREW SOMERS FROM EPI JABOTINSKY. Ankara's No. 68.

President's declaration was ineffective because it was not followed by establishment of free ports. Jewish emissary from Budapest claiming to speak for Eichman brought first barter proposal. The proposal is queer and unacceptable but proves the influence of psychological warfare so carry on. OWI is criticised for almost boycotting the Jewish problem. The evacuation proceeding from Rumania is efficiently organized and on a growing scale. The Turks are cooperative and grant passage by special cars to refugees without visas arriving by boats. This is unofficial and dependent on the Foreign Minister's friendship for Ambassador Steinhardt. Suggest you negotiate with Ertegun and land to present Turkey with ships, locomotives and rail cars in exchange for promise to use same to increase movement and the sale of small boats for our use. The Hungarian situation is beyond description. The only possible help is political and psychological pressure. Bulgaria is not hopeless. Open account Max Bundorf and advise me. The British Minister suggests you get Halifax to cable him legitimizing me and Committee.

STEINHARDT

EDA BB

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Montevideo
DATED: June 2, 1944
NUMBER: 317

SECRET

Knapp sends the following for Sanders.

Your message of May 31, no. 496, is referred to herewith.

Desirability of brief press release regarding adoption of refugee exchange resolution is suggested by me, in view of keen interest in many quarters. The main theme of it might be that the attention of the Committee has been directed by various reports to existence and straitened circumstances of this particular refugee group in Europe and the desirability of helping their release; that both by reason of documentation held and because Germans in this Hemisphere constitute principal pool to draw from in seeking release by exchange, the problem concerns American Republics; and accordingly that having considered both the security and humanitarian considerations involved, the Committee has concluded, in a recommendation sent to all American Republics, that arrangements should be sought on coordinated basis and under appropriate security safeguards for release of such persons in exchange for German nationals from the American Republics.

You are asked to send through the Embassy English copies of the resolution to all American missions at once, cabling the Department data identifying your covering communications. Likewise exact changes made from draft resolution are to be cabled.

HULL

AIRGRAM

AMERICAN EMBASSY

SAN JOSE, COSTA RICA

Dated June 2, 1944 a.m.

Rec'd June 6 am

SECRETARY OF STATE

WASHINGTON



A-357 of June 2, 1944 2 55 a.m.

With reference to the Department's circular telegram of May 25, 5 p. m., concerning a Monetary and Financial Conference to be held beginning July 1, 1944, the Embassy has learned that the Acting Minister of Finance is discussing this question with the President of the Republic. A decision is expected within a few days.

The Acting Minister of Finance, Señor Alvaro BONILLA Lara, last night informed an officer of the Embassy that he himself was most desirous of attending the Conference, but he was not certain whether it would be possible for him to leave so soon after taking over the post. In any event, he was going to make certain that Señor Luis Demetrio TIMOCO, former Minister of Finance, would be a member of the Delegation.

DES PORTES

LGT-mm

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

LTK - 693

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

Habana

Dated June 2, 1944

Rec'd 6:30 p.m.

Secretary of State,
Washington.

DEPARTMENT OF STATE
DIVISION OF
COMMUNICATIONS
AND RECORDS

537, June 2, 4 p.m.

The Minister of Finance informs the Embassy that
he is making a trip to the United States and hopes to
fit this in with representing Cuba at the Monetary and
Financial Conference of the United Nations beginning
July 1. However, in order to make his plans, the
Minister would appreciate knowing approximately how
long the conference will last.

BRADEN

RR
WSB

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ³²⁸
COMMUNICATIONS
AND RECORDS

BE-729

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

Ciudad Trujillo

Dated June 2, 1944

Rec'd 8:10 p.m.

Secretary of State

Washington

DEPARTMENT OF STATE
DIVISION OF
COMMUNICATIONS
AND RECORDS

260, June 2, 6 p.m.

Embassy has just been informed by the Foreign Office that the Dominican Government accepts President Roosevelt's invitation to the United Nations monetary financial conference referred to in the Department's telegram dated May 25, 5 p.m. The Dominican delegation will consist of the Dominican Ambassador to the United States and Jose Ramon Rodriguez Minister Counselor of Embassy in Washington as delegates and Doctor Sanz Lajara, First Secretary of Embassy at Washington as secretary.

NEWBEGIN

JT EDA

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

329
DIVISION OF
COMMUNICATIONS
AND RECORDS

RECT-532

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

Wellington

Dated June 2, 1944

Rec'd 10:36 a.m.

Secretary of State,

Washington.

JUN 4 1944

246, June 2, 5 p.m.

The interim reply of the Acting Minister of External Affairs to the President's invitation in circular telegram May 25, 5 p.m., states "I am not yet in a position to inform you of the name of the leader and other members of the New Zealand delegation, but I shall get in touch with you again immediately when I am in a position to let you have this information. The New Zealand Government do share the view of your Government that the formulation of definite proposals for an international monetary fund and possibly also a bank for reconstruction and development is a matter of particular concern to the future well-being of all the United Nations and nations associated with them".

I am confidentially informed that Nash will probably be New Zealand's delegate and may be also Ashwin "Secretary of the Treasury", i.e. permanent head of New Zealand Treasury Department, who is now in London or still is en route for a few weeks' Government business there.

CHILDS

WTD
LMS

SECRETNOT TO BE RETRANSMITTEDOPTEL NO. 176.

Information received up to 10.0 a.m. 2nd June, 1944.

1. MILITARY.

Italy. 1st. Satisfactory advances along whole front. New Zealanders well established Sora Area and their Reconnaissance Units found Isola four miles S.W. Sora clear of enemy. Indians reached Casamari eight miles W.S.W. Sora and U.K. Infantry are just South of Geroli five miles N.E. Frosinone. Canadian elements are within one mile of Ferentino and French have occupied Sgurgola five miles south of Anagni, and Montelanico four miles N.W. Carpineto. U.S. troops have cut Highway 6 just east of Valmontone and elements entered Velletri in the evening.

Burma. Imphal. Unsuccessful Japanese attack against village held by us five miles south of Bishenpur on 30th/31st. 6-1/2 miles N.E. Bishenpur our troops with tank support successfully cleared a village. About 100 Japanese with artillery are surrounded in village six miles north of Bishenpur; our first attack against this village failed. In Palel area further Japanese attacks repulsed. Patrols report enemy road blocks on Imphal-Ukhrul Road 20 miles N.E. Imphal. Sixteen miles North Imphal a feature overlooking Kohima Road has been cleared of Japanese.

2. AIR OPERATIONS.

Western Front. 31st/1st. Trappes 840 tons, Tergnier 530, R.D.F. Station Calais 480, W/T Station Cherbourg 450, Saumur 235: all H.E. Weather clear all objectives except for some haze; bombing well concentrated on accurate markers but at Saumur attack had to be suspended when markers became hidden by smoke.

1st. Escorted Marauders dropped total 155 tons on four coastal defences Northern France.

1st/2nd. Aircraft despatched:- R.D.F. Station near Cherbourg 109, Saumur Railway Junction 58, Port Area Aarhus, Denmark 6, Sea mining 18, other operations 11. All returned safely.

Rumania. 31st. Escorted Liberators and Fortresses dropped 992 tons on oil refineries and railways Ploesti. Enemy casualties reported 41:40:9; ours 14 bombers, four fighters. Photographs indicate storage tanks on fire at three refineries.

3. HOME SECURITY.

Early this morning gas works at Soham near Ely blew up, reported as result of accidental explosion ammunition train: railway between Ely and Fordham temporarily blocked and gas and electricity supplies out of action: casualties one fatal, seven serious, many homeless.