

Diary

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January 27, 1944
9:51 a.m.

HMJr: Hello.

Operator: Mr. Paul.

Randolph Paul: Hello.

HMJr: Good morning.

P: Good morning, I'm sorry to bother you but we got a message that Stanley -- that you wanted Stanley at twenty minutes after ten but he's simply got to be up at the Committee at that time.

HMJr: Well, I think....

P: I can stay down or Roy, either one of us. Hello.

HMJr: Hello.

P: Yeah. I can stay down or Roy, either one of us.

HMJr: Well, I want somebody at my Press Conference.

P: Well, do you want Roy or me?

HMJr: I'd rather have you.

P: Well, I'll stay down.

HMJr: Why can't -- why can't Stanley be here?

P: Well, because they start at 10:00 o'clock and you can't tell what will come up and somebody's got to be there every minute or they'll do something that we don't want them to do.

HMJr: Well, if you're here, that's all right.

P: And he -- he's the one that most ought to be there because there are several points -- several points where the -- basic points where we're all fully informed but there are two or three points where he specializes. See?

HMJr: Okay.

P: They might -- they might be the ones that come up. You just can't control them.

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HMJr: All right.

P: I'll be there. Twenty minutes after ten?

HMJr: Yeah. Thank you.

January 27, 1944
10:28 a.m.

HMJr: John, hasn't the Bureau got a case pending against Jack and Heintz?

John Sullivan: There are investigations going on.

HMJr: Yeah. I mean you - don't you remember you and I went up on the Hill on the Jack and Heintz case?

S: That's right.

HMJr: But we - don't - we have - there is a - it's in the Bureau?

S: That's right.

HMJr: Well, of course, that's what he most likely has in mind. He's confused.

S: Either that, or he's talking about the six-man board.

HMJr: Yeah.

S: I - I can't make it out. I - I'm inclined to think he's a fellow who talks at the drop of a hat, anyway.

HMJr: Sounds like a politician to me.

S: No, he doesn't sound that way to me.

HMJr: I see. Well, I mean out of

S: No, I - I know what you mean. Yeah.

HMJr: I mean from New York.

S: Yeah.

HMJr: Okay?

S: (Laughs) Sure.

HMJr: All right.

S: Say, by the way, did you get my memorandum on Kellems?

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HMJr: Ah - they're right here next to me.

S: The one thing I'm particularly anxious for you to see is that reference to her attendance at the broadcast Sunday night.

HMJr: She was there?

S: No, she's going to be next Sunday night.

HMJr: Oh, what's she going to do?

S: I don't know.

HMJr: It's all right with me.

S: Well, I - I think you

HMJr: Maybe we'll put her on the air.

S: All right. Anyway, you want to be forewarned.

HMJr: Okay.

S: Right.

January 27, 1944
10:00 a.m.

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John
Pehle:

....could use on the press release. You wanted to know whether there was one of the cases we could take action on. We have one ready. We'd like to show it to you.

HMJr:

Oh, well, after my own press, but I don't want you to wait on that press release. I'd like you to - I'm sure that's good.

P:

Right.

HMJr:

I wish you'd start that, and if you've got one, I think

P:

We have got one.

HMJr:

Well, I think

P:

From Stettinius.

HMJr:

.... there should be a round robin, and I should sign it, and Hull should sign it, and Stimson - just approve it, you see. Sort of like minutes of the meeting. Hello?

P:

Yes.

HMJr:

If you've - you've got one, I'll sign it.

P:

We've got one.

HMJr:

Well, then you could tell Stettinius if he could get Hull to approve it, then we could - we could get Stimson to approve it.

P:

Right.

HMJr:

Where is it?

P:

It's in my office. I can have it into you in two minutes.

HMJr:

Well, I tell you - Mrs. Marshall is coming at - see if you can get in ahead of Mrs. George Marshall.

P:

Right. Okay.

January 27, 1944
10:30 a.m.

RE: PRESS CONFERENCE

Present: Mr. Paul
Mr. Smith
Mr. Gamble
Mrs. Klotz

MR. SMITH: Paul has taxes, and Gamble has bonds. Smith has lots of stuff. I have run down this William Jack thing. Here is the answer: There is no such thing as a five-man War Contract Renegotiation Board of the Internal Revenue Department. Nor do taxes have anything to do with renegotiation.

He says they are taking taxes. There is a six-man Price Adjustment Board representing all the interested agencies, and this determines policy. It has nothing to do with any individual case. It has nothing to do with the Internal Revenue Department, which is not even represented on the six-man Board. Mr. Jack's quarrel is with the Army, but having picked an argument with the Army once and having lost it, he is apparently looking around for somebody else to argue with. He stands a good chance of winning an argument with a fictitious renegotiation board that increases taxes.

H.M.JR: I don't like that last.

MR. SMITH: Well, the rest of it is just the facts. The statement doesn't make any sense at all.

H.M.JR: Just say that?

MR. PAUL: Treasury is represented on the six-man Board, but the Bureau of Internal Revenue has no representative.

MR. SMITH: This is the statement (hands the Secretary teletype sheet dated January 26, 1944.)

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MR. PAUL: Did you pick up that information about how Jack promised to keep his salary down?

MR. SMITH: No.

H.M.JR: Haven't we a case? What happened to our case?

MR. PAUL: I haven't heard anything about it.

H.M.JR: It has nothing to do with the Internal Revenue department.

MR. PAUL: That is right. It is only in the Treasury because of our Lend-Lease purchases. It has nothing to do with taxes at all.

H.M.JR: Well, let's say--is this quarrel with the Army?

MR. SMITH: Yes. The Army demanded Jack and Heintz return profits. They took his pants off, you know.

H.M.JR: It looks to me as though he is getting ready to run for office.

MR. GAMBLE: Wouldn't it be better to say that whatever his quarrel amounts to it is with some other department?

H.M.JR: Haven't you a case against him before the Board of Tax Appeal?

MR. PAUL: I don't think it would have reached that stage. It is probably in the Bureau. I think we had a case on his expenses, his deductions, these big payments, don't you know? And whether they have settled that, I don't know. That would be John Sullivan's--

H.M.JR: I think there is a case.

MR. PAUL: I don't think it would have reached the Board yet.

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H.M.JR: But you can't say--well, "He is looking around for somebody else to argue with" would be all right. But we can't say that we have a case against him.

MR. SMITH: I spoke to John. He said the statement doesn't make any sense to him at all.

MR. PAUL: We did have a case, but I don't know whether it was settled or disposed of in any way.

(The Secretary held a telephone conversation with Mr. Sullivan.)

MRS. KLOTZ: I didn't want to give it to you before your press conference.

MR. PAUL: Drew Pearson handed me a story this morning. He drove me down. It was a complete story about Kellems taken from the Censorship.

MR. SMITH: I think she is just nuts.

MR. PAUL: All her letters to this guy--

MRS. KLOTZ: They caught her. They have the letters.

H.M.JR: This woman that goes and talks with her somewhere says she has a perfectly gorgeous ring with a South American stone that she wears. Somebody was out with her. She had on this new fur coat. She was asked about why she put her money into that. She said, "I am not going to put it into bonds."

MRS. KLOTZ: They have the goods on her about her engagement.

H.M.JR: To this Argentinian? It is wonderful.

MR. PAUL: Public enemy number one.

H.M.JR: "Mr. Gregory --"

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MR. SMITH: He is one of our men. If they don't bring it up, you shouldn't either, because the investigations are still going on. Mr. Gregory insists that he didn't say it.

MR. PAUL: I asked him to come on.

MR. SMITH: Here is the story. Did you see it?

H.M.JR: Yes.

MR. PAUL: I would like to write Wallace myself.

H.M.JR: Why don't you?

MR. PAUL: I want to get all the facts before I do. I want to talk to Gregory and find out what he did say. I think I know what happened.

MR. GAMBLE: Forty-six percent of all the radios were turned on, on your broadcast. Ninety-six point four of all the people listening to any radio program--all the independent stations listened. Forty-two million people heard the show. They have given you a Hoover rating of forty-four point four.

H.M.JR: How is that, compared with other ones?

MR. GAMBLE: The last estimate on our Third War Loan with the President was thirty-two million.

H.M.JR: What does the President get normally?

MR. GAMBLE: I would say in this neighborhood.

H.M.JR: How near is that to a saturation point?

MR. GAMBLE: I expect that that is seventy percent, Mr. Secretary, to a saturation point.

MRS. KLOTZ: I love that.

H.M.JR: I just wondered how near an all-time high.

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MR. GAMBLE: It is very high. The highest popular program on the air was thirty-seven point--

H.M.JR: It seems awfully high to me.

MR. GAMBLE: It is high.

H.M.JR: Do you want me to announce this at my press conference?

MR. GAMBLE: I think it is very good. I brought it with me. Well, I can talk about it.

H.M.JR: What is the matter with you people this morning?

MR. SMITH: You say this had more listeners than the Third War Loan?

MR. GAMBLE: Yes. We estimated thirty-two million people.

MR. SMITH: This is forty-two?

MR. GAMBLE: And that is a conservative estimate. They said it would run closer to forty-four million.

H.M.JR: What are you going to tell them this morning?

MR. GAMBLE: We don't want to tell them too much, Mr. Secretary, or we will get into trouble with our people out in the States. I will tell them enough to keep them satisfied.

MR. PAUL: Are you going to bring up taxes?

H.M.JR: No. You will have to help me out.

MR. PAUL: I don't think we ought to say any more than we have to about it at this time.

H.M.JR: In my ignorance, that would be very easy.

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MR. PAUL: As a matter of fact, I want to have a conference with you. It is getting awfully serious. I want to have a conference with you, if possible, tomorrow. The bill has moved into the red, I think.

H.M.JR: You had better see me this afternoon.

MR. PAUL: Then I will make a break somewhere. I am waiting for one particular provision.

H.M.JR: Nine-thirty tomorrow morning.

MR. PAUL: May I call you later after I see? I may be able to get away after a certain thing comes up.

H.M.JR: Sit over here so I can look at all three of you.

January 27, 1944
11:15 a.m.

JEWISH EVACUATION

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

MR. PEHLE: This is the International Red Cross thing. I was just about to send it to Stettinius. If you will put your initials on it, there will be that much more push on it.

I say on there that I am advising the War Department. It hasn't been cleared with War.

(The Secretary signed memorandum to Mr. Stettinius enclosing cable to International Red Cross, dated January 27, 1944.)

(Mr. Pehle left the conference temporarily.)

H.M.JR: There are two things that he sent over to State today. He had something on publicity, the minutes of yesterday's meeting, and now something on the International Red Cross. Please see that he gives us copies.

Now, Rabbi Wise and Baerwald are calling me.

Did anybody know the name of Pickens' boss, the head man, the head fellow in this country for the Friends?

MR. PEHLE: Pickett's boss, you mean?

H.M.JR: Yes.

- 2 -

MR. PEHLE: Rufus Jones at Swarthmore.

H.M.JR: That is the man.

MR. PEHLE: I mentioned him to Leavitt yesterday, but just as a person to check with. Leavitt just said that Pickett was the fellow to check with. I don't know anything about him, except he is an outstanding Quaker.

H.M.JR: He enjoys a very fine reputation.

Now, did you poll this group on Frank Graham?

MR. GASTON: I talked to them about Frank Graham, yes.

H.M.JR: I spent last evening at Judge Rosenman's. Frank Graham was tops with him. I agreed that I would let the President know.

(The Secretary held a telephone conversation with Rabbi Wise, as follows:)

January 27, 1944¹⁴
11:18 a.m.

HMJr: Hello.

Operator: Dr. Wise.

HMJr: All right. Hello.

Stephen
Wise: Hello. Good morning.

HMJr: Good morning to you.

W: This is Stephen. I wanted to say this to you. I thought about the matter very carefully and I want to suggest some names and I am sure that both -- that all three of the men are better known to you than to me and you will have your opinion concerning them.

HMJr: Please.

W: A man for whom I have the deepest admiration, who I think has done a grand job in many fields is Clarence Pickett, the head of the Quakers.

HMJr: Yes.

W: Do you remember him?

HMJr: Yes. But I was just going to ask you a question. Do you --

W: Yes.

HMJr: As regard to -- would you rather have Clarence Pickett or Rufus Jones?

W: Would I rather have Rufus Jones instead of Clarence?

HMJr: Yes.

W: I consider Rufus Jones one of the great citizens of the country.

HMJr: Yes.

W: And if Rufus Jones went,...

HMJr: Yes.

W: Then I am sure that Clarence would go with him.

HMJr: I see.

W: I mean, would serve at his side. But the name of Rufus Jones is just -- he's the Quaker Pope.

HMJr: Yes.

W: Do you ha--do you know him?

HMJr: Only by reputation.

W: Oh, he's a grand being, a great man.

HMJr: Yes.

W: A great man in every sense. I think Clarence comes pretty near to -- to moral and spiritual greatness.

HMJr: I see.

W: Now, another man I think of -- I don't know how you'd feel about him. I think he's a big man. Some people don't. Frank Graham.

HMJr: Well, it's funny your mentioning him. Around here we were about to suggest his name to the President.

W: As the -- as the top name?

HMJr: Yes.

W: Well, I am -- I think he's a great person.

HMJr: Yes.

W: Do you know him well?

HMJr: Only by reputation.

W: Well, you -- you've seen him in some of his work in Washington.

HMJr: Oh, yes. Yes.

W: I think he's a great person. He's a great liberal. I mean, he's a little like Woodrow Wilson of other days.

HMJr: I see.

W: And if, God forbid, we had to have another man than F.D.R. in November....

HMJr: Yes.

W:I think I'd be as ready to vote for him as anybody I know.

HMJr: Is that right?

W: Yes. He's a great man. I think the Chief feels that way about him.

HMJr: Yeah.

W: What do you think of -- what do you think of -- there's Clarence Pickett but you've suggested his chief, Rufus Jones.

HMJr: Yes.

W: The second would -- second, Frank Graham whom you may decide upon. I'm told you've got a man with you named Pehle who is very able.

HMJr: He is but....

W: I only met him once for a second, but I've heard such nice things about him.

HMJr: Well, I recommended him but unfortunately the President wants somebody....

W: With a name.

HMJr:with a name.

W: And he isn't, as yet, distinguished enough? He hasn't an outstanding name?

HMJr: That's his only handicap.

W: His only handicap. Of course, he is very fine and able, isn't he?

HMJr: No question about it.

W: My people like Schulman and Miller and Jim have been speaking in terms of high praises of him.

HMJr: No question about it.

W: But I said -- well, there's no use talking about Pehle. You know him better than anybody else does.

HMJr: Well, I suggested him but the President was -- well, his comment was, "You can't have your cake and eat it, too." I don't know just what he meant but he meant that -- he wants an internationally known....

W: Figure.

HMJr:figure. Yes.

W: Well, Graham would be that. Rufus Jones would be that. Clarence Pickett has a great reputation.

HMJr: Yes.

W: He's a great person. I think I am prepared to agree with you about McDonald.

HMJr: Yes.

W: I think you are perfectly right about him.

HMJr: Well,...

W: I mean, thinking it over.

HMJr: As Stettinius put it, McDonald's had his chance.

W: That's right. That's very wisely put.

HMJr: He's had his chance.

W: That's very wisely put.

HMJr: Yeah.

W: I wish Stettinius would take it.

HMJr: Well, he'll be very helpful....

W: He's got a bigger job.

HMJr: Well, he'll be very helpful where he is.

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W: Yes, he will. He seems to be a grand person.

HMJr: Now, have you got -- now, what about....

W: Can you give me -- can you give me your father's address? I want to write to him.

HMJr: Yes. Just a moment. (Pause) Winter Park.

W: Winter Park?

HMJr: Yes.

W: Oh, is he at the College down there?

HMJr: No, he's at a hotel there.

W: Yes. Winter Park is enough?

HMJr: Yes.

W: I want to write to him.

HMJr: What about Harry Emerson Fosdick?

W: I don't think he would leave his Church.

HMJr: You don't think so?

W: And I don't think he's -- I don't think he's -- I know that for twenty-five years, in all the days of his great preaching....

HMJr: Yes.

W:he's been absolved from all administrative work.

HMJr: I see.

W: He doesn't even go to the phone except from one to two or two to three.

HMJr: Sensible man.

W: Oh, he's a grand person and the greatest of preachers but he's not an administrator. And you'd have to surround him with people. I don't think he'd go.

HMJr: You don't?

W: He's not in good shape, you know.

HMJr: Well, I think the names....

W: He's sixty-five or four.

HMJr: Well, that doesn't....

W: No, I -- I'm going to be seventy.

HMJr: I just wrote a letter for your birthday.

W: (Laughs) I'm not saying a man who is sixty-five or even seventy can't do a good job but Harry wouldn't take it.

HMJr: Well, we're thinking along the same lines.

W: But the moment you take Harry the Catholics....

HMJr: As I say, we're thinking along the same lines.

W: Yes, we are.

HMJr: And....

W: Thanks a thousand times.

HMJr: Thank you.

W: Thank you very, very much. And Winter Park is enough for Father?

HMJr: That's right.

W: Thank you.

HMJr: Good bye.

- 3 -

MR. GASTON: This man is quite a force, isn't he?

H.M.JR: Oh, yes. He had the distinction of marrying Mrs. Klotz to Mr. Klotz, and marrying Mr. Morgenthau, Jr. to Mrs. Morgenthau, Jr. It is funny how you gradually get down.

MR. PEHLE: You might just glance at that list. There is one for Mrs. Klotz there.

H.M.JR: Where did that come from?

MR. PEHLE: We just combed the field. They are suggesting, among others, Mrs. Eugene Meyer.

MR. PEHLE: I am worried about Mrs. Eugene Meyer. We have one woman on there, Josephine Roche.

MR. GASTON: I think both Rufus Jones and Clarence Pickett are probably going to be pretty busy with their own enterprises.

MR. PEHLE: Well, I am inclined to take back a little of what I said about Pickett from this point of view. Why I wasn't getting along with Pickett was because he was trying to put food through the blockage when we all felt that it was wrong to do it, but he is a man of his convictions. I have no doubt. He hasn't got the name Rufus Jones has, however, by any means.

(The Secretary held a telephone conversation with Mr. Baerwald, as follows:)

January 27, 1944
11:25 a.m.

HMJr: Hello.

Operator: Mr. Baerwald.

HMJr: Thank you.

Operator: Go ahead.

HMJr: Hello.

Paul Baerwald: Good morning, Mr. Secretary.

HMJr: How are you?

B: Oh, I'm fine.

HMJr: Good.

B: I wanted to tell you a few names

HMJr: Yes.

B: and I imagine that some of those have already been mentioned to you before.

HMJr: Yes.

B: But I think it just as well to repeat them.

HMJr: Yes.

B: The one, of course, is Mr. Rublee.

HMJr: Rublee?

B: Mr. Rublee

HMJr: Yeah.

B: You know him, of course.

HMJr: Yes.

B: Then, of course the man that one - all thinks of in all these - in all these situations is Earl Harrison of Philadelphia.

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HMJr: Earl Harrison?

B: Earl Harrison.

HMJr: I don't,...

B: The Commissioner of Immigration. The Commissioner of Immigration -- present Commissioner of Immigration.

HMJr: Oh.

B: Whose office, you know, now is in Philadelphia.

HMJr: No, I don't know him.

B: Oh, yes, you do. I'm sure you do. At any rate he's known to all of you.

HMJr: Yes.

B: Earl Harrison.

HMJr: Yes.

B: Then, of course, Allen Wardwell is a man who's got a wonderful name.

HMJr: Yes.

B: Who is the head of the -- you know who he is -- oh, he is the head of the Russian War Relief.

HMJr: Yes.

B: And a lawyer. He's been very active in matters of that kind.

HMJr: Yes.

B: Then, of course, there's one man who is rather old -- I wonder whether he -- but I am still told, quite vigorous -- that's Homer Folk.

HMJr: Well, I'm afraid he's a little bit....

B: What?

HMJr: I think he's a little old.

- 3 -

B: What?

HMJr: A little old, I'm afraid.

B: What?

HMJr: A little bit aged.

B: Yes. Yes. Yes.

HMJr: A very fine gentleman.

B: Yes. Yes.

HMJr: Yeah.

B: Now, in connection with the -- what you said that a man that is internationally known.

HMJr: Yes.

B: I was thinking of John Foster ^{Dallas} ~~Dallas~~

HMJr: Yes.

B: Of course, you know who that is.

HMJr: Oh, yes.

B: He's a member of the Southerland, Inc. and I believe he's very sympathetic.

HMJr: Yeah.

B: If he's a man who could be gotten for that business, of course, is another question.

HMJr: He's in Switzerland right now, I believe.

B: No. No. His brother Allen is in Switzerland.

HMJr: Oh, I see.

B: John Foster is here.

HMJr: Yeah.

B: He's a partner of Southerland, Inc.

HMJr: I know. He sued me for \$15 million....

B: Oh, is that all?

HMJr:on the -- because I happened to buy some silver from the Republic of Spain.

B: What did you buy?

HMJr: Some silver from the Republic of Spain.

B: I see.

HMJr: My lawyer was Mr. Henry Stimson.

B: Oh, yes.

HMJr: We had the case thrown out of court.

B: Yeah. Well, you have no feeling about it?

HMJr: Unfortunately, I have.

B: I see.

HMJr: (Laughs)

B: Uh huh.

HMJr: But, because he got very personal in his....

B: Yes.

HMJr:attack.

B: I see. Uh huh.

HMJr: But anyway....

B: Yeah. Well, I just mentioned it to you because I didn't know anything about that. Of course, you know when it comes to persons nowadays, everybody's -- a great many of these fellows -- people in business were under indictment in some way or other by Mr. Biddle, but then (Laughs) that's become such a general matter that -- however, the other man, when it comes to international reputation, the man I thought of is perhaps, and I don't know anything about his sympathies.

HMJr: Yeah.

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B: But that is Sosthenos Behn.

HMJr: Pardon?

B: Sosthenos Behn. B-e-h-n.

HMJr: Of International

B: International Telephone. He has great contacts in South America.

HMJr: Yes.

B: And everybody -- in fact the matter is he presided over -- at a dinner last night for President Medina of Venezuela.

HMJr: Yeah. I know him too well.

B: Uh huh.

HMJr: Yeah.

B: Uh huh. Well, the only other thing that -- a man I could mention is Basil Harris.

HMJr: Pardon?

B: Basil Harris.

HMJr: Yes, I know Basil Harris. He's a very fine man.

B: Yeah.

HMJr: Yeah.

B: Yeah.

HMJr: Well, that gives me some names.

B: Well, you wanted some names.

HMJr: Yeah.

B: Of course, there are other names that occurred to me that are internationally known.

HMJr: Yeah.

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B: In the business field but I don't know what their sympathies are. I think a man like Robert Stanley of International Nickel who is also a director of the American Metal Company.

HMJr: I also know of -- I know of -- I've never met him but I know who he is.

B: Yeah.

HMJr: Yeah.

B: Yeah. But that's internationally known.

HMJr: Right.

B: Outside of that I really am afraid I -- I haven't anything more than that.

HMJr: Yeah.

B: And I'll try and do a little more thinking but....

HMJr: Right.

B:it's pretty hard.

HMJr: Well,....

B: Do you still -- the man whom I mentioned to you first yesterday....

HMJr: Yes.

B: Cleveland Dodge.

HMJr: Yeah.

B: I wonder whether that isn't the kind of man that....

HMJr: Well, we'll give all of these very careful consideration.

B: All right.

HMJr: And I'm very much obliged to you.

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B: Not at all. Not at all. I'm sorry I can't
give you more than that.

HMJr: Well, that's plenty. Thank you.

B: All right. Thank you.

HMJr: Bye.

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MR. GASTON: Considering the kind, I will say that is plenty. He didn't mention Owen Young, Gerard Swope or Johnnie Hanes.

MR. WHITE: But he did mention a couple yesterday equally as good.

MR. DuBOIS: Why have JDC and WJC come out on this one?

H.M.JR: This is Paul Baerwald, the Acting Head of JDC.

MR. PEHLE: Well, let me say in his defense--in the first place, you said he had to be an international figure. Sure, these people are much more conservative than the other. That is no secret. I didn't tell you whom he suggested yesterday besides Cleveland Dodge, Raymond Fosdick, Paul Hoffman, and Louis Johnson.

(The Secretary held a telephone conversation with Mr. Ernst, as follows:)

January 27, 1944
11:31 a.m.

HMJr: Hello.

Morris
Ernst: Hello, Henry?

HMJr: Hello, Morris.

E: Morris.

HMJr: How are you?

E: Fine. I've got a list, but let me explain first....

HMJr: Yeah.

E: It may be unbalanced, at least from your point of view, but I had long talks in England....

HMJr: Yes.

E:with Oliver Stanley and Richard Law and others.

HMJr: Yes.

E: In regard to a program.

HMJr: Yeah.

E: But not only getting them out -- refugees, Greeks and others, but also getting them back later.

HMJr: Yeah.

E: And I assume that this thing will be both ways.

HMJr: Yeah.

E: You see?

HMJr: Yeah.

E: So I have had that sort of in mind, plus the limitations you made on nationally known.

HMJr: Right.

E: Well, now, there are some of them -- they each have advantages and disadvantages and don't laugh at them too quickly.

HMJr: No. I'm not laughing anyway.

E: Well, I know, but gosh, it's a tough assignment.

HMJr: Right.

E: Graham, President of the University of North Carolina, Vice Chairman of the War Labor Board.

HMJr: Well, that's our Number One suggestion for it here.

E: That was?

HMJr: That's our Number One idea here.

E: All right. Well, then I'm quick to that extent.

HMJr: Yeah.

E: Now, I think that Ray Swing....

HMJr: Raymond....

E:knows his Europe much better than Graham.

HMJr: Raymond Graham?

E: Yeah.

HMJr: Not bad.

E: And a very efficient guy.

HMJr: Yep.

E: And knows all the personalities and the wangles and the languages, the rest of it.

HMJr: Yeah.

E: He's got a great advantage over Graham, plus the fact that -- a greater popular appeal in this country. You see?

HMJr: Yeah.

E: Whatever he'd say, why, he'd get a terrific support.

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HMJr: Well, that's the first time he's been suggested.

E: All right. Now, in that connection, also as a secondary, Walter Lippmann.

HMJr: Well, Walter Lippmann has been thought of but they -- they'd rather have a protestant.

E: All right.

HMJr: Hello.

E: All right.

HMJr: Yeah.

E: Now....

HMJr: I think Walter would be grand.

E: All right. So, we're thinking that much along the same line.

HMJr: Yes.

E: If it isn't a lot of traveling.

HMJr: Yes.

E: If it isn't England and the East and that sort of thing -- Learned Hand....

HMJr: Judge....

E:who would love it.

HMJr: Judge?

E: Yes.

HMJr: Well....

E: He just did a job in Washington, you know, for the Boss for a month -- in the Army.

HMJr: Yes.

E: And he's a little old but he's very vital.

HMJr: Oh, he's a swell person -- Judge Learned Hand.

E: Well, he's got a feel for it, and it's not an impossible name.

HMJr: Well, he -- would he have to get off the bench?

E: I think he'd be willing to.

HMJr: He would?

E: He said to me, "I think this is a matter of a two or three -- this is no six month's job, I take it."

HMJr: No.

E: Because this thing, I think, would eventually tie in.

HMJr: Well, he's a swell person.

E: You see, it would tie in, as I take it....

HMJr: Yeah.

E:with the whole program of inviting people back to Europe on proper terms so as to cut underneath the Zionist attack that Jews can't live in Europe.

HMJr: Well, of course, some of the -- Mr. Hull thinks that this is going to be the over-all.

E: That's right.

HMJr: I don't know whether he's right but he thinks he's going -- this is going to include everything.

E: Well, you see, my guess is that it will have to eventually.

HMJr: Yes.

E: Sometime I would like to talk to you about my talks in England after I had a chat with the President just before I left....

HMJr: Anytime.

E:in regard to it. Now, another name that occurred to me -- I think Harold Stassen is a good name.

HMJr: Well, we thought of that, too.

E: A great man who would get popular acceptance.

HMJr: Stassen? What?

E: Yeah.

HMJr: Well, that's....

E: Now....

HMJr: It's going to be a little difficult, I mean, to get him out and all that sort of thing.

E: Well, not if they really wanted him out.

HMJr: Yeah.

E: Well, now, there's a guy who could do a wonderful job, who isn't as well known. Sumner Pike.

HMJr: I know Sumner Pike but I wouldn't recommend him.

E: Well, he could do a really great job.

HMJr: Yeah, but....

E: Governor -- Governor Edison.

HMJr: No, you're wrong on that.

E: Wrong? All right.

HMJr: Yeah.

E: And then I had down Jerome Frank, Bill O'Dwyer....

HMJr: Yeah.

E:and Charlie Poletti could do a good job.

HMJr: Charlie could do a swell job but I, again it's a question that -- he's the King of Sicily and....

E: That's right.

HMJr:it's the question of pulling him out of his palace.

E: That's right. But this seems to me such an enduring, terrific job....

HMJr: Yeah.

E:and it's so difficult to find a man you want compared to the man to fill Charlie's place.

HMJr: Charlie would be okay but....

E: Well, now, Henry Wallace.

HMJr: That suggestion -- but he'd be subordinate to three Cabinet Members.

E: Yes, that was the difficulty before.

HMJr: Yeah.

E: But it's not an impossible name because, God knows, he's got this kind of point of view in support.

HMJr: Granted.

E: Leon Henderson.

HMJr: We also thought of Leon but the -- I'm afraid his contacts on the Hill aren't too good.

E: Well, now, let me explain on that.

HMJr: Because the President suggested that -- first suggested Aubrey Williams....

E: Yes.

HMJr:and then on second thought, he said he'd have too much trouble on the Hill.

E: Let me tell you with Leon.

HMJr: Yeah.

E: Every -- every big employer and company whom he attacked....

HMJr: Yeah.

E:when he was in the Government has offered to retain him for fifty thousand bucks....

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HMJr: I know.

E:and every Congressman and Senator is coming around wanting him for dinner, etc., wants his advice and wants to get on his radio program.

HMJr: Well....

E: So, it's not an impossible thing.

HMJr: No.

E: And he's been mixed up with Mrs. Dwight Morrow, you know, behind the scenes on this speeding food to Europe, helping UNRRA.

HMJr: No. Well, I -- I'm -- listen, you don't have to sell me on Leon.

E: Oh, no. Now, Number Two....

HMJr: Leon and I have been friends for years.

E: Yes. Now, Number -- next to the last one I've got is Bill Douglas, and I think Bill would gladly get off the bench for it.

HMJr: Yeah. Well....

E: And I think the bench is unimportant compared to this terrific job.

HMJr: Yeah.

E: And I think the President might want him off for other reasons.

HMJr: Yeah. Well....

E: That's all I've got, but I'm very....

HMJr: No, those are very....

E: I was very delighted that my Swing, Graham, fell down your line.

HMJr: No, that's -- he's a very good suggestion.

E: Well, there they are. All right, I may even let you know when I'm coming down, because I had some very exciting talks on his program.

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HMJr: Well, you -- you....

E: In this connection.

HMJr: You let me know a day or so in advance.

E: I will. All right.

HMJr: This is fine and if you get any more, let me know, but this is enough to work on.

E: Yeah. All righty.

HMJr: Thank you.

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MR. DuBOIS: That is a good suggestion.

MR. PEHLE: Would he be any good for this?

H.M.JR: Not if you want a Protestant.

MR. PEHLE: Why do you want a Protestant? Does
the President want a Protestant?

H.M.JR: Let me read you this from Stimson.

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MR. LUXFORD: You know, I am worried about Myron Taylor, Mr. Secretary.

H.M.JR: Don't worry about Myron Taylor.

MR. LUXFORD: I hope I don't have to.

H.M.JR: Don't worry yet; let me worry for a minute. What I would like to suggest to Sam, because Sam said he agreed on Graham and Pehle--I would also like to give the President Rufus Jones and Pehle. Do you see?

MR. PEHLE: Did you look over this list and see anything there?

H.M.JR: I think it is terribly important for you to get a Friend, a Quaker.

MR. GASTON: Rufus Jones would be good, not only for his standing, but his experience in knowing the practical problems you are up against.

MR. LUXFORD: Mr. Secretary, we got word, too, that Bill Douglas was looking for an opportunity.

H.M.JR: I know, but that opens a whole political avenue. I have got to get this to the President before he pulls something. I am late now. Has anybody any objections--I wouldn't say objections, but who doesn't think that either Graham or Rufus Jones would be good?

(No response)

MR. WHITE: My opinion isn't worth anything. I don't know Rufus Jones at all except from his reputation.

MR. LUXFORD: I don't know them.

H.M.JR: Don't let's take a pig in a poke. Let's concentrate on Graham.

MR. DuBOIS: Assuming we are absolutely lost on Pehle--

H.M.JR: We are. There is no use putting on pressure. I mean, he told it to Judge Rosenman and to me in no uncertain terms. I know when the President gets a certain tone in his voice there is nothing you can do with him.

MR. DuBOIS: I had a line of approach.

H.M.JR: Save your time, will you, Joe, and save the wear and tear on me?

MR. LUXFORD: There is unanimity on Graham, even the people recommended in here.

MR. WHITE: There hasn't been the same unanimity on Jones. That is only because I don't know him.

H.M.JR: I would rather go to the President and say, "Look, Mr. President, I spent last evening with Sam Rosenman. He and I agreed, and he has also been suggested by Dr. Wise, Mr. Graham.

MR. WHITE: How old a man is Rufus Jones?

H.M.JR: I don't know. I don't want a pig in a poke just because he is a name.

MRS. KLOTZ: He is not just a name; he is the head Quaker.

H.M.JR: You heard what Doctor Wise said. Doctor Wise said he is the top of the Quakers.

MR. GASTON: What I have heard about Jones is, he has an awful lot of personal force and drive.

H.M.JR: Why don't I put it this way, that Sam and I and Doctor Wise strongly recommend Graham as a suggestion but not as a recommendation for the President's attention? Would he think about Rufus Jones?

MR. PEHLE: I think that is good. Would Graham leave the War Labor Board?

H.M.JR: Yes, Judge Rosenman says he would.

MR. DuBOIS: I think it would be best to concentrate on Graham, if that is the case.

MR. GASTON: Rufus Jones is eighty years old.

H.M.JR: That is out, then.

MR. WHITE: What is his grandfather doing?

H.M.JR: Don't you talk. I had my picture taken with Mrs. Marshall and her grandchild.

MR. GASTON: He was eighty-one day before yesterday.

MR. PEHLE: There was quite a scene in your outer office when they changed the grandchild's pants before he came in here. They were changing them right by the window.

MRS. KLOTZ: I love it.

MR. GASTON: Clarence Pickett is fifty-nine.

MR. WHITE: You ought to keep that list for other purposes.

H.M.JR: We are keeping it.

(Secretary on White House phone)

Hello, Grace.....

I am all right.....

Can you hear me?.....

I was at Rosenman's last night, and Sam and I are in agreement on a recommendation for a man for the President, and that is Frank Graham.....

will give me a flurry of suggestions. I tell you what I am going to do: I want to have Sam thinking about Judge Learned Hand.

MRS. KLOTZ: And Pickett. You know Wise recommended him.

MR. WHITE: My judgment would be that a man of Learned Hand's experience and training would not be as good as some of the other names mentioned there. He is quite judicious, but extremely able.

H.M.JR: He is a very broad-gauge fellow.

MR. WHITE: There is no doubt about that.

MR. PEHLE: Has he a slant, though? Did you see what Ernst did right away? He said that Hand would handle it to get the Jews back into these areas to play down the Palestinian area.

H.M.JR: I didn't get that. I thought he said to get them into Palestine.

MR. PEHLE: No, no. The way I understood it, he said, "This will take the thing out of the Zionist approach by getting them back. So you don't have to get them into Palestine."

H.M.JR: Why not let's wait and see what the President says?

MR. LUXFORD: Don't give him choices yet.

H.M.JR: No. Sam said--you quote me--"Why not just let it rest?"

MR. WHITE: He isn't going to contact the President, himself, with others?

H.M.JR: He gave me the impression he would not. He said, "Which one of us will do it? Do you want to do it?"

I said, "I'll do it." I know who Sam has in mind. He has nobody in mind, other than Graham, right now.

MRS. KLOTZ: Why not give him Pickett?

H.M.JR: I'd rather wait. My hunch is to wait, because if I start making suggestions, then Sam--. My hunch is to wait.

MR. WHITE: If you don't get Pickett, I think you might use his ability to cooperate in any case, so there wouldn't be a total loss.

H.M.JR: Herbert, prepare an answer for me on this, will you, please? See that it gets to Mrs. Klotz this afternoon.

I like you all very much, but I can "just as leave" get along without you.

MR. PEHLE: Can I mention a problem connected with this?

H.M.JR: Before you mention one, I want to. Where do we stand on this release?

MR. PEHLE: We got it to Stettinius who sent it in to Hull. When I talked to Stettinius, he said, "Well, shouldn't Henry send over something with a note to Cordell?"

I said, "I have his signature on it, and we'll put it in your hands."

Now, he sent it in to Hull. It is on Hull's desk. If we don't get it out of there, I thought we would call one of Hull's Men Friday.

MR. PEHLE: It just takes a yes or no. Should we shoot for five million or one million?

(Secretary on White House phone)

Hello....

This is Mr. Morgenthau.....

What happened to that release that I wanted to get out on the Refugee Committee?.....

Yes.....

Who is Mr. Raynor?.....

Do you want me to hold on, or will you call me?....

Have Mr. Raynor call me, will you, right away?.....

Thank you.....

H.M.JR: I had a little trouble with Sam on the million.

MR. PEHLE: That is what I was afraid of.

H.M.JR: Yes. You don't know the President on his own fund.

No, I'd shoot for one. Sam said, "What do you want a million dollars for?"

MR. WHITE: Maybe the President can get back the twelve million dollars he gave the Poles. He extended twelve million dollars to them when they didn't have any money. They just got sixty-eight million dollars.

H.M.JR: His mind doesn't work like that.

MR. WHITE: Doesn't that come under your responsibility? The Polish Government has just recovered it.

H.M.JR: Those are separate departments in his mind.

MR. WHITE: I just thought of it. I will give you a separate memo on it, anyway.

H.M.JR: Stettinius has gone to New York.

MR. PEHLE: We got our first contribution - ten dollars and a very good letter which we will try to make a press release out of. It was a very good letter. Ten bucks.

H.M.JR: Wonderful!

(Secretary on White House phone)

Hello, Mr. Renchard?.....

Mr. Morgenthau talking.....

I sent over to Mr. Stettinius this morning a suggested release in regard to that meeting yesterday of the Refugee Committee. I understand he sent it in to Mr. Hull. But now Mr. Stettinius has gone to New York, and there is something I'd like very much to get out today, if Mr. Hull and Mr. Stimson approved.....

Could you?.....

And then I wondered if this would be asking too much, if Mr. Hull approved would you try to get Mr. Stimson's approval, too?.....

I know. I just sent one to Mr. Hull first, and I thought I'd first wait to get Mr. Hull's reaction.....

Well, I just was thinking that until we get a Director picked - Mr. Hull being the senior - and I also thought the release should come from the State Department. But that is just my thought.....

So that you know what it is, it is really this circular cable which went out to the various Missions, telling them about - really explaining the President's Order and all the rest of it. I signed a copy. Mr. Stettinius said he was going to send it in to Mr. Hull....

Well, if I am not available, would you speak to John Pehle, if you please, on this, because he is following this for me?.....

I am anxious to get it out today....

Thank you.....

MRS. KLOTZ: He is awfully good.

H.M.JR: Yes, he sort of hesitated about calling

Stimson. I don't want to seem to be sort of pushing you (to Pehle). If you call Stimson and all that, you know how it looks.

MR. PEHLE: Yes. If we can get them to clear it, it is wonderful. Once Hull has cleared it, I don't think Stimson will stand in the way.

H.M.JR: I was talking to Renchard.

MR. LUXFORD: Hull may very well get sticky on this.

H.M.JR: Who was going to call me?

MR. GASTON: Raynor.

(Secretary requests that Mr. Raynor's call be transferred to Mr. Pehle)

H.M.JR: Everybody happy?

MR. PEHLE: Yes, sir.

COPY

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January 27, 1944

TO: Mr. Stettinius
FROM: J. W. Pehle

I am transmitting to you herewith for urgent despatch to Minister Harrison at Bern a cable to the International Red Cross, which is self-explanatory.

I am advising the War Department.

(Signed) J. W. Pehle

H. Morgenthau, Jr.

(Secret Service Agent Sherwood carried this to Stettinius at 11:20 A. M.)

JWP:mgt 1/27/44

COPY

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CABLE TO BERN

Please transmit the following urgent message to the International Red Cross, Geneva, Switzerland, from the War Refugee Board:

"We are familiar with the report (contained in your cable No. 571 of October 12, 1943, to your Washington Delegation) concerning possible feeding programs in Rumania, Theresienstadt, Slovakia and Croatia and the need of funds therefor. We desire immediate information concerning what areas you could operate in right now, assuming that necessary funds are made available to you, to provide food and medicines to Jews and other persecuted groups in German-occupied areas who are denied the facilities available to the rest of the population. Please advise where food, medicines, and other supplies can be purchased and how much money is needed. We are prepared to see that funds are made available at once for necessary operations."

INTERNATIONAL COMMITTEE OF THE RED CROSS

Geneva,

October 12, 1943

Central Agency No 571
for Prisoners of
war

Note to the Delegation of
the International Committee
of the Red Cross in Washington

G. B/Pe. 959/2
G. 59/5 JES/HL

Re: your cable No. 510 of September 28, 1943 concerning the Jewish problems.

We are glad to give you hereafter a new survey of this question and answer you by letter to your above mentioned cable because of the complexity of these problems.

ROMANIA

The Relief action on behalf of the Jewish deportees in Transnistria (Ukraine) seems to begin under favorable auspices and we hope to be able to have food distributed to these deportees with money raised in Switzerland and with the assistance of the Roumanian authorities and Red Cross. Unfortunately, we do not receive any funds from overseas, not more for this action than for similar others, so that this assistance must remain very limited and depends on contributions which we have to collect on the spot.

Our delegation in Bucarest has obtained from the Roumanian government an authorization to visit the places where these deportees are living and to supervise the distribution. We also receive lists of names of these deportees. We are therefore entitled to hope that the continued efforts of the International Committee of the Red Cross on behalf of Jewish deportees, will have some tangible result, at least in the case of Transnistria.

- 2 -

We can add that a first report of our delegate has just announced a certain number of improvements obtained because of our intervention. For instance, Jewish children have been gathered at Odessa, in view of their emigration to Palestine. All facilities of travel and supervision in Transnistria have been granted to our delegation during a conference with the President of the Council of Ministers, who showed his sympathy towards the initiative taken by the International Committee of the Red Cross in the question of assistance to the Jews and promised his entire support.

EMIGRATION

This problem has reached a deadlock at this time. As Bulgaria has declared not to be in a position to authorize the passage of Jews, the emigration by railroad has become impossible.

Although the International Committee of the Red Cross did not want to assume itself the charge of organization of transports by sea, it has nevertheless promised to support the efforts displayed in Rumania, especially by the Red Cross, in order to find ways and means of securing exit permits for Jews admitted to immigrate to Palestine. Unfortunately, these plans have not had any success until now, and we have only very little hope to succeed. The reasons are in the first place, the lack of appropriate ships and also, as we believe, lack of funds. Moreover, the situation in the Black Sea does not seem to allow at present, travel by sea, and we ask ourselves even whether, under these circumstances, the necessary safe-conducts could be secured from the belligerents for these ships. But this problem has also a financial aspect. The present regulations concerning the transfer of funds from overseas, do not allow the persons desirous to emigrate, to count on outside financial support. It is therefore up to the Rumanians to secure themselves the necessary funds. This financial question is in direct relation with the possibility of finding appropriate ships for the transport of these persons. The ships which were considered, so far, do not meet the conditions governing the grant of the insignia of the International Committee of the Red Cross, and of its protection; besides these ships will not be authorized

to leave the Rumanian ports. We follow, however, this question very closely and we shall not fail to intervene in case the least change should occur which would let foresee a possible favorable solution of this matter.

SLOVAKIA

The situation is unchanged, and we have no further knowledge of deportations. The only help which was urgently requested, concerned pharmaceutical products, and we communicated the list of these products to the interested Jewish organizations in Switzerland. As these organizations could not supply us with funds, we have not been able to secure the desired medicines, although we could have bought them in Switzerland.

CROATIA

The Jews whose names and internment place in that country we know, seem indeed to be in great need of help, a Jewish organization in Switzerland makes efforts to assist them but the clothes which are especially lacking, are absolutely unfindable, and all exportation from Switzerland, even of used clothing, is prohibited. (Money can buy food in sufficient quantity in that country.) The hostilities going on at present in Croatia do not allow a clear picture of the situation and of the perspectives concerning the Jews. We do not receive any information on the entire southern part of the country.

With our note No. 528 of September 16, we sent you copies of certain letters concerning the activity of the "Juedische Unterstuetzungsstelle fuer das Generalgouvernement". Unfortunately, shipments ready to be sent, had to be held back and we do not think to be able, until further notice, to send shipments to Cracow. The letters we sent you have, therefore, only a documentary interest. There are constant variations in this question, and what is allowed and can be realized one day, might be suspended the following day. We are, therefore, not in a position to give assurance for the future.

- 4 -

We received the following cable from the World Jewish Congress: "submitting you through your Washington office list Jewish internees in Theresienstadt with the request to transmit parcels with food to them stop kindly inform us your decision." (WJC Arich Tartakower)

May we ask you to answer the World Jewish Congress along the following lines:

We have delayed our answer to this cable, dated September 7, for technical reasons. The International Committee of the Red Cross has not concerned itself so far, with the dispatch of individual parcels to persons other than prisoner of war or civilian internees. In Germany and in the occupied countries, the Jews are not considered as civilian internees, neither in the ghettos nor in the concentration or labor camps. The shipments of food, tonics and medicines made by the "Commission Mixte" to the Jews in Theresienstadt, for instance, have always been collective shipments. The creation within the Committee of a new service concerning itself with individual food parcels has become necessary, and we have, therefore, waited for the solution of this problem before answering the cable of the WJC. This question is now solved, and we will be in a position, in the future, to dispatch individual parcels among others also to the Jews in Theresienstadt whose names we know, provided of course that funds be put at our disposal to this effect. We would consequently be grateful if this last point which was not dealt with in the above mentioned cable of Mr. Tartakower, could be settled, as soon as possible, if it is desired that the International Committee of the Red Cross be able to act.

For the International Committee of the
Red Cross

(signed) Schwayenberg

Division of Prisoners, Internees and
Civilians.

TELEGRAM SENT

January 27, 1944

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

11 p.m.

U.S. URGENT

AMERICAN LEGATION

BERN

279

FOR THE INTERNATIONAL RED CROSS, GENEVA, FROM THE
WAR REFUGEE BOARD. We are familiar with the report (con-
tained in your cable 571 of October 12, 1943, to your
Washington Delegation) concerning possible feeding pro-
grams in Rumania, Theresienstadt, Slovakia and Croatia
and the need of funds therefor. We desire immediate
information concerning what areas you could operate in
right now, assuming that necessary funds are made
available to you, to provide food and medicines to
Jews and other persecuted groups in German-occupied
areas who are denied the facilities available to the
rest of the population. Please advise where food,
medicines, and other supplies can be purchased and how
much money is needed. We are prepared to see that funds
are made available at once for necessary operations.

HULL
(AAB)

J. W. PHELLE, TREASURY DEPARTMENT
PER PHONE CONVERSATION WITH E. R. STETTINIUS, JR.,

U:HW:W

2 1

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMERICAN EMBASSY, Madrid
DATED: January 27, 1944, 10 p.m.
NUMBER: 223

CONFIDENTIAL

The establishment of small branch offices at Algiers, Naples, Madrid and Lisbon has been approved by the Intergovernmental Committee on Refugees. This is being supported by the Department and it wishes the establishment of these offices expedited.

These offices will be for the purpose of dealing with matters within the scope of IGC activities and to aid the Committee as well as the Governments concerned with activities on behalf of refugees. The Director of IGC desires to have a representative in charge of each office who is a national of that country although it may be necessary to have a person of allied nationality. The duties of the representative will entail frequent reference to Government authorities and departments whom it is contemplated will often find it of assistance to make use of his services. This makes it necessary that he should be a person of sufficient influence and standing to inspire confidence and while previous experience with refugee problems will be a qualification, it is not

essential

cc: Miss Chauncey (for the Sec'y), Paul, Gaston, White, Pehle, Luxford, DuBois, E.M. Bernstein, Stewart, Lesser, Friedman, Miss Hodel, Mr. Pollak, Mr. Bundy.

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essential to the position. The proposal is to give each branch office representative a clerical staff and later an assistant if the amount of work justifies doing so.

Advice regarding feasibility of establishment of such office is desired by the Department. You should also suggest if possible an appropriate person to be in charge and the salary it will be necessary to pay. Furthermore you should collaborate with the British representative in approaching the appropriate officials of the Government and advise the Department as soon as possible of their reaction.

It is requested that you repeat the foregoing to the American Legation at Lisbon requesting that they be guided by the foregoing.

HULL

January 27, 1944
3:30 p.m.

CONTRACT TERMINATION COMMITTEE

Present: Mr. Bell
Mr. McConnell
Mr. Sullivan

MR. McCONNELL: Disposal of Property: The situation is just about the same as we talked about it the last time. It is proposed to appoint a man under OWM, to act as chairman of a Policy Committee.

H.M.JR: I was trying to get the initials.

MR. McCONNELL: Under Byrnes, to act as chairman of the Policy Committee composed of Treasury, RFC, and now the Maritime Commission; and also appoint an Inter-Departmental Advisory Board.

Now, it appears possible, it hasn't been decided, that Mr. Will Clayton will be the Chairman of the Board. He may or may not represent RFC on that Board. He may be Chairman of the Inter-Departmental Advisory Board. I think that changes the situation a little bit, because you have got one man in two or three places.

MR. BELL: You may have him in those places.

MR. SULLIVAN: So far as I am concerned, Mr. Secretary, and from what I have seen of Clayton, I wouldn't be the least bit disturbed by this settlement. The only question is whether or not we would feel comfortable with some other representative of the Secretary of Commerce.

H.M.JR: Well, how can you tell?

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MR. SULLIVAN: You cannot.

MR. BELL: Well, could it be changed? Supposing you had Clayton in there for a few months and he resigned and Jimmy Byrnes got somebody else to represent him. He wouldn't necessarily represent the RFC.

MR. McCONNELL: No, that isn't necessary.

MR. BELL: You could change it at that time if you aren't satisfied with the present setup. To me, if we are going to object to it, now is the time, before the President puts his signature on it.

H.M.JR: I think what you fellows have forgotten is that he is Assistant Secretary of Commerce.

MR. McCONNELL: He has resigned, you know. The President accepted Clayton's resignation.

MR. BELL: As Assistant Secretary?

MR. McCONNELL: I think it was all duties in Washington. And he was going back to Houston. Baruch went back and got it changed. He is going to continue on in Washington, but in what capacity is not yet clear.

H.M.JR: That is important. Has he severed connections?

MR. SULLIVAN: No.

MR. McCONNELL: No.

H.M.JR: Is he still Assistant Secretary of Commerce?

MR. SULLIVAN: Yes.

MR. BELL: He was at the Vinson meeting today representing the Department of Commerce.

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H.M.JR: That isn't clear.

MR. SULLIVAN: This happened two or three months ago, Mr. Secretary.

MR. McCONNELL: Well, I mean, that resignation was still accepted by the President as of two weeks ago, John - do you remember when we were there?

MR. SULLIVAN: It was accepted, but it hadn't taken effect.

MR. McCONNELL: He had resigned and--

MR. SULLIVAN: But he was still staying on as Assistant Secretary of Commerce.

MR. McCONNELL: Apparently the resignation has been withdrawn to some extent.

MR. BELL: Been held up, or something.

MR. McCONNELL: Mr. Hancock said that Secretary Jones had been out of town, and they did not know whether Mr. Clayton would represent the RFC and act as chairman, or whether he would be entirely appointed by Byrnes - or whether he would represent Byrnes at all.

H.M.JR: Excuse me just a minute. (The Secretary hands reporter a note of instructions)

The only thing that bothers me, if he is Assistant Secretary of Commerce, goes in there as chairman, and then leaves town, the next Assistant Secretary of Commerce would rightfully feel that he could become chairman. And the next Assistant Secretary of Commerce might be wholly unacceptable.

Would it be embarrassing for you (McConnell) to tell Mr. Clayton that we regard him very highly over here? I know him personally, you see, from Tucson, Arizona.

- 4 -

He and I used to go to the same ranch together. But we would like this thing sort of cleared up a little bit as to what his status is.

MR. McCONNELL: I don't think it would be a bit embarrassing, Mr. Secretary.

H.M.JR: You could do it a little diplomatically, couldn't you?

MR. McCONNELL: I think you could clear it up as soon as Secretary Jones comes back.

H.M.JR: I imagine it is in the mind of Clayton, now.

MR. McCONNELL: Must be. I imagine he is having a little difficulty in making a determination one way or another until he has a chance to talk to Jones.

H.M.JR: Couldn't you sound him out a little bit?

MR. McCONNELL: Sure. He has been perfectly frank over there.

MR. SULLIVAN: Yes, he has been swell.

H.M.JR: Why don't you sound him out?

MR. SULLIVAN: I think one other important phase of it, Mr. Secretary, would be to find out from Baruch or Hancock, whether or not the appointment would be of Will Clayton, individually, or of Will Clayton as Assistant Secretary of Commerce.

H.M.JR: That is the whole point. Of course, you have got to be a little bit delicate, because Jesse Jones would call me up and say, "What do you have against the Assistant Secretary and Secretary of Commerce?"

MR. McCONNELL: There is one other little angle to this--

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H.M.JR: If you could do that--

MR. McCONNELL: I think that will be cleared just as soon as the Secretary gets back.

H.M.JR: But will the situation be frozen in the meantime?

MR. McCONNELL: I don't think so.

MR. BELL: What harm would there be in talking confidentially and off the record with Bill?

MR. McCONNELL: Not a bit of harm.

MR. BELL: He would tell you frankly whether or not he contemplates staying on as Assistant Secretary of Commerce, or going over here as Byrnes' assistant.

MR. McCONNELL: The only reason I don't answer the Secretary that that will help, is that I think Hancock has given me all the information he has, and he can't answer that until Jones gets back.

H.M.JR: Couldn't you speak to Clayton direct?

MR. McCONNELL: Find out what he thinks Jones will do?

H.M.JR: What he, Clayton, wants to do. He has a mind of his own. I will leave it with you. See what you can do.

MR. McCONNELL: I will see what I can find out.

There is one other angle to this: Justice Byrnes wants Mr. Clayton to report to Baruch, and Baruch doesn't want him to.

H.M.JR: What does Baruch want?

MR. McCONNELL: He doesn't want to get into an administrative job in the Government.

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H.M.JR: Baruch wants him to report to Byrnes?

MR. McCONNELL: That is right.

MR. BELL: Seems to be rather wise, to me. If Baruch is handling the over-all problem from the policy angle, he doesn't want to get into the operating, I should think.

H.M.JR: What else?

MR. McCONNELL: That is all, sir.

H.M.JR: Don't we do something else now?

Deferments, you (Bell) and I?

MR. SULLIVAN: Norman Thompson has been looking for you for awhile.

H.M.JR: Yes, he comes back.

January 27, 1944
3:41 p.m.

John
Pehle: Mr. Secretary.

HMJr: Yes.

P: I want to give you a report on that.

HMJr: Yes.

P: Hull turned that over to Berle....

HMJr: Oh, gosh.

P:with instructions to clear it with the
Army and to get it out.

HMJr: Good.

P: There might have to be some paraphrasing and
a little deletion.

HMJr: Yes.

P: But that's fair enough and I'll get after
Berle right away.

HMJr: Oh, well, that's good isn't it?

P: Yep. It's good.

HMJr: Well, couldn't we see it though before it
goes out?

P: Yeah. I'll see what I can do.

HMJr: What?

P: I think so.

HMJr: Well, I want that to go out tonight.

P: All right. I'll get after it right away.

HMJr: If you need any help, I'll call up Berle.

P: All right. I'll call him first.

HMJr: But that's good.

- 2 -

P: Yeah, I think it's good. You can't expect more than that.

HMJr: And that thing, unfortunately, comes under Berle now, doesn't it?

P: Yeah, it does. But I think Berle is going to fall all over himself right now.

HMJr: I hope he doesn't break anything.

P: (Laughs)

HMJr: If he does, I'd like to pick the spot.

P: Did you like that press release? The short one?

HMJr: Oh, yeah. I've okayed it.

P: Yeah, I thought that was very good.

HMJr: Yeah.

P: It sounds like a letter I would have written myself.

HMJr: Right.

P: Okay.

HMJr: All right.

P: Right.

HMJr: Thank you.

January 27, 1944
3:50 p.m.

DEFERMENTS

Present: Mr. Gaston
Mr. Thompson
Mr. Wilson

MR. THOMPSON: They extended the date from January 15 to January 31 on it. They tell me they are getting thousands of them from other departments.

H.M.JR: Thousands of what?

MR. THOMPSON: These pre-Pearl Harbor deferment cases. Our record is still good with this group here. This makes two hundred and five, which is less than two percent of the eleven thousand.

H.M.JR: How about turn-down's.

MR. THOMPSON: We turned down six. Oh, by the Board--they haven't acted on them. They are just piling them up over there and are waiting until they can get to them. They have given themselves until March 31.

MR. WILSON: The local boards are going along with the sixty-day request, pending action on the six-months request.

H.M.JR: I mean, have we been turned down by the local boards on the sixty days?

MR. WILSON: We had a couple of cases where we had fights with them.

H.M.JR: But the net result was what?

MR. WILSON: Favorable action.

- 2 -

MR. THOMPSON: Saxon was cleared for six months by the local board, so he is all set.

H.M.JR: He was the one that I wanted to put up to McNutt, wasn't he?

MR. THOMPSON: Yes, the one Pehle talked to you about. Yes, he was cleared by the local board and the Review Committee.

H.M.JR: What's Judd Miller, cashier, administrative officer?

MR. WILSON: He is in one of the Collectors' offices, Collector of Internal Revenue. They consider cashiers pretty important these days. Many of them are over thirty-eight, so we won't have many requests for deferment of cashiers.

H.M.JR: Anthony Dougherty, Mint Bureau, thirty-seven.

MR. THOMPSON: He is a die setter.

MR. WILSON: We don't have to go to the Manpower Commission on that; we can go right to the local Board.

MR. GASTON: Those die setters run the coin machines, don't they?

MR. THOMPSON: Yes.

H.M.JR: Heffelfinger--I thought he was thirty-nine.

MR. THOMPSON: This is Ross, his brother.

H.M.JR: Here are forty-one. I will approve the forty-one.

(The Secretary signs deferment application marked A attached.)

H.M.JR: That is that.

- 3 -

Where is the next one?

(Mr. Thompson hands the Secretary application list B, attached, which the Secretary signed.)

H.M.JR: It is all right with me.

MR. THOMPSON: I have six individual cases we want to present because of age or occupation. That man is twenty-nine. Mr. Wenchel was in to see me yesterday.

H.M.JR: B-i-e-r-m-a-n, J. D.

MR. THOMPSON: He had three lawyers on excess profits tax. He has lost two of them. If he loses this man, he will be in a very difficult spot.

MR. GASTON: That is the one I signed, isn't it?

MR. THOMPSON: Yes.

H.M.JR: He is twenty-nine. What is a P-5?

MR. THOMPSON: That is a forty-six hundred dollar job.

MR. GASTON: Corresponds to what, CAF-13?

MR. WILSON: Twelve.

H.M.JR: Do you people think we should?

MR. THOMPSON: I think in view of what Wenchel told me yesterday, that--

MR. GASTON: That is this war excess profits tax stuff that he is working on.

H.M.JR: Yes. All right. (Signs deferment application for Mr. J. D. Bierman.)

MR. THOMPSON: We wanted to get your decision on that man.

H.M.JR: E-w-i-n-g.

- 4 -

MR. THOMPSON: He has been in Revenue only two months. However, he is a very seasoned man, has lots of legal experience. Because of the difficulty of replacement, they would like to defer him.

MR. GASTON: He is a lawyer, isn't he?

H.M.JR: He is thirty-seven, married, and has two children.

MR. GASTON: I would not hesitate about an experienced, competent lawyer who is thirty-seven and has two children, regardless of the fact that he has only been actually in the Bureau a short time.

H.M.JR: I agree with you.

MR. THOMPSON: He was with Crowley's organization a year.

(The Secretary signs deferment application for Mr. Dwain M. Ewing.)

H.M.JR: Are we getting some of Crowley's people, out of his organization?

MR. WILSON: No, this is just an unusual case.

H.M.JR: This is George Bronz from the General Counsel's office. He is thirty-three.

MR. GASTON: That is the big black-haired fellow, isn't it?

MR. THOMPSON: Yes. He is under Luxford.

H.M.JR: Is he overseas?

MR. GASTON: No, he is here.

(The Secretary signs deferment application for Mr. George Bronz.)

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MR. THOMPSON: Richard C. Norman.

H.M.JR: Typewriter repair man. My God!

MR. THOMPSON: It is on the critical list.

H.M.JR: Oh, have a heart; he is only twenty-eight years old.

MR. THOMPSON: Procurement has to keep the typewriters going in the Government. We can't get new typewriters. We have to keep existing stock in usable condition. They can't get a replacement. It is just impossible.

MR. WILSON: He is the only one.

MR. GASTON: I didn't sign that, did I?

H.M.JR: Yes, you did.

MR. WILSON: We would do it because of his age. There are fifteen typewriter repair men, and only three are under thirty-eight. The rest are 4-F. This is the only one that would come up for deferment.

H.M.JR: I am going to reject him.

MR. WILSON: The age is the factor.

MR. GASTON: Of course, you can say that the typewriter repair man is just as essential as the plate engraver.

MR. THOMPSON: We can't get them; we have tried. They have thousands of machines.

MR. GASTON: Then you can say on the other hand that typewriter repair men are very valuable men out there working on those bombers. That is the other side of the picture.

MR. THOMPSON: I read in the paper the other day where the Appeals Board had approved deferments for bus drivers, street car operators, and people like that, and milk-drivers.

- 6 -

H.M.JR: I am not going to bother with him.

MR. THOMPSON: We will get along.

(The Secretary marked deferment application of Richard C. Norman "rejected".)

H.M.JR: John Gunter.

MR. THOMPSON: That is one of Harry White's men. He is under thirty, but the local Board--

H.M.JR: He is a good man.

MR. THOMPSON: ...without our request has already deferred him.

H.M.JR: He is a good man.

MR. THOMPSON: So if you approve this, it will only be a formality.

H.M.JR: He has a lot of skill. (Signs deferment application for John W. Gunter.)

MR. THOMPSON: Friedman.

H.M.JR: Irving S. Friedman, twenty-eight.

He puts these things on the bottom of the pile.

MR. THOMPSON: I wouldn't list them.

MR. GASTON: Where is he?

MR. THOMPSON: With Harry White.

H.M.JR: He knows China.

MR. WILSON: He is a good man.

H.M.JR: Yes, we will have to squeak on this one. I will go along. We are trying to build a lot of air

- 7 -

fields out there, and we need a lot of information. The Chinese situation is very tight right now. Friedman knows that. But Harry has nobody else on China.

MR. THOMPSON: That is the list.

H.M.JR: Well, I don't want a typewriter repair man. Friedman's skill is the Treasury skill. The other man is mechanical skill.

MR. THOMPSON: Very good.

H.M.JR: Do you mind my turning down that typewriter fellow?

MR. GASTON: No, I wavered a lot on that.

MR. THOMPSON: We hesitated on that.

MR. GASTON: No, I really think that is a right decision.

7

DEFERMENTS

<u>Name</u>	<u>Title</u>	<u>Age</u>	<u>No. of children</u>
<u>OFFICE OF THE SECRETARY:</u>			
Dillon, Robert A.	Asst. Dir. of Public Relations	36	3
<u>FOREIGN FUNDS CONTROL:</u>			
Hughes, Richard H.	Chief Accountant	33	1
Balderston, William S.	Head Commercial Specialist	32	3
Jones, Raymond L.	" " "	34	2
Gewirts, Paul	Commercial Specialist	32	1
Parke, Robert B.	Head, Diplomatic & Relief Unit	32	2
<u>GENERAL COUNSEL:</u>			
Friedman, Joseph B.	Head Attorney	32	1
Wolk, Robert H.	Sr. Attorney	31	1
Pollak, Harold R.	Attorney	37	1
Bagley, Charles P.	Attorney (Internal Revenue)	34	1
Bloomenthal, Lawrence R.	" " "	35	2
Casey, Lawrence F.	" " "	36	1
Diamond, Zalman M.	" " "	37	2
Durand, John D.	" " "	32	1
Fisher, Homer J.	" " "	32	2
Flesch, Richard G.	" " "	35	1
Johnston, Charles R.	" " "	33	1
Maiden, Royal E. Jr.	" " "	36	3
McFarland, Whitcomb J.	" " "	34	2
Phillips, Charles	" " "	34	2

<u>Name</u>	<u>Title</u>	<u>Age</u>	<u>No. of children</u>
<u>INTERNAL REVENUE:</u>			
Jespersen, Paul W.	Engineer Revenue Agent	33	2
Miller, Judd	Adm. Officer (Cashier)	37	2
Stone, Frederick J.	" " (Comptroller)	31	2
Shaffer, Arthur H.	Chemist	37	2
August, J. Perry	Special Agent, Intell. Unit.	34	2
Carey, Lynn R.	" " " "	36	3
Rheaume, Paul T.	" " " "	37	3
Ronayne, James A.	" " " "	37	2
Thomas, Walter H.	" " " "	35	2
Turner, James H.	" " " "	36	1
Vaughn, Ernest H.	" " " "	36	1
Wade, William J.	" " " "	37	2
<u>PRINT BUREAU:</u>			
Dougherty, Anthony	Die Setter	27	2
Forbes, Robert	" "	33	1
<u>CURRENCY RESEARCH:</u>			
Wood, James E.	Fin. Attache to American Legation at Lisbon, Portugal	37	2
<u>PROCUREMENT DIVISION:</u>			
White, Harry S.	Inspection Specialist	37	2
<u>PUBLIC DEBT SERVICE:</u>			
Heffelfinger, Ross A.	Deputy Commissioner	35	3
Well, Orban V.	Administrative Officer	36	2

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No.	Title	Age	No. of children
<u>RESEARCH AND STATISTICS:</u>			
Tiekton, Sidney G.	Fiscal Asst. to the Director	32	1
Turner, Arthur P. L. Jr.	Economic Analyst	35	3
Baryas, Lawrence	Head of Graphic Section	34	1

Deferments for the above 41 employees are recommended by the Agency Committee.

(Signed) Herbert E. Gaston

(SIGNED) W. N. THOMPSON

(Signed) J. F. Wilson

APPROVED: JAN 27 1944

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

DEFERMENTS

<u>Name</u>	<u>Title</u>	<u>Age</u>	<u>No. of children</u>
<u>INTERNAL REVENUE:</u>			
Gaston, Vernon H.	Head Adm. Officer (Chief Office Deputy)	31	1
Chamberlin, Lewis A.	Acting Adm. Officer in charge of Washington Div. of Maryland Collection District	31	3
Foster, Wm. H.	Internal Revenue Agent	30	1
Horner, Lowell C.	" " "	35	2
Leonard, Leo J.	" " "	34	3
<u>PUBLIC DEBT SERVICE:</u>			
Petrola, Francis Jr.	Asst. Head, "E" Bond Unit Chicago Branch	37	1
<u>SECRET SERVICE:</u>			
1 l, Harry E.	Exec. Aide to Chief	37	2
<u>TREASURER'S OFFICE:</u>			
Cole, Alwyn	Examiner of Questioned Documents	35	1

Deferments for the above 8 employees are recommended by the Agency Committee.

(Signed) Herbert E. Gaston

(SIGNED) W. N. THOMPSON

T.F. Wilson
T.F. Wilson.

Approved: JAN 27 1944
(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

jc

January 27, 1944
4:17 p.m.

HMJr: Hello.

Operator: Go ahead.

Dr. Thomas
Parran: Hello.

HMJr: Tom.

P: Yes, Henry. How are you?

HMJr: Fine. I wanted

P: I wasn't able to answer your letter, because I've been laid up with a - a long case of flu. Just been getting back on deck part time.

HMJr: Oh, I'm sorry.

P: Appreciated your letter though.

HMJr: I wondered if there was anything that would save you a trip over here. I got word that you had something in mind.

P: Ah, as I understand it from Mrs. Doyle and others, some of the problems that we - you and I would have talked about - are being worked out.

HMJr: Yes.

P: And, if any remain after a few weeks

HMJr: Yes.

P: that you and I should discuss, I wonder if I could get in touch with you then.

HMJr: That

P: Otherwise, I think, perhaps things can be worked out with - without your giving your time to it, and I know how busy you are.

HMJr: Well, any - any time that's - I'm here, I'd be glad to see you.

P: Fine, Henry.

- 2 -

HMJr: Right?
P: Yes, sir. Thanks.
HMJr: Thank you.
P: Good-bye.

Jan. 27, 1944

John Pehle

Secretary Morgenthau

What would you think of having the Refugee Committee give out as its first public release the circular cable of instructions that went out from the State Department on the refugee matter? I think it would make a wonderful impression. I wish you would talk it over with your associates and be ready to advise me Thursday morning. If we are going to do it, we would have to do it this morning because, as I understand it, Stettinius is leaving at noon.

January 27, 1944
4:35 p.m.

HMJr: Hello.

John Schott: Yes, Mr. Secretary.

HMJr: Mr. Schott, you most likely are familiar with the fact that we had a meeting - the first meeting yesterday of this War Refugee Board.

S: Yes, sir.

HMJr: And we wanted to get out the first release. Mr. Hull's approved it, and I've approved it. How can I get the approval of - of Mr. Stimson?

S: I tell you - I think you could get him at his home in - in about fifteen minutes.

HMJr: Well, if - you know he said either Mr. McCloy or Mr. Bundy would handle it.

S: Well, McCloy is the one, I'm quite sure that has been working on it with the Secretary.

HMJr: Well, do you suppose*if - if - is Mr. McCloy around?

S: Well, now ^{suppose} I - I could transfer you, but if you wish, I'll get in touch with him and have him call you.

HMJr: Well, maybe it would be easier if I called him.

S: All right. I - or if you want, I can transfer you. It might save a little time.

HMJr: You'll do what?

S: I could transfer you to his phone, and it might save you a little time.

HMJr: Do that, will you, please?

S: Just hold on one minute. Operator?

War Dept.
Operator: Yes, sir.

S: Transfer to 2385, please.

War Dept.
Operator: 2385.

- 2 -

S: Please.

War Dept.
Operator: Thank you.

(Pause)

Operator: Did they answer, sir?

HMJr: No.

Operator: They must have hung up. Wait, I'll ring them back again.

Mr. McCloy's
Office: Mr. McCloy's office.

Operator: Here you are.

HMJr: Hello.

Mr. McCloy's
Office: Hello.

HMJr: Jack McCloy?

Mr. McCloy's
Office: He's away from his desk. He's in a meeting down the hall.

HMJr: Oh, my God! Henry Morgenthau, Jr. speaking.

Mr. McCloy's
Office: Yes, sir.

HMJr: How can I get him, because Mr. Stimson's away and I want to talk to Mr. McCloy, if possible.

Mr. McCloy's
Office: Well, I'll go down the hall, and have him call you back just as soon as he can. He's, as I say, in a meeting down the hall.

HMJr: Well, how long will that take?

Mr. McCloy's
Office: Well, it will just take me a few minutes to get down there.

HMJr: Ask him if he won't step out of the meeting. I'd appreciate it.

Mr. McCloy's
Office: All right. And I'll have him call you, or do you want to

- 3 -

Mr. McCloy's
Office: (cont'd) hold on?

HMJr: No, you can have him call me.

Mr. McCloy's
Office: Yes. All right, sir.

HMJr: And, because I've got to get somebody in the War Department
and get some action.

Mr. McCloy's
Office: All right, sir.

HMJr: Thank you.

Mr. McCloy's
Office: Right.

January 27, 1944
4:46 p.m.

HMJr: Hello.

Operator: Mr. McCloy.

HMJr: Right. Hello.

Operator: Here you are, sir.

John
McCloy: Hello.

HMJr: Jack, this

M: Yes.

HMJr: is Henry Morgenthau.

M: Yes.

HMJr: I'm sorry to bother you

M: It's all right.

HMJr: but Mr. Stimson has gone home.

M: Yes.

HMJr: Now this is something that we've already cleared with Mr. Hull

M: Yes.

HMJr: and I cleared it. It's a release. This is - it's very short. "The War Refugee Board held its first meeting on Wednesday. The meeting was attended by Hull, Morgenthau, and Stimson. The Board announced the State Department had sent to all Diplomatic and Consular offices of the United States, the following instructions:". And then follow the instructions.

M: Yes.

HMJr: It's a very powerful - which have all gone out.

M: Yeah.

HMJr: Now, if you want to see the instructions, or

- 2 -

M: Oh, no. I know about what they are.

HMJr: You do?

M: He told me about what they were.

HMJr: Who did?

M: Stimson.

HMJr: Fine.

M: Yeah.

HMJr: Now, could - you say it - it has the approval so we could give it out?

M: Well, I'm sure if - if you've cleared it with Hull, that's all you need to do, as far as Stimson is concerned.

HMJr: It's - it's cleared definitely with Hull.

M: That's - okay - that's all that he would

HMJr: Now

M: he would look to him on it, that's all.

HMJr: Pardon?

M: He would look to him on it and that's all.

HMJr: All right. Now, they're paraphrasing it a little bit and so forth

M: Yes.

HMJr: and we've turned it over to Berle and we're getting a copy from Berle, the State Department's version.

M: Right. Right.

HMJr: And we'll give it out as a release of the War Refugee Board.

M: Okay.

HMJr: Is that all right?

M: That's all right.

- 3 -

HMJr: And will you tell Mr. Stimson?

M: I'll tell him in the morning.

HMJr: And I will have Pehle send you a copy still tonight....

M: All right.

HMJr: when - we haven't yet got it from Berle of -
of a - of the release, you see.

M: Right. All right.

HMJr: Thank you.

M: Good-bye, Henry.

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January 27, 1944
4:52 p.m.

HMJr: Hello.

David
Sulzberger: Henry?

HMJr: Yes, Dave.

S: You may think I've gone crazy, but there's one name
that I don't know if it's been considered, and that's
the name of Sumner Welles.

HMJr: Yes. That - that

S: All right.

HMJr: That - that would be a little crazy.

S: All right.

HMJr: Under the circumstances.

S: Yeah. Well, I - I presumed so - and now there are a few
other suggestions. In the first place, the people I've
been talking to about it think the world of Adolot.

HMJr: Yeah.

S: Have you thought of Allen Wardwell?

HMJr: He's been suggested.

S: I see. George Hill, of Greek Relief.

HMJr: Who?

S: George Hill....

HMJr: No.

S:of Greek Relief.

HMJr: No.

S: Milton Eisenhower.

HMJr: No, he hasn't been suggested.

S: I thought of him.

- 2 -

HMJr: Yes. Well, anyway, let me think these things over.
S: Right.
HMJr: Yeah.
S: Okay. Fine.
HMJr: Right.
S: Bye now.
HMJr: Thank you.

WAR DEPARTMENT
WASHINGTON

85-A

January 27, 1944.

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

My dear Henry:

I have the following further information which may be worthy of consideration in the choice of Executive Director for the Refugee Committee. My Special Assistant, Julius H. Amberg, whom I asked to confer with Jewish organizations as to any suggestions which would be agreeable to them, reports to me as follows:

"I have talked with William Haber, now with the Manpower Commission, formerly Executive Director of the National Refugee Service. Without disclosing for whom he was making inquiry, he telephoned a number of Jewish organizations. They all concur in my view that a Jew should not be appointed Executive Director.

He states that one of the following would be highly satisfactory and in the following order:

1. Earl G. Harrison, a Philadelphia lawyer, now Commissioner of Immigration and Naturalization.

2. Charles Taft.

3. John W. Pehley, Morgenthau's nominee.

I had not mentioned Pehley's name to Haber.

Apparently, Harrison has been very helpful to refugees and has much information on the subject.

Haber was the Executive Director of the organization in which Warburg and others are interested. He has also consulted the Joint Distribution Committee, a Jewish organization which I believe furnishes the funds."

Furthermore Judge Patterson has recalled to my mind the name of General William N. Haskell as a possible available candidate for Director. As you undoubtedly know, Haskell had a great deal of experience in similar refugee work immediately after the last Great

-2-

War in Asia Minor, Armenia, and Russia. He is an old friend of mine and served in the same Division with me in the last war, and is a very good executive. For a while he was Commander of the Twenty-seventh New York Division in this war and, as you also doubtless know, was for a long time the head of the National Guard in New York. Offhand, I think if we were seeking an outstanding and well-known name, Haskell ought to be considered.

Faithfully yours,

A handwritten signature in cursive script, reading "Henry L. Stimson". The signature is written in dark ink and is centered on the page.

Secretary of War.

January 27, 1944
5:05 p.m.

John
Foble: Berle called -- or I called him and he said he was sending it over but he would make this suggestion.

HMJr: Yes.

F: That we make it for tomorrow morning's newspapers. The reason he makes the suggestion....

HMJr: Yes.

P: ...is that he said, "We are in a situation where we ought to keep the British advised," and he can advise them before they read it in the newspapers. I said we would accept -- I said I would pass on the suggestion. I didn't tell him we would follow it.

HMJr: How do you mean, make it for tomorrow morning's newspapers?

P: Just say on the press release, "For release, morning papers, tomorrow."

HMJr: Well, that -- that's what it would be anyway.

F: Uh....

HMJr: That's all right.

P: I think it's all right.

HMJr: I mean, I guess it wouldn't go on the radio then, will it?

P: It probably wouldn't go on the radio until tomorrow morning. I don't think that hurts anything as long as we get it in the hands of the press for tomorrow morning's newspapers.

HMJr: I don't know. Then he's going to let the English know?

F: That's right.

HMJr: Well, somebody had better prepare an extra scotch and soda for the whole foreign office. (Spoken with a very British accent)

- 2 -

P: (Laughs) All right. Is that all right with you?

HMJr: (Continuing with British accent) Well, you'd better buy a whole barrel.

P: All right.

HMJr: They're going to pass out, you know.

P: They will love it.

HMJr: Oh, they will love it.

P: (Laughs) Is that the way you feel?

HMJr: Oh, they'll just pass out right there and then.

P: Just pass out?

HMJr: Yes.

P: All right. Well, we'll see if we can pass them out.

HMJr: Yeah, you -- the morning's all right with me.

P: All right.

HMJr: And did Berle say he changed much?

P: No.

HMJr: He can't change much.

P: Well, if he changed much, we'll go right back at him.

HMJr: Sure.

P: All right.

HMJr: Right. And if you need any -- you know what they call me over there -- McCloy -- Bull Morgenthau.

P: Bull Morgenthau.

HMJr: If you need me, call me.

- 3 -

P: All right, I will.

HMJr: I can just take about one bite of Berle and all that would be left would be the smell.

P: All right. (Laughs) Good bye.

HMJr: Good bye.

MEMORANDUMStrictly Confidential

January 27, 1944

I called Berle this afternoon to press for action on the first press release of the War Refugee Board and on the proposed cable to the International Red Cross on feeding programs.

During our discussion Berle made the following general points:

- (1) Berle said that as peace feelers were received from the satellites the State Department was making it clear that the treatment of the Jews and other minorities by the satellites would be an important factor in the type of peace to which this Government will ultimately agree.
- (2) Berle regards Hungary as the outstanding place of safety today for the Jews in Europe and is willing to cooperate in efforts to get Jews from Poland and Czechoslovakia into Hungary.
- (3) Berle does not think we are going to get a substantial number of Jews in any of the neutral countries of Europe. He thinks that the movement of the Jewish population of Denmark into Sweden was an exceptional circumstance due in part to the limited number of Jews in Scandinavia and will not be duplicated. He mentioned the proposal which Breckinridge Long had put before the British of moving Jews into some of the deserted or semi-deserted Italian cities on the southern shore of the Mediterranean and said that the proposal was "still in the works". Berle said that most of the Jews in Europe will want to go either one of two places after the war, either to the United States or back where they came from. A few perhaps will want to go to Palestine.
- (4) Berle said ransom payments did not disturb him at all. He pointed out that the Treasury had been in the forefront in taking the position that ransom payments should not be permitted, but that he feels that the war has progressed to such a point that it will not be affected one wit by payments of ransom. Furthermore, he said payments of ransom would not even raise the price demanded by the Germans since the Germans already are demanding all the traffic will bear.



Secretary of State
Washington.

Mexico City
Rec'd January 27, 1944
Noon

We desire the greatest success of the Board of War Refugees constituted on the initiative of President Roosevelt for the purpose of saving thousands of refugees menaced by a new wave of Nazi terror in a period of bloody and desperate reaction before imminent rout. The work of saving those persecuted by Nazism and its satellites meets the support of nations and men of good will who condemn the Hitler savagery. We deem it necessary to point out to that Board the advisability of concerning itself with saving thousands of European refugees who are in occupied France, among them numerous parties of Spanish refugees and combatants of international brigades who are interned at sinister Camp Vernet Dariege and other hellish places. These defenders of Spanish liberties are the first victims of Nazi-Fascism of enduring terrible punishments and sufferings for years past, for which reason their salvation will be a title to glory for the United Nations. We consider it just and humane to include plans of saving the Spanish anti-Fascist refugees and those of other nationalities who are interned in Portugal, having fled by underground means from the implacable Nazi and Falangist persecution. The anti-Fascist refugees in Portugal lack the right of asylum and guarantees of life, it being necessary to establish a system for protection. Lastly, we consider it just and humane that the work of rescue include the combatants of the Spanish concentration camps of Miranda de Ebro and other Franco camps and prisons, who have been suffering imprisonment since the close of the Spanish War and could be rescued and transferred to Portugal.

With courteous greetings. For the Federation of Organizations for Aid of European Refugees:

Professor Jose Mancisidor
Doctor Enrique Arreguin
Engineer Camilo Arriaga
Deputy Norberto Aguirre
Ricardo Castellote

TC/C:JWP:EPT

eh:copy
1-31-44

Distributed to: Secretary (Mr. E.M. Bernstein); Mr. Luxford; Mr. Pehle; Mr. E.M. Bernstein; Mr. Glasser; Mr. Taylor; Mr. Ness.

From: Miss E. Hynes - Rm. 225

TO: Mrs. Klotz (for the Secretary's files)

FROM: J. W. Pehle

January 27, 1944

MEMORANDUM - INTERGOVERNMENTAL COMMITTEE ON REFUGEES

Constitution and functions of the Intergovernmental Committee on Refugees previous to reorganization.1. Constitution

Formed as a result of Evian Conference in July 1938. Conference attended by 32 governments of which 31 joined Committee. Of 31, Guatemala and Panama withdrew, leaving following permanent membership of 29.

Australia	Canada	U.S.A.	New Zealand
Argentina	Chile	France	Paraguay
Belgium	Colombia	Haiti	Netherlands
Bolivia	Cuba	Honduras	Peru
United Kingdom	Denmark	Ireland	Sweden
Brazil	Dominican Republic	Mexico	Switzerland
	Ecuador	Nicaragua	Uruguay
		Norway	Venezuela

2. The Executive Committee

(a) Originally composed of representatives of Brazil, France, Netherlands, U.K., and U.S.A. (b) Argentina added February 1939.

3. Mandate

(a) By committee resolution adopted July 14, 1938, persons coming within activity of committee were defined as follows:

"(1) Persons who have not already left their country of origin (Germany (including Austria)), but who must emigrate on account of their political opinions, religious beliefs or racial origin, and (2) persons as defined in (1) who have already left their country of origin and who have not yet established themselves permanently elsewhere."

(b) On transfer of Sudeten areas involuntary migrants of German origin from those areas were included within the mandate. (No other change has been made in mandate.)

4. Finance

(a) By same resolution of July 14, 1938 it was decided that governments of countries of refuge and settlement should not assume any obligations for the finance of involuntary emigration.

(b) Committee assumed liability of financing committee meetings and its administrative expenditure. (Until July 19, 1939 League of Nations' scale of allocation of expenditure was followed. On latter date resolved that Director should make every effort to keep office expenses at minimum; that participating governments contribute to expenses of meetings according to Evian scale, and make such contributions to expenses of Director's office as they deemed appropriate.)

(c) As result of Committee's restricted efforts due to war, it has not been necessary to invite contributions from member governments since 1939.

5. Functions

(a) Main purpose of Committee at time of establishment was to secure, by discussion with German authorities, an orderly system of migration of those who had to leave that country. This involved finding of ~~permanent~~ homes for many refugees, and member governments have made many valuable contributions in this respect.

(b) Activities restricted since September 1939 by (1) war conditions, (2) limited nature of mandate, (3) absence of financial resources. Nevertheless work has continued within limitations, and particular attention has been given to study of post-war problems.

6. Cooperation with other international bodies

At Evian it was resolved that Committee cooperate closely with League of Nations and International Labor office. Particular assistance has been obtained from latter.

Proposed Reorganization of Intergovernmental Committee on Refugees

1. Meeting of Executive Committee convened on August 4, 1943 by the Chairman Lord Winterton. Also present were: Ambassadors of Argentina, Brazil, the Netherlands, and U. S. A., and London representative of French Committee. The Executive Committee adopted recommendations for reorganization of the Intergovernmental Committee. These were communicated to member governments for approval.

2. Recommendations for Reorganization of Intergovernmental Committee

(a) Future scope and functions of Committee

Recommended that "The Intergovernmental Committee shall extend its mandate so as to include, as may be found necessary and practicable, in addition to those already within the mandate, those persons, wherever they may be, who, as a result of events in Europe, have had to leave, or may have to leave, their countries of residence because of the danger to their lives or liberties on account of their race, religion or political beliefs.

With regard to persons coming within the mandate as extended, the Executive Committee be empowered by the Member States to undertake negotiations with neutral or Allied States or with organizations, and to take such steps as may be necessary to preserve, maintain and transport them. The Executive Committee shall be empowered to receive and disburse for the purposes enumerated above, funds both public and private."

(b) Finance

(i) Recommended that "The Member Governments should share the administrative expenses of the Committee".

(ii) The Chairman stated that the Governments of the United States and United Kingdom jointly undertake other expenses of the Committee, e.g. for maintenance and transport of refugees. Chairman suggested that when needs are known appeals may be made to other governments and Committee voted to extend such appeal to all member governments "in due course".

(c) Relations with U.N.R.R.A. and Maintenance of Refugees

(i) Recommended that: "After the refugees arrived at places of temporary refuge, which the Intergovernmental Committee has succeeded in obtaining for them, they should be maintained by the U.N.R.R.A. in countries in which that Administration is operating, if it is willing to undertake the task. Elsewhere, it will be for the Intergovernmental Committee itself to assume responsibility for maintenance after negotiation with the government concerned".

(ii) Agreed that "normally" responsibility for maintenance should not be retroactive and that Member Governments or voluntary organizations who have assumed financial responsibility in respect of refugees should continue to do so. Hardship cases to be considered on merits.

(iii) Agreed that question of whether new groups of refugees should be maintained by Intergovernmental Committee or by their own governments should be for consideration on individual merits of each group.

(d) Extension of Membership

Director instructed to issue invitations to following additional Countries:

Costa Rica	India	South Africa
Czechoslovakia	Iran	Spain
Egypt	Iraq	Turkey
Ethiopia	Luxembourg	U.S.S.R.
Greece	Poland	Yugoslavia
Iceland	Portugal	

Also directed to issue invitation to Guatemala and Panama who had withdrawn from Committee.

(e) Enlargement of Staff

Decided to be necessary to make two salaried superior full time appointments — Vice Director, Secretary. Mr. Patrick Malin, American, appointed Vice Director. Director authorized to recommend candidate for Secretary, not to be American or British. Director ordered to submit estimate of other administrative staff needed.

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3. Approval of Recommendations

Resolved to submit them directly to Member Governments instead of calling plenary session of Committee in order to avoid delay.

NOTE: (Mr. Travers states that recommendations have been adopted. Writer was not shown any document bearing upon this point. Incidentally, the larger number of these recommendations were made at the Bermuda Conference.)

J. B. Friedman

CURTISS-WRIGHT CORPORATION
30 ROCKEFELLER PLAZA
NEW YORK

AA

January 27, 1944

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

Dear Secretary Morgenthau:

I was very sorry indeed not to have been on hand when you visited Cincinnati and telephoned me from that point. However, I was in Washington almost the entire week and incidentally had a short and very satisfactory talk with Senator Truman.

I am very glad you were so well impressed with the operation at our plant. I think it is now on its own feet and well managed.

I appreciate very much your thinking of me and can assure you that our whole engine show is improving weekly.

Very truly yours,

CURTISS-WRIGHT CORPORATION

G. W. Vaughan
G. W. Vaughan
President

GWV/sm

Enclosures: Cincinnati Star 1/20/44
Cincinnati Engineer 1/21/44

Filed in scrapbook of the occasion
prepared by Mr. Smith

January 27, 1944

My dear General Arnold:

I want to thank you for arranging for me to go through the Curtiss-Wright plant outside of Cincinnati. Major La Vista, the Army representative at the plant, impressed me as being an extremely competent officer.

You will see from the enclosed clippings from the Cincinnati newspapers the public statement which I gave out in which I said that I was very much encouraged by what I saw at the plant.

Yours sincerely,

(Signed) *E. H. Rosten*
E. H. Rosten, Jr.

General Henry H. Arnold,
Commanding General, Army Air Forces,
Room #E-1009 Pentagon Building,
Washington, D. C.

January 27, 1944

My dear Harry:

I am enclosing herewith a letter addressed to Lieutenant General B. B. Somervell.

If you approve of my request, I would appreciate your transmitting my letter to him.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

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

January 27, 1944

My dear General Somervell:

The morale of our troops abroad is, I know, not merely one of your important responsibilities but is a matter in which you have a deep personal interest. That is why I am passing on to you some thoughts that have been taking shape in my mind since I returned recently from Italy, Africa and England.

We are both aware of the concern of service men over the way things have been going on the home front. They hear more about strikes and learn about them faster than they do about record-breaking war production and over-subscribed bond quotas.

One thing I thought especially significant. Most of the men with whom I had any contact were unaware of the extent to which folks here in the States are backing their attack with bonds. I made the most of every opportunity to tell them the story and it seemed to give them a real lift in morale. Apparently they regard the volume of war bond sales as a barometer of public determination to support them in the field -- as the bright side of what is sometimes a none-too-encouraging situation on the home front.

It's axiomatic that unfavorable developments get more publicity than the other kind. Recognizing this, why not make a special effort to relay to the men overseas the good news that would not ordinarily be played up? Couldn't we make at least a contribution to the maintenance of high morale simply by keeping the men overseas fully and regularly informed about the splendid support they are getting from civilians through bond purchases? What a wonderful opportunity we have right now not only to tell them of progress to date but also to report progress of the Fourth War Loan Drive, just opened.

If you agree with me that this plan is worth-while, you can assist materially in getting it under way. The principal channels for passing information on to soldiers abroad are, of course, under War Department jurisdiction and, more particularly, under your command.

Several possibilities occur to me. I have heard of the good work being done by your orientation officers, about many activities of the Special Services and Morale Services Divisions -- Yank, camp newspapers, films and radio. These media could be invaluable in relaying to troops the story of how civilians are backing them up with bond purchases.

- 2 -

USO performers could be tremendously useful in delivering the message and we could help them by supplying proper material in advance. Then there are the band officers. Their primary job is to sell bonds, but who could better tell the story in reverse? Similarly, the Chaplains could be helpful. And perhaps we could get posters into the Post Exchanges. Many such ideas will suggest themselves to you.

Needless to say, the problem is largely an overseas one and we will need the cooperation of the Theater Commanders if our story is to reach the one audience that really matters.

Without pretending to know in detail the organization of the Army Service Forces, we have made up a rough chart of ASF agencies which might be able to include in their routine activities material that would get our message across to the man. No doubt you will note some inaccuracies in the diagram, but it will give an indication of the channels in which I am interested.

As you know, the Treasury has facilities for gathering suitable material and for putting it into proper form for distribution through the channels I have indicated. So, my thought is -- providing you concur -- that our appropriate specialists might get together and work out the details.

Please tell me about any reservations or questions you may have. If you agree that the idea is sound, perhaps you will select one or more representatives of your command to work with a small group of our people. We are ready and anxious to start whenever you are.

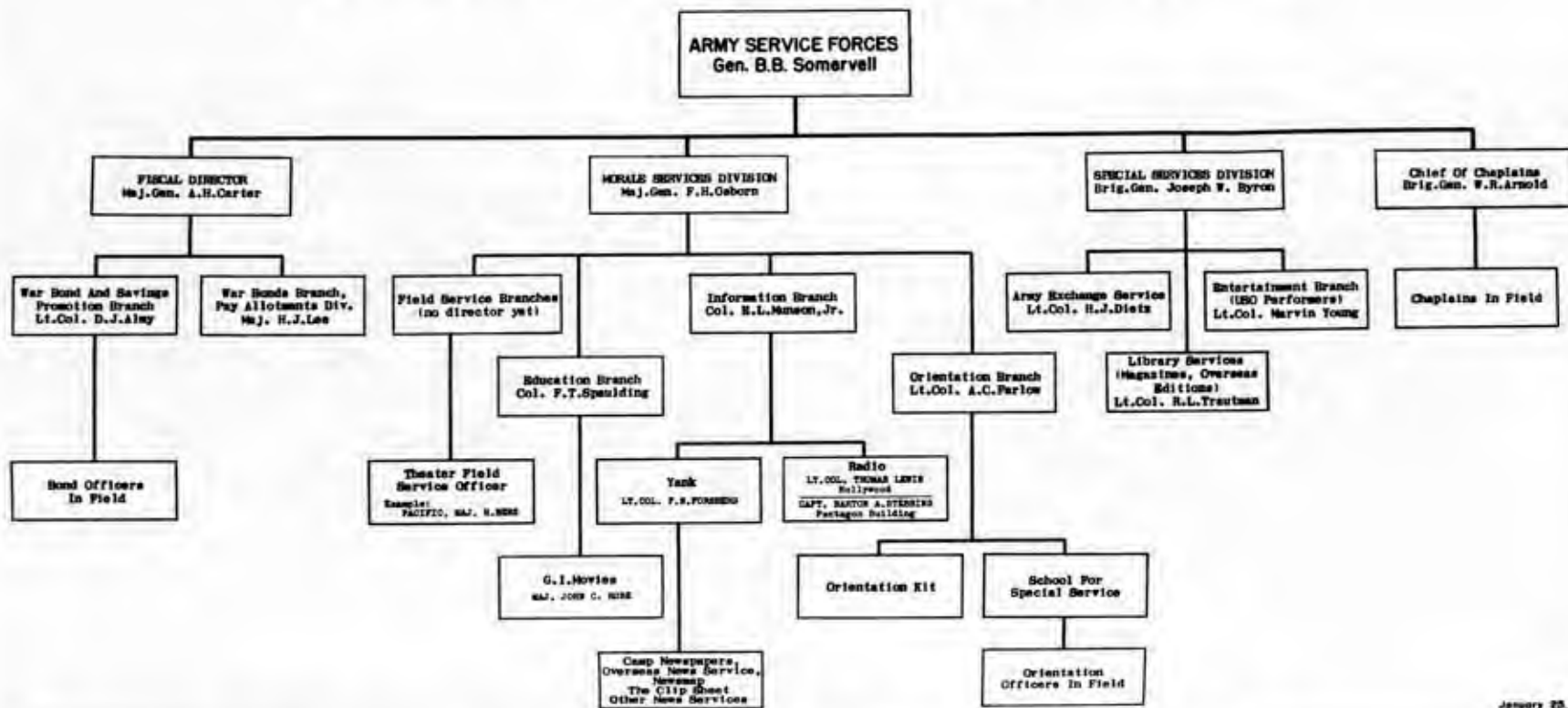
Sincerely,

(Signed) H. Morganthau, Jr.

Lieut. Gen. B. B. Sumervell
Commanding General
Headquarters, Army Service Forces
Arlington, Virginia

PS:ORC:E
1/27/44

WAR DEPARTMENT CHANNELS FOR RELAYING BOND STORY TO SOLDIERS OVERSEAS



TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE January 27, 1944

TO: Mrs. Klotz
FROM: Mr. Gamble

We had such splendid reaction to Mr. Houghteling's contact with the railroads, concerning their purchase of Bonds with retroactive pay, that I think the Secretary should glance over the answers that came to him from all the roads.

(225)

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO: Secretary of the Treasury
FROM: James L. Houghteling

DATE
January 27, 1944

On January 19, immediately after the announcement of the railroad wage settlement, you sent the following telegram to the presidents of all Class 1 railroads:

"NOW THAT WAGE RATES OF YOUR EMPLOYEES HAVE BEEN DETERMINED ON A BASIS INVOLVING CONSIDERABLE RETROACTIVE PAY, I ASK YOUR CO-OPERATION IN PERSUADING THE MEN AND WOMEN OF YOUR ORGANIZATION TO INVEST AS MUCH AS POSSIBLE OF THIS RETROACTIVE PAY IN WAR BONDS. THERE IS A JOINT WAR BOND COMMITTEE ON PRACTICALLY EVERY AMERICAN RAILROAD, USUALLY HEADED BY AN EXECUTIVE OFFICER. WE ARE ASKING THE HELP OF THESE COMMITTEES BUT YOUR OWN INFLUENCE AND SUPPORT AS HEAD OF THE ORGANIZATION IS IMPORTANT. PLEASE URGE YOUR WORKERS TO INVEST A MAXIMUM PORTION OF THEIR RETROACTIVE PAY IN WAR BONDS DURING THE FOURTH WAR LOAN DRIVE."

The response was remarkably spontaneous and cordial. You will find attached the essential parts of the first 40 answers to arrive.

We have similarly cordial answers from the presidents of the twenty labor brotherhoods and from the chairmen of the Joint War Bond Committees on many of the railroads.



Attachment
JLH/myr

- 2 -

P. H. Joyce, President, Chicago Great Western Railway Company

"I believe the best way we can cooperate with the Treasury Department is by placing a copy of your telegram in the hands of all our supervisory officers with instructions to do whatever is feasible in furthering the Drive. This has been done.

"Assuring you of our desire to cooperate in anyway possible, I am, with best wishes."

H. A. Scandrett, Trustee, Chicago, Milwaukee, St. Paul and Pacific R. R.

"Milwaukee road people are being urged to purchase additional Bonds and we will continue to do all we can to support the Fourth War Loan Drive."

L. H. Phetteplace, General Mgr. Clinchfield Railroad Company

"I assure you we will do everything possible to persuade our employees to invest some if not all of this retroactive pay in war bonds, We also have a drive on to increase the amount of bonds purchased through regular payroll deductions and will continue our activities in this respect for the duration of the war."

A. R. Ayers, President, Detroit & Toledo Shore Line R. R.

"Glad to cooperate in urging our employees to invest maximum portion their retroactive pay in War Bonds during Fourth War Loan Drive. Your telegram being brought attention all employees."

Scott M. Loftin, Trustee, Florida East Coast Ry.

"The management of the Florida East Coast Railway will be glad to cooperate with you in your efforts along the lines suggested."

C. D. Peckenpough, Vice Pres. & Gen. Mgr. Forth Worth and Denver City Railway Company

"I am placing your telegram before all of our employes in order that they might have the benefit of your recommendations and suggestions and we will use our best efforts to secure the largest possible investment."

H. E. McGee, President, Green Bay & Western R. R.

"We are urging all employees invest retroactive pay in War Bonds."

- 3 -

J. L. Beven, President, Illinois Central System

"Of course I shall be glad to join in this endeavor, and I promise you our full cooperation."

A. P. Titus, Pres. & Gen. Mgr., Illinois Terminal Railroad Company

"You may be assured we will do everything possible to encourage employes to buy War Bonds. We have well organized committees of management and labor, and every employe will be solicited and advised the Company will make payroll deductions on their retroactive pay.

W. N. Deramis, President, The Kansas City Southern Railway Company

"We shall be glad to cooperate to the fullest extent in urging our employees to invest a maximum portion of the amount received in additional War Bond subscriptions."

Albert Shaw, President, Lehigh & Hudson Railroad

"Your wire nineteenth re retroactive pay Fourth War Loan Drive will have our active support."

C. P. Couch, Chairman, Louisiana & Arkansas Ry. Co.

"Understand you have requested railroad organizations there to cooperate with you and our president is issuing instructions for fullest possible cooperation by all our employees organized and unorganized in Fourth War Loan Drive."

J. B. Hill, President, Louisville & Nashville Railroad Company

"I am glad to tell you that I had anticipated this suggestion several days ago in a circular letter sent out to all of the employes over my own signature. This has been made a part of the program on which a complete organization is now at work."

L. E. Faulkner, Vice Pres. & Gen. Mgr., Mississippi Central R. R.

"Before receiving your telegram of January 19 we had done exactly what you requested."

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Mathew S. Sloan, President, Missouri-Kansas-Texas Lines

"I will be glad to assist in every way possible in this matter, and our War Bond committee will actively feature your request in solicitation among employees."

L. W. Baldwin, Chief Executive Officer Missouri Pacific R. R.

"Your message asking we urge our employees invest retroactive wage payments in War Bonds acknowledged with assurance of our support in this accomplishment."

J. W. Davin, President, New York, Chicago & St. Louis R. R.
(Nickel Plate)

"Glad to cooperate in urging our employees to invest maximum portion their retroactive pay in War Bonds during Fourth War Loan Drive. Your telegram being brought attention all employees."

Howard S. Palmer, President, The New York, New Haven and Hartford
Railroad Company

"Copies of your message are being furnished to all department heads, and the matter will be handled with our employees with the end in view of getting them to put just as much as possible of this back pay into war bonds of the new issue."

Henry K. Norton, Trustee, New York, Susquehanna and West Railroad Company

"We are making arrangements to urge our people to invest their retroactive pay in war bonds and your telegram will be helpful to that end."

C. E. Denney, President, Northern Pacific Railway

"I am urging all Northern Pacific employees to purchase War Bonds in Fourth War Loan Drive with at least a part of the back pay which they will receive under recent wage increases."

R. J. Bowman, President, Pere Marquette Railroad

"We will gladly urge our employees to subscribe maximum portion

- 5 -

their retroactive pay in War Bonds during Fourth Loan Drive."

Chas. J. Graham, President, The Pittsburgh & West Virginia Rail-
Way Company

"I am pleased to advise you that we had already planned to encourage our people to invest as large a proportion of this retroactive pay as possible in War Bonds. We are currently soliciting them in connection with the Fourth War Loan and are very much encouraged at the response to date."

E. W. Scheer, President, Reading Railroad

"You may be assured everything possible will be done to cooperate with War Bond Committee."

Norman Call, President, Richmond, Fredericksburg & Potomac
Railroad Co.

"I am glad to comply with your suggestion and enclose a copy of notice which I have today addressed to all officers and employes of this Company."

J. D. Farrington, Chief Executive Rock Island Lines
Officer,

"We shall be glad to urge employees to invest their retroactive pay in War Bonds when checks are distributed. Stop. Presume this is satisfactory."

L. R. Powell, Jr. and Receivers Seaboard Air Line R. R.
Henry W. Anderson,

"We shall be glad to cooperate to the fullest extent possible."

A. T. Mercier, President, Southern Pacific Co.

"I shall send individual message to each employee and use other available means to promote this. We are suggesting similar action through our committee including general chairman of employee organizations."

H. M. Lull, Exec. Vice-Pres., Southern Pacific Lines in Texas

Treasury Department
Division of Monetary Research

Date Feb. 18, 1947

To: Mrs. McHugh

Noted. I don't think this
requires a reply.

H.D.W.

MR. WHITE
Branch 2058 - Room 214½

27th January, 1944.

My dear Mr. Morgenthau,

Thank you for your letter of

7th January and also for the cordial message from you which Waley has given to me. We shall have many difficult problems to consider together in the coming months. My financial anxieties arising out of prospective external payments are increasing as the war advances towards its conclusion, and it may be advisable that we should have an early exchange of views about what the position will be in the early post-war period. I am confident that in the future, as in the past, we can rely on your friendly co-operation.

*with all good wishes,
Yours sincerely,
B. H. Henderson*

Henry Morgenthau, Junr., Esq.

FOREIGN ECONOMIC ADMINISTRATION
~~OFFICE OF LEND-LEASE ADMINISTRATION~~
FIVE-FIFTEEN 22d STREET NW.
WASHINGTON, D. C.

January 27, 1944

MEMORANDUM

To: The Honorable Henry Morgenthau
From: John D. East
Director of Research and Reports
Subject: Lend-Lease Executive Reports

Transmitted herewith are copies of
Executive Reports 1,2 and 3 on lend-lease
operations, as of December 31, 1943.

CONFIDENTIAL
Executive Report No. 1

ALLOCATIONS, OBLIGATIONS AND EXPENDITURES
LEND-LEASE FUNDS APPROPRIATED TO THE PRESIDENT

Report as of December 31, 1943

(Thousands of Dollars)

Appropriation Category	Adjusted Appropriations	Cumulative to December 31, 1943		
		Allocations	Obligations	Expenditures
Ordnance and Ordnance Stores	\$1,692,306	\$1,573,966	\$1,498,469	\$1,282,148
Aircraft and Aero. Material	2,679,625	2,541,034	2,483,558	2,041,684
Tanks and Other Vehicles	739,273	669,871	627,326	609,949
Watercraft	3,871,703	2,778,143	2,315,584	2,099,788
Misc. Military Equipment	354,288	323,289	302,656	246,491
Production Facilities	1,104,688	1,091,949	1,053,828	948,711
Agric. and Indust. Commodities	12,608,929	10,758,961	8,619,026	6,958,361
Servicing, Repair of Ships, etc.	790,818	673,423	518,861	504,073
Services and Expenses	800,000	412,924	311,970	250,500
Administrative Expenses	28,999	26,908	24,435	24,168
Total	24,670,629	20,850,468	17,755,713	14,965,873

Procuring Agency	Cumulative to December 31, 1943		
	Allocations	Obligations	Expenditures
War Department	\$5,420,439	\$5,247,069	\$4,666,566
Navy Department	3,268,828	2,595,829	2,030,178
Maritime Commission and War Shipping Admin.	2,711,731	2,161,474	2,150,823
Treasury Department	3,928,859	3,113,507	2,357,719
Department of Agriculture	5,497,409	4,618,698	3,745,727
Other	23,202	19,136	14,860
Total	20,850,468	17,755,713	14,965,873

CONFIDENTIAL
Executive Report No. 2

STATEMENT OF LEND-LEASE AID

Report as of December 31, 1943

(Thousands of Dollars)

Type of Aid	Cumulative to		Month of	
	Dec. 31, 1943	Nov. 30, 1943	December	November
Goods Transferred	\$17,436,442	\$16,135,849	\$1,300,593	\$970,919
Servicing, Repair of Ships, etc.	407,368	400,728	6,640	17,695
Rental of Ships, Ferrying of Aircraft, etc.	1,450,698	1,382,583	68,115	84,818
Production Facilities in U. S.	605,058	604,604	454	1,989
Miscellaneous Expenses	86,569	84,789	1,780	251
Total Services	2,549,693	2,472,704	76,989	104,753
Total Goods and Services	19,986,135	18,608,553	1,377,582	1,075,672

Data on Goods Transferred include value of goods procured from lend-lease appropriations to the President and to the War and Navy Departments.

Type of Aid	Cumulative to December 31, 1943				
	Br. Empire	China	U.S.S.R.	Other	Total
Goods Transferred	\$13,359,027	\$175,576	\$3,566,888	\$334,951	\$17,436,442
Servicing, Repair of Ships, etc.	275,554	1,845	66,412	63,557	407,368
Rental of Ships Ferrying of Aircraft, etc.	1,084,334	22,384	196,143	147,837	1,450,698
Production Facilities in U. S.	-	-	-	-	605,058
Miscellaneous Expenses	51,537	1,190	2,470	31,372	86,569
Total Goods and Services	-	-	-	-	19,986,135

CONFIDENTIAL
Executive Report No. 3

LEND-LEASE GOODS TRANSFERRED

Report as of December 31, 1943

(Thousands of Dollars)

	Cumulative to December 31, 1943				
	Br. Empire	China	U.S.,S.R.	Other	Total
Ordnance (Excl. Ammunition)	\$577,791	\$15,585	\$186,959	\$15,409	\$795,744
Ammunition and Components	1,244,696	22,203	352,532	26,886	1,646,317
Aircraft	1,366,245	56,993	596,932	82,013	2,102,183
Aircraft Engines, Parts, etc.	1,091,572	20,850	194,989	20,688	1,328,099
Tanks and Parts	1,553,647	923	334,040	28,330	1,916,940
Motor Vehicles and Parts	416,229	25,544	435,129	17,056	893,958
Watercraft and Parts	1,847,786	4,447	162,923	58,062	2,073,218
Foods	1,761,888	38	315,787	12,424	2,090,137
Other Agric. Products	437,653	41	6,169	56	443,919
Machinery	510,396	4,793	326,523	5,665	847,377
Metals	703,340	10,302	280,732	2,763	997,137
Petroleum Products	686,565	2,566	32,760	316	722,207
Miscellaneous Materials and Manufactures	1,161,219	11,291	341,413	65,283	1,579,206
Total	13,359,027	175,576	3,566,888	334,951	17,436,442

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN EMBASSY, CHUNGKING
TO: SECRETARY OF STATE, WASHINGTON
DATED: January 27, 1944
NUMBER: 169

SECRET

This is SECTION THREE of my telegram of January 26, no. 166.

Finally, I should like to indicate candidly ^{that} while we are waging this war to preserve the Chinese nation's freedom and security, China is fighting for those other Allies also. Unfortunately, there are still people who do not grasp this idea which should be even more obvious since the outbreak of the Pacific war and who alleged that to aid China America is fighting Japan. These people do not realize that it is the Jap objective to conquer the entire globe, as the Tanaka Memorial shows clearly, and that the defeat of China and the employment of Chinese manpower and resources in order to effect control of China and world domination is but the first step.

If China had accepted Japan's repeated peace proposal, if China had not resisted Japan so early and tied down large enemy forces and if China had not thereby stopped Japan from fulfilling her sinister aim of establishing the great East Asia co-prosperity sphere our Allies ^s would now be suffering serious consequences.

We

-2-

We have fought together for two years and already have shared great sacrifices. We should realize that we are fighting this war for a common end and both powers are fighting not only for themselves but also for each other; each, according to his ability, should contribute to the common victory. Since her fight for the Allies' mutual aims began, China has made tremendous sacrifices, financially and militarily.

We are most thankful for United States financial help and your aid to China is appreciated. I recalled, you once suggested that the United States allot United States dollars twenty million per month to assist China in defraying her military expenditures so as to assist our war economy and United States dollars one-half a billion you later loaned to China. Two long years have gone by since that loan, but all of it ~~has~~ calculated above has been expended for the joint efforts already. I profoundly appreciate the American people's warm friendship for China, which was referred to in your message and was most eloquently displayed during Madame Chiang's trip.

Because of this good will it is felt that the American people, if they were made aware of the realities of China's part in the war and of her consequent urgent requirements, would undoubtedly be anxious for more help to be extended to China. We too have a real
friendship

-3-

friendship for America and we not only want to aid the United States with resources but have already given up countless lives in the common cause. However, I may assure you, that we shall go on intensifying the fight against the joint enemy, despite sufferings and difficulties, under our President's leadership.

The foregoing message is a paraphrase and there will shortly follow additional comment.

GAUSS

NOT TO BE RE-TRANSMITTED

U.S. SECRET
BRITISH MOST SECRET

COPY NO. 12

Information received up to 10 A.M. 27 January, 1944.

ONTEL No. 31

1. NAVAL

Early yesterday a group of U-Boats attacked a convoy to NORTH RUSSIA, East of BEAR ISLAND. One of H.M. Destroyers and three ships of the convoy were torpedoed, but all are proceeding. In spite of delay caused by weather, the build-up at ANZIO is reported ahead of schedule. Three landing craft were sunk by mines during 25th/25th.

2. MILITARY

Italy To noon 25th. 5th Army. Violent counter-attack against Moroccan Division holding MONTE GROCCO; after hand to hand fighting Germans regained summit. U.S. attack on limited front held up by minefields: German Mortars and Artillery very active in U.S. sector. 6th Corps. All bridges over MUSSOLINI CANAL now in our hands; some infantry and tanks have crossed. Later reports. 5th Army hard fighting in French and U.S. sectors. RAPIDO has again been crossed. 6th Corps. U.S. and British forces have made further advances; former repulsed attack against their right flank with heavy enemy losses; latter reported reached CAMPOLEONE 16 miles Southeast of ROME. Heavy fighting taking place.

3. AIR OPERATIONS

Western Front. 25th/26th. 281 tons dropped on military constructions, NORTHWEST FRANCE. 26th. Total of 134 escorted medium, light and fighter bombers dropped 105 tons on military constructions. In a low level attack by 6 escorted Beaufighters on a seven-ship convoy off NORWAY, two ships of 3,000 tons each were set on fire and two escort vessels damaged, one Beaufighter missing.

Italy 25th. Fortresses dropped 85 tons at REDASSO. Total of 228 medium and fighter bombers operated over the Western Battle area dropping 196 tons.

January 28, 1944
9:32 a.m.

HMJr: Hello.

Operator: All right.

HMJr: Hello. Hello.

Operator: The Secretary is on.

Other
Operator: All right. Thank you.

HMJr: Hello.

Operator: He will be right on.

HMJr: Hello.

Judge
Rosenman: Hello.

HMJr: Hello.

R: Henry?

HMJr: In person.

R: I was over at Lehman's dinner yesterday and Bill Davis was there.

HMJr: Yes.

R: He told me that Graham has had a lot of trouble with his eyes.

HMJr: Yes.

R: And he sort of wanted to quit for that reason. Do you know anything about that?

HMJr: No. I understand this, Sam, that he -- they've got a lot of troubles down at the University because so many of them are away, you see?

R: I see.

HMJr: And my guess is that -- you know -- that he might say that.

R: Uh huh.

HMJr: But have you heard anything from Hyde Park?

R: Well, Grace told me that -- that the President had -- let's see -- had said "Okay" to Graham and someone else -- and that Frank Walker had submitted some names up there of R.C.'s, one of whom was....

HMJr: R.C.'s?

R: That's what Grace calls them.

HMJr: Oh.

R: Don't you know what an R.C. is?

HMJr: I do now, yes, since you say Grace.

R: And had suggested Burke and Coleman -- John Burke and Coleman.

HMJr: Yeah. Well, why would Frank Walker be suggesting people?

R: Well, I don't know, except that he heard about it. Now....

HMJr: I don't know whether you agree with me, but I don't think it should be a Catholic.

R: Well, I -- I don't agree with you. I mean, I wouldn't look for a Catholic but I wouldn't necessarily ban one.

HMJr: Well, if they're going to have a Catholic, I'd much rather have somebody like Father Haas.

R: Uh huh. Well, I thought I'd tell you about Graham because from the way Davis talked, not that I indicated what I was interested in.

HMJr: Yeah.

R: I'm sure he has no idea -- it seems that Graham, I think, has a detached retina. That's the way Davis described it.

HMJr: Really?

R: Steve Early suggested the name of Louis Johnston. Do you know him?

- 3 -

HMJr: (Laughs) I'm for Jeffers.

R: Okay.

HMJr: Did he really suggest that?

R: Yes. Yes, sure. He called me up all excited last night.

HMJr: I know Louis Johnston inside out.

R: Uh huh.

HMJr: No, Grace said, as near as I could get, the only two the President was considering was Graham and Burke. I don't know anything about Burke.

R: Well, Burke is a very important Lay-Catholic. I think he's got even a higher rank than Smith has. He's the President of Altman & Company and has always been interested in Jewish things, for example -- well, he has the Friedson fortune, you know.

HMJr: Oh, yes.

R: It's called the Friedson Foundation. He gave me a million dollars for Jewish education.

HMJr: Gave who?

R: Me.

HMJr: Who's that?

R: S.I.R.

HMJr: S.I.R.? I don't know what that means.

R: He gave me....

HMJr: Oh, you?

R: Yes.

HMJr: A million dollars?

R: Million, not billion.

HMJr: For....

R: Jewish education.

HMJr: Really?

R: Yes. It started that group, you know, the Jewish Education Committee, that I used to be President of before I came down here.

HMJr: I see. Well, then you know him pretty well?

R: Oh, I know him very well. I -- I think he's a first class citizen. The -- the only trouble with it is that he's had pneumonia and I think is in sort of mediocre health. He's not a young man, you know.

HMJr: Yeah.

R: He is Friedson's protege, you know.

HMJr: Yeah. I see.

R: And he's a thousand percent. I wouldn't have a moment's hesitation about him other than the health feature.

HMJr: Yeah.

R: He's not a liberal, but he's never been in politics.

HMJr: We got out that release last night.

R: I didn't -- is it in the paper? I haven't....

HMJr: The Tribune gave us four lines.

R: I'll be damned. What about the Times?

HMJr: I can't even find it in the Times.

R: I didn't notice it.

HMJr: No, but it was interesting that Hull cleared it.

R: Yes. Of course -- that -- well, I'm repeating the same thing. I think if you could get a -- none of the fellows we've mentioned will -- will give this any publicity value, but I don't think that's important.

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- HMJr: Well, of course, the longer I think of it, I think the President's all wrong. I think that you need somebody that's going to do the work.
- R: Yes.
- HMJr: And if you get an important enough person, then Hull is going to -- you know -- sort of doesn't -- won't want him to be in his shadow.
- R: Yes.
- HMJr: I mean, put Hull in the shadow.
- R: Yes.
- HMJr: While if you get somebody that knows the work and could -- and isn't so important but what he can run around and sit in the outer offices until it's done, they get things done.
- R: Yes.
- HMJr: What?
- R: Well, there's a great deal to that.
- HMJr: But you get some very important figure then either Hull or Stimson may not like it. Now, Stimson is recommending very strongly, General Haskell.
- R: Yeah. Now, Herbert -- I think Herbert had an unfortunate experience with him. Herbert used him, you know, for a while.
- HMJr: Did he?
- R: And you might check with Herbert on it. I don't think he was very well pleased with him.
- HMJr: You don't?
- R: I shouldn't say that. All I should say is you ought to check with Herbert. That's the impression I have.
- HMJr: Yeah. Well, I -- I'm going to try, if I can to get the President to make up his mind. I mean, I don't know why he's taking so long.
- R: Well, he's probably thinking of other things.

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HMJr: Uh....

R: You -- you apparently do not consider Mr. Johnston very seriously.

HMJr: I don't think that you consider him very seriously.

R: Why, I don't know the man. I wouldn't know him if he came in the room.

HMJr: Louis Johnston?

R: He was an Assistant Secretary of War, or Under Secretary.

HMJr: Oh, I know him and I know that he's a great friend of Steve's and I know he's a friend of a lot of people, but he'd be -- I'd rank him right with Jeffers.

R: I see. Well, that's pretty rank.

HMJr: No, I'd rank him right with Jeffers.

R: I say that's pretty rank.

HMJr: Yeah. No, he's -- oh I could go on -- I'd need a couple of hours to tell you all about Louis Johnston.

R: Okay. Well, Mr. Pehle is outside and wants to get a million dollars from me.

HMJr: Well, why don't you up him?

R: (Laughs) I'm trying to cut him to \$900,000. Listen, I want you to know that a couple of "goils" phoned me yesterday.

HMJr: They did?

R: Yes.

HMJr: Wonderful.

R: (Laughs) Good bye.

January 28, 1944
9:45 a.m.

GROUP

Present: Mr. Bell
Mr. Thompson
Mr. Haas
Mr. Blough
Mr. Sullivan
Mr. Gaston
Mr. White
Mr. Smith
Mr. Paul
Mr. O'Connell
Mrs. Klotz

H.M.JR: I wanted the advice of the group on taxes. Does Blough know what is happening?

MR. BLOUGH: I know.

(The Secretary gives Mr. Paul permission to leave the conference to attend a meeting on the Hill.)

H.M.JR: (To Blough) Supposing you tell us what is going on on the Hill.

MR. BLOUGH: The conferees of the House and Senate Committees started on Tuesday morning. It is now Friday morning. They agreed to take the Senate version of the Victory Tax, rather than the House minimum tax. That means nothing, revenue-wise, but it does somewhat simplify the individual tax picture, and makes further simplification more probable.

They have passed over most of the big relief amendments, such as - and very technical matters they are, too - such as carrying forward the basis of previous corporations and reorganizations, such as

- 2 -

allowing capital losses of certain railroad corporations to be charged against capital gains, and a number of matters of that kind.

They have decided in favor of the Senate version of the bill on a number of matters.

H.M.JR: Could I interrupt you? What happens to this Victory Tax and that whole business? Where does that stand now?

MR. BLOUGH: That stands this way, that there will be for 1944, unless further legislation is passed, a flat three percent Victory Tax. This year it is a varied rate running from three point seventy-five down, with varying rates of Victory Tax. Next year it will be a flat three percent.

MR. GASTON: The gross withholding rate will not be changed.

MR. BLOUGH: That is right.

H.M.JR: Would it make it any simpler for the common man?

MR. BLOUGH: A little simpler for the common man, yes. It makes it simpler than if the House provisions for minimum tax had been accepted. It does not give any satisfactory degree of simplification, but it is a little better.

That is about all you can say on that.

H.M.JR: What can the Treasury do up there?

MR. BLOUGH: The Treasury can endeavor to see to it that the conference doesn't accept, without full consideration, a lot of these grabs - private industry grabs - which are in the guise of highly technical provisions of the tax bill. That is about all they can do at this stage of the game. I think most of those are going to be lost, and that the Senate--

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H.M.JR: Lost which way?

MR. BLOUGH: That is, that the Treasury will lose its fight to keep those provisions from being incorporated. We have already lost on what is called beneficiation in percentage depletion, which will give big steel companies a substantial break. It is already lost on timber, which will give some of the big timber outfits substantial break. I think it may lose on a lot of the other items. Now, each of those has a specific case back of it. The generalization is difficult, but you can say that this particular amendment is intended to help the Seaboard Airline Railroad, and that amendment was intended to help a little pipeline company down in Oklahoma, and that this amendment is intended to help this fellow - and that is the way those things come in.

It is particularly bad this year, I think, but we don't know yet how it is coming out. It may come out fairly well if they should have a change of heart, which is not likely.

H.M.JR: Does anybody want to ask Roy any questions?

MR. WHITE: What is the magnitude of the reductions? They talk in terms of something less than a hundred million or a half a billion of next year's revenue, or what? What is the loss of revenue?

MR. BLOUGH: In terms of the single year's revenue it probably runs - oh, the loss will run into the hundreds of millions, in all probability.

MR. WHITE: Hundreds of millions?

MR. BLOUGH: But not as much as a half billion, I wouldn't think. But, of course, the difficulty is that this is permanent legislation. Some of it affects only excess profit taxes, but some of it affects the income tax, on into the future, so that while the increases in this bill take effect until six

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months after the war, the relief provisions, many of them, go on after the war, and moreover, will serve as opening wedges for additional reliefs which people didn't get this year.

MR. WHITE: Why might it not be appropriate at this stage of the hearings, before the thing crystallizes into a vote, for a formal statement to be made by the Secretary to them; inasmuch as it seems to me this is peculiarly an area in which Treasury views ought to be dominant. It is not a question of larger tax policy, but of introducing administrative devices which are subterfuge. It seems to me that is one place where you could appropriately put your foot down very hard as formally as you appropriately can.

MR. BLOUGH: I wouldn't say a thing at this stage. They know perfectly well where the Treasury stands on every one of these. They know what the Secretary's views are, because he has expressed them publicly. They are very angry at Mr. Paul because he expressed his views publicly, and they are perfectly aware of where the Treasury stands on all these things, and they will go ahead and do them anyway.

MR. WHITE: In other words, they are angry, but you lost. Therefore, apparently whatever procedure you have undertaken is not adequate. Don't you think that a formal written statement by the Secretary of the Treasury would help?

MR. BLOUGH: No, sir.

MR. WHITE: You mean the Treasury is hopeless in this situation?

MR. BLOUGH: Absolutely.

MR. BELL: Probably make them madder.

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MR. BLOUGH: Make them more angry and accomplish nothing. There is only one thing that will stop it, that is a veto; and that is a very serious matter.

MR. SULLIVAN: Will the bill show a net gain or net loss, Roy?

MR. BLOUGH: The man can make it either way, on either side. I mean, Senator George can perfectly well calculate a very nice net gain from the bill. I think that, all things considered, we could probably calculate a net loss.

MR. GASTON: Figuring in the Social Security.

MR. BLOUGH: You would have to put that in.

MR. SULLIVAN: You mean eight hundred million loss from that:

MR. BELL: You lose a billion, four in the Social Security. Altogether you have seven hundred million dollars of net additional revenue, but these relief provisions might go as much as a billion dollars.

MR. BLOUGH: The relief provisions are very difficult.

MR. BELL: You might come out in the red if considered from that angle.

MR. WHITE: I confess I don't find myself in agreement with that view, Mr. Secretary. It appears to me that there is power in making a formal written statement.

H.M.JR: What is the adjective?

MR. WHITE: Power. It is potent - far more than an oral communication of your views, if a written statement which contains a reasoned exposition of the

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consequences of these measures is made, and if it is given, as I don't see why it shouldn't be given, perfect publicity.

MR. BLOUGH: The trouble, Harry, is that on every one of these, there is another side to it. We think the other side's presentation weak, but there is enough rationality there that a fellow who is running for office, and who needs the support of everybody he can get, especially people with money, has been able to persuade himself that it is true. And, moreover, don't forget that there are three Republicans of the House conferees who will take absolutely anything - or practically anything, absolutely may be too strong. All they need to get is Disney or Doughton or Cullen. They won't get Cooper. But all they need is one of those three and they can dominate the House Committee.

MR. WHITE: I think their approach is different.

H.M.JR: Harry, may I interrupt? I have had an experience which I haven't had a chance to report to Paul yet. When I went up the other day to sell a bond to these groups, Mr. Doughton asked if I would come over to his office.

I said, "Of course."

So he takes me aside and says, "Now look, we are sick and tired of these speeches that Paul has been making. And some of the members of the Committee have raised a question whether he has a right to use Government funds to pay his travelling expenses to go out and talk against the Congress."

MR. BLOUGH: I told him in the first place - I told Doughton he was not using Government funds for that purpose. He isn't. These people pay the money when he goes and makes a speech - they pay his travelling expenses.

H.M.JR: I didn't know. But that is in every case?

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MR. WHITE: That is usually an alternative, Mr. Secretary, which in most cases they either pay your way or the Government pays it. The choice is left with the speaker.

H.M.JR: But the fact remains that Paul - I mean, talking for the Treasury, that we have got ourselves in such a position now that our influence - I mean, in his being courageous - our influence is at about an all-time low.

MR. WHITE: Well, of course, your influence is always greater when you agree with them, but--

H.M.JR: No, their attitude is this: Come up and tell us what you think, once. You see? But they don't want us to go to the public and tell the public about it.

Now, I am not arguing. You can get to a point - and we have about arrived at the point - that they will move in on us and take Internal Revenue away from us, or they will do this or that.

I mean, when they will seriously consider passing a law, retroactive, to tax Marshall Field's estate, which he legally inherited - because his grandfather set up the trust thirty or forty years ago - because P.M. said so - it is not beyond the realms of possibility they won't pass the special law to tax it. They are just in that mood. And I personally don't think that there is anything that the Treasury can do right now. Anything that we do would just weaken what little influence, if any, we have left. It is a terrible thing to say, but that is the way I feel.

Now, I saw what has happened with different people around town. I mean, you get to a point - you see, if I had a seat, if I was a Congressman, then I could do it, but I am not, and under this system of appointed officers holding these very responsible administrative positions, there is a certain thing on their side.

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But I don't know any time that the Treasury, as far as having influence on the Hill is concerned, was as low as it is right now, and only for one reason, because you were courageous to go out and talk, because we were right.

MR. GASTON: There is one other aspect of this thing. This bill is in conference now. It would be going one step further than we have ever gone, to make a public statement about a matter that is a subject of conference between the Houses. It would be going a great deal further than talking about something that is before Committee, or either one of the Houses in general. Here is a matter of final renegotiation; now after both Houses have acted, between the representatives of the two Houses, which they would regard as peculiarly, definitely, and exclusively a Congressional function with which we have nothing to do--

MR. BELL: And all of their hearings are Executive Session.

MR. BLOUGH: This is purely Executive Session, that is right.

MR. WHITE: Well, that leads us into a discussion, into the theory of Government and the responsibility of the administrative branch of the people, which I gather this isn't the appropriate place - I don't find myself in agreement. I think there are responsibilities which the administrative branch has to the public, as distinct from the law-making branch.

MR. GASTON: I think I agree with your position on that.

MR. BLOUGH: I certainly agree with your position.

H.M.JR: And because we have gone so far, we are at an all-time low.

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MR. WHITE: It is better to be there, defending your responsibility, than it is to be in a high position when you get that by running along with the crowd. That is the position you have taken. You have opposed them.

H.M.JR: Then the next step is where can you do more, being on the inside and working, or being on the outside and not being a member of the Administration, criticizing. You might as well carry it to the end of the road. I mean, the Treasury has gone further than we ever have, and this is where we are now.

The time to do what you want is after the horse is stolen, and from the first of September to the first Tuesday in November - after the first Monday - well, I don't expect you to agree, but let's go on.

MR. BLOUGH: There are many basic reasons for the present situation. It isn't a single one, but basically, what Harry says, that the Administration is for one approach to war financing, and the Congress is basically in favor of another type. The two just come into clash and, essentially, this is the result.

But the immediate question is, is there anything that the Secretary should do now, vis-a-vis this Conference Committee, and my answer is definitely no. It would be very bad to do anything.

Now, after the bill is through and on the President's desk, that is another question, and a very serious one. But that is not the question with relation to this Committee.

MR. WHITE: Might you not avoid that latter step? I don't know, but isn't there a possibility of avoiding the necessity of considering a veto, which would be a difficult step, and which you probably would lose because there are other considerations which are overriding, by getting the President interested in it now, and having him send through the Secretary of Treasury, or some one else, which may affect the veto--

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H.M.JR: No. The President's answer would be, "I never advise Congress while a bill is pending, except as Commander in Chief." (Laughter) How many times he has told me that. "On taxes, I never advise the Congress while the bill is passing." Harry, in theory I am with you, and in heart, but we are up against something that is pretty tough. If you don't mind, I will go on. Everybody is in agreement with you.

Norman?

MR. THOMPSON: I have nothing.

H.M.JR: My God, no more deferments? As Norman gets to the bottom of the list, it gets more and more difficult. He had yours (White's), the most difficult, at the bottom.

MRS. KLOTZ: He works backwards.

H.M.JR: He has a new technique. He puts the most difficult ones at the bottom.

MR. BELL: Tires you out first.

MR. WHITE: I am glad, Mr. Secretary, you recognize that the thing is becoming increasingly difficult.

H.M.JR: I knew about Friedman, I knew about the China thing; I knew how desperate it was, and how important China is. You know, if I stay around much longer, God knows whom I will ask for deferment for.

MR. BELL: A lot of us!

MR. WHITE: We have lost three men in the last week, whom we have not asked deferment for and have been capable.

H.M.JR: So far our record is all right. I did turn one down yesterday, didn't I? Typewriter fellow. I think I was right. Are you (Sullivan) on that Committee?

MR. SULLIVAN: I think you were right, too. No, but Procurement and Revenue comes through me. I initial them and if I have a question I put a question mark after my initials. I think you will find a question mark.

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MR. THOMPSON: Two question marks.

H.M.JR: They held out on me. These people are as bad as Cordell Hull. The President sends him a memorandum making recommendations, and he doesn't tell anybody about it. They didn't tell me.

MR. THOMPSON: It was on the paper.

H.M.JR: But you didn't draw my attention to it.

MR. THOMPSON: I had a call yesterday from Murphy, the Associate Director down there.

MR. SULLIVAN: Herb has the answer to that. Anybody who is a good typewriter man will make a good airplane mechanic.

H.M.JR: In the future, if there is someone who objects to a man on this level, I wish you would tell me. Are there any other question marks in that group?

MR. THOMPSON: I think you had a question mark on one.

MR. SULLIVAN: You see, I have to initial it so it will come along. Rather than write a memorandum, I put a question mark in.

MR. BELL: I have the first eight pages of the annual report in printed form that has the policy stated in it on which all the rest of the article over your signature is based. Would you like to read the first eight pages?

H.M.JR: No, thank you.

MR. BELL: You could read it in your leisure moments between now and four-thirty, which is the deadline. (Laughter)

H.M.JR: I would much rather read about it next year on the farm.

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MR. BELL: Have you read this, Fred?

MR. SMITH: Yes.

MRS. KLOTZ: Do you realize what you are saying?

H.M.JR: Yes.

MR. BELL: We have all been over them. I think they are all right, but we thought maybe you would like to read what you are signing.

H.M.JR: I have been so busy reading what the Russian economists say about the White plan that I haven't had time.

MR. WHITE: If that is the best alibi you have, Mr. Secretary, I think you had better read this. (Laughter)

MR. BELL: It wasn't very good, was it, Harry?

H.M.JR: What do you mean? It is the best boost you have had so far.

MR. WHITE: But it only takes a minute to read it.

MR. BLOUGH: So will this, and it contains some policy positions.

MR. HAAS: We thought you might want to read it before you read it in the New York Times.

H.M.JR: It is all right. I should worry.

MR. GASTON: Mr. Rukeyser is supposed to be in my office at ten o'clock. Do you mind if I leave?

H.M.JR: No.

(Mr. Gaston left the conference.)

H.M.JR: Good. Refer it to Geoffrey Hellman who has just written a Profile of me in the New Yorker.

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What else?

MR. BELL: Mr. Claire, with whom we had a conference last week--we thought maybe we could get him down here to help out on some of these committees. Do you remember the public accountant teacher at Harvard?

H.M.JR: Yes.

MR. BELL: He has turned us down on the grounds, I think, mainly that he won't be deferred down here, he didn't think. He would be deferred up there, and he has responsibilities and doesn't feel that he can go in the Army at this time.

MR. SULLIVAN: I think that is a horrible situation. There isn't any question about his being more important to the war effort right here. If he comes here he gets no deferment. If he stays there where he is less useful, he is deferred.

H.M.JR: Why wouldn't he be deferred here?

MR. SULLIVAN: He would be a new man, and it would be difficult to say he is indispensable.

MR. BELL: That is a question.

H.M.JR: They deferred a man the other day who had been in two months. This fellow was thirty-seven, a lawyer. Was that the one you questioned?

MR. SULLIVAN: No.

H.M.JR: He is a responsible lawyer over in Internal Revenue who is thirty-seven, and had been in two months. That is--

MR. BELL: That is the reason I am bringing it up. Would you be willing to ask for this man's deferment if they can get him to come? He is experienced so far as our work is concerned.

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H.M.JR: Is he a papa?

MR. O'CONNELL: He has two children, Mr. Secretary. He has pre-Pearl Harbor children--at least one.

H.M.JR: P.P.H.C.

MR. HAAS: And a CPA.

MR. SULLIVAN: He looks awfully good, Mr. Secretary, this Claire.

MR. BELL: He has two children, one age two and one fifteen, and he has a dependent mother. He is now in 3-A.

H.M.JR: If his mother is safe, let's defer him.
(Laughter)

MR. THOMPSON: Of course, you run the risk of bringing him down and then the local Board denying the deferment.

MR. SULLIVAN: I think we would have to tell them what we had gone through, and do everything we could.

(Mr. Gaston re-enters the conference.)

MR. BELL: I think maybe he could have that arrangement with the Board before he comes down.

H.M.JR: If you want to get a lot of good men, I have met or heard about six privates, some in uniform and some out, over in OSS, working over there. It is amazing, the number of people they have over there.

MR. WHITE: They have a great many people.

MR. BELL: And they have all kinds of technical people.

H.M.JR: Incidentally, that fellow you were talking to me about (Gaston) who is connected with the White House detail--if there is any change with him, you certainly ought to change his military position.

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MR. GASTON: Yes, that is the complication. I thought of that. We will have to talk to the Army.

H.M.JR: Yes. You said if you sent him to the Middle West he doesn't go with that military--

MR. GASTON: That is right. They might want him to take a commission.

H.M.JR: Anyway, I am willing to consider him. He has a mother, and so forth.

MR. BELL: Circumstances are--

H.M.JR: Maybe you can get it fixed up before he comes down.

What other important matters do you have?

MR. BELL: Sometime before the week end, let me talk to you about the investment of trust funds.

H.M.JR: Yes, sir. And I gather that Wall Street got something new from the Treasury, a pink rabbit. They liked it, and it went well. Right?

MR. HAAS: Yes, sir. They acted very nice.

MR. BELL: Up to last night about one hundred and forty million were left out.

H.M.JR: We sold them a thirteen-months piece of paper at .90, which caused Mr. Eccles and Mr. Piser to go through the beautiful gilded ceiling at the Federal Reserve. It went very well. Is that right?

MR. BELL: That is right. I didn't know that they went through the ceiling, but the issue went very well.

MR. HAAS: The outstanding one went up right away, as soon as you announced it.

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H.M.JR: Did you people hear about Marshall's grandson yesterday? His picture? Just before he came in, she put him on the radiator in front of Fitzgerald and they changed his panties right there quickly before he came in. Fitzgerald said, "My God, what's been going on here all morning?" A two year old child--just before he came in, they quickly yanked out a new pair of panties and put them on. (Laughter) All for the volunteer system.

Now, Harry, with a compulsory system that never would have happened.

MR. WHITE: I think that is probably the only case that has been called to your attention, but there are many more cases of many older people while they were waiting to see you--(Laughter) It hasn't been for selling bonds, either.

MR. BELL: Not the voluntary system, either.

H.M.JR: I was going to say under the voluntary system, Eddie Bartelt--

MRS. KLOTZ: That was a good laugh.

H.M.JR: Now, where were we, as far as Grandma Marshall?

MR. WHITE: I have a number of things that have accumulated which will take at least an hour, or two half hours. Will early next week or Saturday be all right? I have been holding them off because we have been on this other thing, but they are reaching a stage--

H.M.JR: Yes, this other thing isn't so hot. The thing that has occupied so much of my time this week--and I have sort of gone into seclusion, except with those people who worked with me--is trying to get this President's Refugee Committee started, and then trying to find an Executive Director. The President was in one of those moods where he doesn't want to make up his mind. In the

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meantime, we are getting all kinds of suggestions, the latest one being Mr. Louis Johnson. Sam Rosenman said, "You don't think much of Louis Johnson, do you?"

I said, "Sam, any time you have two hours I would like to talk to you about Mr. Louis Johnson."

That was Steve Early's suggestion, and for once I kept my tongue. I don't know why, but maybe it is just early in the morning. I felt like saying, "Why not put Victor Emmanuel on and be done with it?"

MR. BELL: He still has some friends over there, hasn't he?

H.M.JR: Who?

MR. BELL: Johnson.

H.M.JR: That was my whole trouble when I went on the Hill that time, I mean, between Louis Johnson, the War Department, and Steve Early, Steve taking Louis Johnson's part. I never yet have found out what Steve Early told the President about what I said on that testimony. I don't suppose I ever will know, but I know the President was very angry at me for a month.

My God, I was holding the bag and trying to keep from telling him about the letter which Johnnie Hanes wrote in your office, as I remember, which Bill Bullitt-- don't you remember? Johnnie Hanes wrote this letter in which they said, "Let them have anything," and so forth, and so on. The President called the letter back.

MR. BELL: I don't remember.

MR. SULLIVAN: What letter was that, Mr. Secretary?

H.M.JR: About letting the French see the latest planes. Then when I got on the spot, the President withdrew the letter, and I had nothing. There I was. Well, anyway, again, that is something for my back porch.

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MR. BELL: Your back porch is going to be crowded.

MR. WHITE: Could I see you Saturday, Monday, or Tuesday?

H.M.JR: I won't be here Monday morning.

MRS. KLOTZ: Did you hear what he said? Your back porch is going to be crowded.

H.M.JR: Well, I am going to have a lot of apple-buyers around, and a few apple-knockers. I will be seeing you, Harry.

MR. WHITE: Well, then, if it is not before Monday--

H.M.JR: It may be Saturday.

MR. WHITE: Those things can wait for that.

H.M.JR: -I'll keep you in mind. I know you have been very patient; everybody has had to be this week.

Are you needed on the Hill, Roy?

MR. BLOUGH: As soon as this is over, I'll go. I have one thing to mention.

H.M.JR: Are you having a good time?

MR. BLOUGH: Up there?

H.M.JR: Here.

MR. BLOUGH: I am having a much better time here than up there!

MR. WHITE: But look at the success you are having up there.

MR. BLOUGH: Harry, I wish you were there for a while.

MR. WHITE: I am sure you don't.

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MR. BLOUGH: Yes, I do.

H.M.JR: Now, cut it out, Alfonse and Gaston!

MR. BLOUGH: I have an entirely different point I'd like to mention very briefly.

You will recall, I think, that the President asked us to cooperate with the Council of State Governments on Federal-State relations. There is a committee of the Council meeting in Chicago tomorrow, Sunday, and possibly Monday to draw up sort of recommendations to the States - an anonymous communication, but recommendations to the States for their position on Federal-State relations in the next few years. Frank Bane asked me to be there; if the Bill is in such position that I can, I think I should.

H.M.JR: Granted.

MR. BLOUGH: That is all I have.

H.M.JR: Joe, you are sitting back there looking very philosophical.

MR. O'CONNELL: I am enjoying the meeting, but I haven't anything to contribute.

H.M.JR: Any good stories?

MR. O'CONNELL: I wouldn't dare try one, after the success Harry had.

MR. WHITE: But I thought you had been consorting with Barney Baruch.

MR. O'CONNELL: That doesn't produce stories!

H.M.JR: Harry's stories are so earthy.

Incidentally, I want to thank you for that book that you (Smith) sent up on our trip. It is beautiful.

MR. SMITH: Wasn't the binding pretty!

H.M.JR: I wondered if Harry had seen the various

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things you said about him.

MR. SMITH: He hasn't yet. I thought I'd get it established first and give him a carbon.

H.M.JR: I only read it during the night, but, oh, boy, you are rough on Harry.

MR. SMITH: That is not true. If you only knew what I didn't write!

MR. WHITE: You just wait until I write a book!

H.M.JR: Doesn't Harry get a copy?

MR. SMITH: I have a copy for Harry, but I didn't have the pictures.

H.M.JR: Who did those pictures?

MR. SMITH: Banyas photostated them. They are Mark Clark's; Patton sent a lot. All headings on the Patton pictures are Patton's.

H.M.JR: They are beautiful pictures, but I thought you were a little rough on Harry.

MR. SMITH: I pulled my punches.

H.M.JR: I had to read this book to find out what you fellows did after dark.

MR. SMITH: I had to put something in the book about what we did after dark, so you wouldn't ask too many questions.

MR. WHITE: Did you put in there what you did with your underwear when you got through - your red flannels?

MR. SMITH: No, I put in there what you (White) did with the barmaid when you got through!

H.M.JR: He (Smith) looks a little embarrassed, to me.

MR. SULLIVAN: Seems to me Harry's book is going to

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be worth reading. (Laughter)

H.M.JR: You are all right, Joe?

MR. O'CONNELL: Yes.

MR. HAAS: I have nothing this morning.

MR. SMITH: If you will sign a telegram to Tom Beck of the Crowell-Collier Publishing Company, we can get their public relations director to help us get a start on this overseas thing for a month, at no cost.

H.M.JR: Tom Beck and I are just like that!

MR. SMITH: I expected that you were, but he is a very strategic guy for this overseas magazine thing.

(The Secretary signed the telegram to Mr. Thomas Beck.)

H.M.JR: Tom Beck came in here once. He had something. An automobile association was meeting. He wanted to put an electric sign on my front lawn. I just wouldn't have it. I hope he has forgotten it.

MR. SMITH: This fellow is a very smart guy.

H.M.JR: He belongs to the club?

MR. SMITH: No, he doesn't belong to the club. We wracked our brains to find the right fellow. He is it. Charley called him last night, and he said he would come. I have nothing else.

H.M.JR: Am I going to work with you tomorrow on the "We the People" script?

MR. SMITH: I am supposed to get a script early tomorrow morning. It is coming in the mail tonight.

H.M.JR: Mr. Sullivan, I would like you and Mr. Gaston to stay a couple of minutes afterwards, if you would.

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MR. SULLIVAN: All right. I have a long story on Procurement I can tell you sometime. The first of the week will be all right.

MR. GASTON: The only thing I was going to mention is what you may be going to mention to us, that we still have a vacancy, the position of Commissioner of Internal Revenue.

H.M.JR: I don't want a lot of shop-worn politicians.

MR. GASTON: I have another shop-worn politician to suggest as a possibility.

H.M.JR: Who is that?

MR. GASTON: William Jennings Bryan, Jr.

MR. THOMPSON: He is a fine fellow.

MR. GASTON: I understand Harold Graves thinks very well of him.

MR. WHITE: He comes from good stock. Do you remember his father?

MR. GASTON: I recall that.

MR. HAAS: He should be over with you, Harry, sixteen to one.

H.M.JR: Now, wait a minute. I think it would be a slap in the face to the Russians. Now, here we have them backing up Harry, and you bring in William Jennings Bryan, Jr. and the silver.

MR. BELL: Get Mexico on your side.

MR. SULLIVAN: McCarran will be the new Chairman of the Judiciary Committee.

H.M.JR: I am looking to you boys to produce something. What was that, full blown from the forehead of Zeus?

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MR. WHITE: Minerva, and it was the brow.

H.M.JR: I said brow.

MR. WHITE: I think you said forehead.

H.M.JR: Well, God, I suppose you are going to argue with me about bosom and breast.

MR. WHITE: No, that is one thing I have difficulty with.

H.M.JR: Who came full-blown from the forehead or brow of Zeus.

MR. WHITE: Roy, he has driven me to the ultimate.

H.M.JR: Don't you tell Mrs. White you don't know. Who was it?

MR. WHITE: Zeus, I think.

MR. SULLIVAN: Do you want to see Murchison the first of the week?

H.M.JR: Yes, sir, Tuesday.

MR. GASTON: I haven't anything else.

H.M.JR: This was a very good meeting. We will have some more.

January 28, 1944
10:57 a.m.

Operator: Go ahead.

HMJr: All right.

Robert
McConnell: This is McConnell talking.

HMJr: Go ahead.

M: I've just talked to Clayton.

HMJr: Yeah.

M: And he will not continue on as Assistant Secretary of Commerce.

HMJr: Good. Then I was -- my hunch to talk to him was all right.

M: Oh, quite. He thinks that Mr. William Burton will succeed him to that job. He is a Special Assistant to the -- I hesitate to put this in a memorandum. I thought it might be quite confidential because it isn't known that he has resigned.

HMJr: Well, that's all right. Well, then -- in other words, if he goes in as Chairman, he goes in as Will Clayton and not as Assistant Secretary of Commerce?

M: Precisely so.

HMJr: That, I think, will make everybody around here happy.

M: I should think it would, Mr. Secretary. He's a durn -- very good man.

HMJr: Fine. Thank you.

M: Thank you.

January 28, 1944
12:00 m

JEWISH EVACUATION

Present: Mr. Pehle
Mrs. Klotz

(The Secretary held a telephone conversation with
Governor Lehman, as follows:)

January 28, 1944
11:56 a.m.

HMJr: Hello.

Operator: Governor Lehman.

HMJr: Hello.

Operator: Go ahead.

HMJr: Herbert.

Herbert
Lehman: Hello, Henry.

HMJr: How are you?

L: First rate. How are you?

HMJr: Good.

L: Good.

HMJr: Herbert, I'm calling up for a little advice.

L: Yes.

HMJr: There's been all kinds of maneuvering going on as to who should be Executive Director

L: Uh-huh.

HMJr: of this - ah - Refugee Committee. And Mr. Stimson has quite - I don't know how to - urged General Haskell. Hello?

L: Uh-huh.

HMJr: And I knew that he worked with you, and I just wondered whether you thought he'd be the kind of man that - if you had a choice of 135,000,000 people, would you pick General Haskell?

L: I would not.

HMJr: You would not?

L: No.

HMJr: I see.

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- L: I would not. I think he's a - a good man if I wanted people to be fed - I think he probably would do the job very well
- HMJr: Yeah.
- L: or clothed, or to run a refugee camp, but when it came to policies, negotiations or - or vision, I don't think he'd - I don't think he'd do at all.
- HMJr: Well, that's
- L: I don't think he'd do at all. I mean, I don't think he understands the problem and I don't think he is - I don't think he's particularly in sympathy with it, and I - I think he'd be lost and - and take a very hard-boiled attitude.
- HMJr: Well....
- L: That would be my judgement.
- HMJr: could I quote you to the President?
- L: Yeah. I wouldn't want - I'd prefer your not quoting me to Stimson on it.
- HMJr: No - no - no, but to the President.
- L: Yes. I mean, I have a very high regard for the man
- HMJr: Yes.
- L: in certain ways. I mean, I think if it came to a - handling a - a feeding program, or something of that sort, or - I think he'd be good, but when it came to questions of working out policies; negotiating with governments and with other agencies, and taking a - a - a broad point of view, I don't think he'd be the man at all.
- HMJr: Well, I - that's all I want
- L: No, I - I - they're a great many positions which I think he could fill, but I - I think that would be one of them that he definitely could not fill.
- HMJr: Yeah. The man that we've recommended here to the President is Frank Graham. I don't
- L: I know

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HMJr: Frank Graham.

L: I know him very slightly, but I certainly think from the point of view of ~~television~~ television

HMJr: Yes.

L: and interest and - and sympathy, that he probably would be very good. I don't know him personally.

HMJr: If we can't get him, have you any other suggestions?

L: I have not, off-hand, Henry.

HMJr: Would you think about it?

L: I - I certainly would.

HMJr: Because we're getting some terrible suggestions.

L: Yes. Now, let me ask you, Henry

HMJr: Yes.

L: I - I gave you my opinion of this man and I told you in --- in what - the particulars in which I think he would be lacking.

HMJr: Yes.

L: Now, I don't know enough about your work to know whether those things would come into the picture very much.

HMJr: Well - ah - would you, at your convenience, would you like Pehle to drop in? I remember - I offered it before, and left it with

L: Yes. I'd be very glad, indeed, to see him tomorrow.

HMJr: Well, do you want to set a time?

L: Yes. One moment, please. (Pause) Hello, Henry.

HMJr: Yes.

L: I could make it either at twelve or at three-thirty.

HMJr: Ah

L: Tomorrow, I mean. I'm unfortunately tied up today.

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HMJr: Shall we say twelve o'clock?

L: Twelve o'clock would be fine.

HMJr: Yes. Now, he'll - he'll - I'll ask him to tell you everything that I know.

L: All right.

HMJr: And - about the work, and of course it's - it's still all in a fluid state.

L: Yes. Yes, but I do want - I mean, in the meantime, you may have to make some recommendations, and I just want to point out that I'm - I'm assuming that this is a matter in which they would have to - man would require vision, and tact

HMJr: Oh, yes.

L: sympathy and interest and an ability to negotiate.

HMJr: Right, and

L: If that's the case, I don't think he'd measure up to it.

HMJr: No, and he needs a driving force too.

L: Well, he - he - well, I - even that I'm not sure that he has to the extent - he certainly hasn't got it to the extent he used to have.

HMJr: Now one other name that you're undoubtedly familiar with - Mr. Burke of the Altman Foundation. That's been suggested to the President.

L: I think he'd - he'd measure up in every way, except I don't know how much driving force he has.

HMJr: I see. But how - how about his heart?

L: His heart's good.

HMJr: His heart's

L: His heart's fine. He's a very fine man.

HMJr: He is?

L: Very fine.

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HMJr: Yeah.

L: Yeah.

HMJr: Well, I wouldn't - if he had everything else but the driving force, I wouldn't worry.

L: No.

HMJr: But you know him fairly well?

L: I know him fairly well, yes. He - I appointed him to our Board of Social Welfare.

HMJr: Oh, yes.

L: And, I think very highly of him. And, he stands very strong in a certain group, of course.

HMJr: Yes. Yes, I understand.

L: And he's very highly considered. He's a high-type man.

HMJr: He is?

L: No doubt about it.

HMJr: Well, I

L: And who would have a much more sympathetic approach than the other man.

HMJr: Right.

L: The other man is - bulls things through, you see

HMJr: Yeah.

L: and, as I say, he - if it came to a military operation or an operation - field operation, it - I think he's good, if he was there himself, but on these other things which I've - which, if I understand what you have in mind, would be the most important part of your work, because I don't imagine you're going to run refugee camps.

HMJr: I hope not.

L: Ah

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HMJr: No, under - under the Order - no, we're to call on other agencies

L: Yes, that's

HMJr: to assist us.

L: Well, exactly. I mean, I - I should assume that you'd turn those over to other existing agencies.

HMJr: Well, we'd call on UNRRA first.

L: Yes, of course. And

HMJr: And - and I've been - had hoped that we would see each other during the week, but it didn't work out that way.

L: Well, I

HMJr: I'd call myself, but if you don't - if you don't mind

L: No, I know it, and I know you're over-worked.

HMJr: But

L: And don't do it - don't

HMJr: but we're counting

L: don't over-do it, Henry.

HMJr: Well, I'm afraid I have.

L: I know.

HMJr: But we're counting very heavily on you, and

L: Well, you know you'll have our cooperation.

HMJr: I'm sure of it.

L: Yes. And I'll be glad to see Pehle at twelve tomorrow.

HMJr: Thank you.

L: Good-bye.

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H.M.JR: That takes care of that. Just take one minute. This isn't clear in my mind, who is going to put up this money. That is what I want to ask you about.

MR. PEHLE: The JDC would put up the money.

H.M.JR: I think that ought to be made clear. Now, I take it, you have nothing to do. You got that cable off. Let's get another one off.

MR. PEHLE: We are working to see what else we can get. We spent the morning trying to get this thing through Budget. We went to see Rosenman; he was somewhat helpful. He told Wayne Coy that the President had not mentioned any figure, and he didn't know what the figure ought to be, but finally he said that a million dollars sounded all right to him. He didn't understand all this legal stuff in the letter. He would turn it over to them.

But Budget has promised us by noon it will be in Latta's hands. The minute Latta gets it--

H.M.JR: As soon as you are clear on that, let's start another one.

MR. PEHLE: We are working on it now to see what else we can get.

H.M.JR: I am not sufficiently familiar, but I would like to get another one out.

MR. PEHLE: I knew you would want to.

H.M.JR: I would like to get one a day until we get all of those six in.

O.K.

MRS. KLOTZ: What do you mean, six?

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MR. PEHLE: Well, we had six things.

MRS. KLOTZ: Superman, John Pehle.

January 28, 1944

HM Jr called Miss Tully this morning, and the following is the Secretary's part of the conversation:

"Hello, Grace.

"You may think I am fussing, but the reason I have called so many times is this. I am afraid I will have to be a little personal - since last week the doctor has been very insistent that I go to the hospital for a couple of weeks. I am having the same thing I had last year. I have had chest pains continuously for ten days. I don't want to go until this thing is settled (appointment of Executive Director for War Refugee Board) because it is too close to my heart. That's why I am pushing harder than usual.

"I am going to the Birthday Party Saturday night, and Sunday morning I am leaving for Bridgeport where I am broadcasting that night. I am then coming back to New York so that I can see Dr. Levy in New York Monday morning, and I will be back in Washington around noon on Monday.

"Mr. Stimson has suggested General Haskell, and I talked to Herbert Lehman about him, for whom he worked recently, and he thinks he is too stiff-necked for this sort of thing. In negotiating with other countries, he would not be too good. He said I could quote him to the President. I have made inquiries about Burke, and everybody says he is a very fine citizen and of excellent reputation, but has not quite got the drive.

"I gather from what you say that the President will not get around to it until Monday. Do you think you could get him to do something about this on Tuesday or possibly Monday?

"I wouldn't tell you these things but after all I can talk to you and the President. My doctor wanted me to go to the hospital next Monday, but I did not want to go until this appointment is made. I want to help the man get started."

January 28, 1944
3:17 p.m.

Ted
Gamble: Hello.

HMJr: Yeah.

G: We have the gentleman.

HMJr: Good.

G: For "We, The People".

HMJr: Wonderful.

G: He's out in Bremerton, Washington. We have just finished talking to him.

HMJr: Wonderful.

G: We had to move a little faster than the Official Navy. (Laughs)

HMJr: That's all right.

G: We've had a thousand requests this morning.

HMJr: Wonderful. This will be the first time he's on the air?

G: This will be the first time. He has a contract with Life Magazine that he's a little disturbed about, but he's agreed to do it. And I'll get hold of Levy.

HMJr: Who handled that?

G: I have a Commander....

HMJr: Who -- who talked to him?

G: Well, I talked to him and Commander Courtney talked to him.

HMJr: Good.

G: Commander Courtney is the man from the Navy over here in our office.

HMJr: What's this fellow's name?

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G: Commander McCoy.

HMJr: Good. Fine.

G: And I'll talk to Levy and then I'll put our people in Washington -- put this fellow in their custody.

HMJr: Every three months I get an idea.

G: Well, this is a good one.

HMJr: All right.

G: This is a peach.

HMJr: All right.

G: All right, sir.

HMJr: Thank you.

G: Bye.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

January 28, 1944

TO Secretary Morgenthau
FROM Fred Smith

We have run afoul of a Navy tradition on Lieutenant Commander McCoy, whom we wanted to put on "We the People" to tell about Jap atrocities. It is reported to me from Navy Public Relations that permission was asked of Admiral King, and he "sent his respects to the Secretary of the Treasury and said he would be glad to give up his time for Lieutenant Commander McCoy." Navy Public Relations explain that they never let any other Navy man on the same program with Admiral King.

Ted Gamble has been handling this and did a great job until he ran into this. However, a great deal of trouble was stirred up in the Navy Department, mostly by TIME, who are reported to have paid McCoy \$25,000 to give his story to LIFE and TIME, and to appear on MARCH OF TIME next Tuesday.

The radio lines will be standing by to pick up McCoy until tomorrow noon, if you want to appease Admiral King. I understand he is a little crotchety about the situation anyway, because he was moved from January 30 to February 6, and then back to January 30.

I will be home tonight if you want to call me.

January 28, 1944
3:30 p.m.

JEWISH EVACUATION

Present: Mr. Paul
Mr. Pehle
Mr. Gaston
Mrs. Klotz

H.M.JR: John, I got this memorandum from Paul in regard to sending this money, Union of Orthodox Rabbis. I take it that this originates with you. (Refers to Memorandum to the Secretary on issuing license to Orthodox Rabbis of Canada and United States, dated January 28, 1944.)

MR. PEHLE: Yes.

H.M.JR: Is this a sort of self-starter?

MR. PEHLE: That came up last Friday or Saturday while you were away, and it was the crucial time to hit that Hungarian thing. We hit it. We got it through State. State has approved it.

H.M.JR: Did it start here?

MR. PEHLE: It started with the Union of Orthodox Rabbis, who had talked to State.

MR. PAUL: We felt it was advisable to get that thing settled, if possible, so as to create a sort of favorable precedent in the treatment of the matter by the Board.

MR. PEHLE: Five minutes ago a question came up that we are going to have to take a position on, which I would like to just throw out because it is something we have to think about. That is this: The Union of Orthodox Rabbis is sending a cable through,

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which State has, and I told them to hold, which says in using the money on this to use some Swiss francs for rescuing Joe Zilch and his family, and a little more to rescue this man and his family - in other words, by name.

Now, it raises right away, and it has got to be settled, the question of whether we will permit that. My feeling is all against it.

H.M.JR: I am with you. I go a step further. You might as well tell them. Not only should they not name them by families, but if they run across any other family, Jewish or Christian, they should rescue them.

MR. PEHLE: Any other family in similar circumstances.

H.M.JR: Irrespective of their religion. Anybody who is found destitute that they run across, they should assist them.

MR. GASTON: There are about so many families in a certain area, so many people whom we think we can rescue - so much money made available for that purpose.

H.M.JR: I have said this before, there is nothing which the Jews can do which will redound to their credit more than to do that.

MR. PAUL: I don't see how there can be any question about that.

H.M.JR: Then we are all on safe ground.

MR. PEHLE: We all feel the same.

H.M.JR: I mean on holy ground. Not to be too serious for a minute, this was very funny: Ex-Governor Curley was in here in regard to getting this Democratic

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State Chairman made Collector of Customs in Massachusetts. He said to me, "Isn't there anything I can do to wash him of his sins?"

I said, "Only with holy water, and then you have got to have an awful lot of it."

He said, "I am sorry, I didn't bring any with me today."

MR. PEHLE: He needs it himself. He is under indictment.

H.M.JR: Which I thought was rather nice.

Now, really, the principal purpose of calling you was, we must serve notice on Stimson on these things. He has taken a great interest, do you see?

MR. PEHLE: That came up before the Board.

H.M.JR: Doesn't make any difference. I simply say, "This is a transaction going through." I am having lunch with him on Tuesday.

MR. PEHLE: Can we do it on an information basis wherever possible, and not clearance? You asked me to get out a project today. It has gone out. It hasn't been cleared with War. It isn't anything that requires clearance with War, but I would like to send them copies for their information.

H.M.JR: Information, and if at any time he says, "I want to pass on these things," that is time enough.

But this thing here pleases me enormously. This is wonderful, you know. A few more like that and I wouldn't have to go to a hospital. Have you people heard the latest about Roosevelt and the appointment of a Director? Have you heard the latest, at twelve-thirty? Have you heard it?

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MR. PEHLE: No, sir.

H.M.JR: I didn't know. (To Mrs.Klotz) Didn't we tell him?

MRS. KLOTZ: I tell you, you didn't ask me to bring him up to date, and I felt you would want to do it yourself.

H.M.JR: This is all very much in the room here, but I spoke to Miss Tully, and told her that I couldn't go away until this thing was settled, and I was going to stay here, and I should have gone away as of last Monday, and would she mind please hurrying up a little bit.

MR. PAUL: I didn't know you were going away.

H.M.JR: The Doctor wanted me to go away last Monday - not for a long time. Anyway, I mean, he wanted me to do it last Monday. I don't want to advertise, but it is because of my teeth.

She (Miss Tully) said, "No, the President wants to do this personally, and he won't get to it until Monday at the earliest."

MR. GASTON: Is there somebody that we are to send to see him?

H.M.JR: No.

MR. PAUL: I thought we had Graham in this job.

H.M.JR: The President likes Graham, but Frank Walker is now making suggestions.

MR. PAUL: That is what you meant when you said the political.

MRS. KLOTZ: Mr. Pehle wasn't here at the ninety-three meeting and he doesn't know the latest.

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H.M.JR: Well, I don't think we found it out. I didn't get that.

MRS. KLOTZ: I mean the Louis Johnson name.

H.M.JR: Louis Johnson has been suggested by Steve Early.

MR. PEHLE: Oh, gee! Terrible.

MRS. KLOTZ: Mr. Morgenthau, I have something I would like to bring up before this Committee. (Mrs. Klotz hands the Secretary a document)

H.M.JR: Mr. Spiegler of the Hebrew Sheltering and Immigrant Aid Society.

MRS. KLOTZ: He is upstairs now.

H.M.JR: Sure.

MRS. KLOTZ: They are just so emotional about this thing.

H.M.JR: If they are upstairs--

MR. PEHLE: A hundred thousand dollars.

MRS. KLOTZ: Hebrew Sheltering and Immigrant Aid Society, you know.

H.M.JR: If they are upstairs, I will bring them down.

(The Secretary sends for Mr. Spiegler and Mr. Shaeffer)

MRS. KLOTZ: Shaeffer tells me that Mr. Spiegler knows your father. They have had--

H.M.JR: Are you (Pehle) all right?

MR. PEHLE: No, I have some things I want to mention.

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H.M.JR: Good.

MR. PEHLE: One of them is I have gotten some reports on our friend John S. Burke, mostly from Ernst. Ernst checked him with Harry Greenbaum, who is Chairman of the Social Welfare Board in New York, of which he was a member. He says he is honest and able, but very inflexible and rigid - never gets excited about anything. John S. Burke.

MRS. KLOTZ: That is a marvelous description.

H.M.JR: Wouldn't go very well in this office, would he?

MR. PEHLE: No, he wouldn't. The only case when he got excited on the Welfare Board was when somebody accused the big industrialists of being against a full employment policy. He said that wasn't so, and he really got excited. Sulzberger says his first reaction was extremely good, but he would check and call me back. I haven't been able to reach Stephen Wise.

Now, McCloy called me and said he saw the cable that the State Department had sent out to its officials, and was there anything the War Department should do. So I said we would think it over. We are writing some instructions to the War Department to send over. He said he thought the War Department would be against committing troops for this operation, because they were still getting under way in connection with that famous November 10th letter that the President sent to War telling them - do you remember that one you got a copy of, so late? ...telling the War Department it was to handle supplies for the liberated areas, but that if there was anything that should be sent out, why he was available. We are getting up some things for them to send out, along the lines of what State sent out, although it will be a little different. We are also getting up instructions to send to the Treasury men in the field - Hoffman at Algiers, and the rest of them.

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Now, we sent a cable to Hurley to send out on any possibility of moving them back from Transnistria to Roumania. It has gone to Berle. McCloy seems to be the man over there. He seems very sympathetic.

H.M.JR: I hope so.

MR. PEHLE: Do you know about this Paul Lester Wiener? He came in to see me yesterday. I think I was told that he was referred by Judge Rosenman. I know that, but I also got the feeling from somebody that he had been referred by you. In any event, he came in to see me.

H.M.JR: Judge Rosenman?

MR. PEHLE: Yes. Is Judge Rosenman's wife named Dorothy?

H.M.JR: That is right.

MR. PEHLE: He was on the train coming down with Dorothy.

H.M.JR: Dorothy said she came down with my brother-in-law.

MR. PEHLE: And he said he had a problem in connection with the Spanish refugees, and Dorothy said, "Why don't you come to dinner, because Henry is going to be there." But he couldn't come to dinner, but the Judge suggested he get in touch with me and he did. It is a problem and we are working on it.

H.M.JR: What is it?

MR. PEHLE: There is a Spanish refugee here named Cert. He is a relative of this famous Spanish painter. He was a Loyalist and he went to France at the time of the revolution and then he got into Cuba and he was apparently, as we get the story, being pressed hard by the Falangists in Cuba and was afraid

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to stay there. So he came into the United States swearing he was a Cuban citizen, but he was a Spaniard. They have found out about that, and they are about to deport him back to Spain. He is an architect, and a friend of Paul Lester Wiener asked us what we can do. We are informally seeing whether there is anything we can do.

H.M.JR: Being my brother-in-law, you had better look at the inside and outside, and every side - be a little extra careful.

MR. GASTON: I don't want to see Mr. Cert deported.

MR. PEHLE: There is an interesting letter from William Powers Maloney, a Justice, to a lawyer in New York about this. Your brother-in-law had the letter. Maloney said the State Department took the position it was all right to deport people to Spain because it was all right when they got there. Franco said he never put people in jail. We are just checking to be sure.

H.M.JR: Why do we come in? It has nothing to do with frozen funds.

MR. PEHLE: It has to do with the War Refugee Board.

H.M.JR: Listen, I talked to Lehman. Let's forget this fellow, Paul Wiener, and this Cert. I don't think, and I am serious now, that we should handle individual refugee cases.

MR. PEHLE: Mr. Secretary, I agree with you fully in connection with any individual refugee who is in occupied areas. The people who have been thinking about it aren't clear as to what about a man here who is about to be deported to Franco. We haven't done anything officially.

H.M.JR: I can't do it now, but I want time to

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think that over, because that is a terrific proposal.

Now, Messersmith came in to see me this morning. I asked him about this thing. "Well, they shouldn't send those refugees to Mexico; they should keep them in Bombay." Then he starts on one thing and another. "Great mistake."

I said, "Have you seen the President's Order?"

He said, "No, did he get out an order?"

I said, "Yes."

He said, "What did they have to get out an order for?"

I said, "Because they needed one."

He said, "I will take a look at it."

No, but listen, young fellow, I am all for you and your ambition, but when we begin to handle ~~refu~~gees inside the United States, who are here illegally, Paul, let's all take a look at that thing.

All right, just because this fellow is my brother-in-law, I am not going to say take a look.

MR. PEHLE: All we wanted to do, Mr. Secretary - I agree fully with that - all we wanted to do is see what the facts were. If we are going to handle these things, we will have to know what attitude Immigration is taking.

H.M.JR: And you might raise that point with Governor Lehman when you see him tomorrow. Now, what else?

MR. PEHLE: That is all I have.

H.M.JR: All right. Let's have this man come in while you are all here. Then I want to talk with you (Paul) and Gaston, if I may.

January 28, 1944

REACTIONS ON JOHN S. BURKEMorris Ernst:

Burke was a member of the Social Welfare Board of New York of which Larry Greenbaum is Chairman. Ernst checked with Greenbaum and called back. He said that Burke is honest and able but inflexible and rigid in his views; he doesn't get excited; the only issue on which he fought while on the Board was against the charge that the big industrialists were opposed to a full employment policy. Burke strongly defended the position of the big industrialists against the rest of the Board.

David Sultzberger:

First reaction: Extremely good. Called back to say: Complete agreement as to high mindedness. Some doubt as to physical vigor and health.

Stephen Wise:

Sweet, nice person but not nearly big enough. Just a figurehead and selection would be a grave mistake.



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE 1-28-44

TO Mrs. Klotz

FROM Mr. Shaeffer *CS*

A Mr. Spiegler, head of the Hebrew Sheltering and Immigrant Aid Society has just read about the War Refugee Agency. He is headed for my office now with a check for \$100,000 and wants to know if Mr. Morgenthau will receive it. I tried to stall him off but he wouldn't stay put.

January 28, 1944
3:55 p.m.

DONATION TO WAR REFUGEE BOARD

Present: Mr. Pehle
Mr. Paul
Mr. Gaston
Mr. Spiegler
Mrs. Klotz

MR. SPIEGLER: I have the pleasure of presenting to you a check for a hundred thousand dollars from the Hebrew Sheltering Immigrant Aid Society for the War Refugee Board.

In addition, Mr. Secretary, we are happy to advise you that our personnel in the United States and abroad, and all our other resources, are at your command.

I want to congratulate you, and hope you really do a job. Of course, you are one of the finest humanitarians.

H.M.JR: That is wonderful. Thank you.

MR. SPIEGLER: I know you are very busy.

H.M.JR: This is New York, isn't it?

MR. SPIEGLER: This is from New York. You see, our Society has been in business over fifty years. It is in this field of assisting people with their immigration and naturalization problems. I think your father is well acquainted with the Society.

H.M.JR: Well, that is wonderful.

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MR. SPIEGLER: I am glad you are happy, Mr. Secretary. The next thing, I want you to put that drive over and we will all be happy.

H.M.JR: What drive?

MR. SPIEGLER: Bond Drive.

H.M.JR: Don't worry about that.

MR. SPIEGLER: I am not worrying. I think it is going over.

H.M.JR: This is the headache. If I was as confident about the War Refugee Board as I am about the Liberty Loan, I would sleep better nights.

MR. SPIEGLER: I know you would.

H.M.JR: Well, we started with ten dollars, the next is a hundred thousand; maybe the next will be a million.

That is wonderful.

MR. SPIEGLER: Thank you very much. It is a great pleasure to meet you.

Thank you, gentlemen.

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January 28, 1944
4:36 p.m.

Operator: Mr. Pehle.

HMJr: Hello.

John
Pehle: Yes, sir.

HMJr: John.

P: Yep.

HMJr: I got another idea just so that you boys don't get rusty.

P: Well, I want something -- for you to sign something. Can I come in a minute?

HMJr: Well, wait a minute. God, what a man. Here, you're catching me. Listen.

P: Yeah. .

HMJr: Why don't we try -- and the State Department -- to ask the English Foreign Office to get out a similar circular letter to all their Missions paralleling ours?

P: (Laughs) That's wonderful.

HMJr: What?

P: I want to think about it. It sounds wonderful.

HMJr: Isn't that wonderful?

P: Yeah. Yeah.

HMJr: Mr. Hull to ask the English Foreign Office, "Now, we've done this. Won't you parallel with one?" Now, maybe we'd better start with Russia and China, you see? And get them to do it. It would be easy for them. And then ask England last, or ask all three of them at the same....

P: I think you'd have to go at all of them at the same time.

HMJr: Well, ask all United Nations. Ask all of them to send out a parallel one.

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P: What they're going to say is they don't understand how this fits in with the Inter-governmental Committee. But let me go into the thing.

HMJr: Well, you think about it.

P: Yes, sir.

HMJr: The way it fits in is that it's a Committee to do something.

P: I know.

HMJr: I'd love -- you know....

P: Yeah.

HMJr: to put a little turpentine under the tail as we say up in the country.

P: That's right.

HMJr: It burns like hell if you do so.

P: (Laughs) Could I get you to sign something?

HMJr: Yeah. Yeah. Yeah. Yeah. t

P: All right.

January 28, 1944

TO: Mr. Berle

FROM: Mr. Pehle

It would be appreciated if you would have the attached messages from Secretary Morgenthau to representatives of the Treasury Department in London, Stockholm, Ankara, Lisbon, Cairo, and Algiers dispatched as soon as possible.

/s/ J. W. Pehle

per: Miss

JEDuBois:ecr
1/28/44

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CABLE TO AMBASSADOR WINANT, LONDON, FOR CASSADAY
FROM THE SECRETARY OF THE TREASURY.

FOR WINANT FOR CASSADAY FROM SECRETARY MORGENTHAU.

State Department's 634 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Winant in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Winant of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

CABLE TO MINISTER NORWEB, LISBON, FOR WOOD
FROM THE SECRETARY OF THE TREASURY.

FOR NORWEB FOR WOOD FROM SECRETARY MORGENTHAU.

State Department's 200 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Norweb in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Norweb of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

CABLE TO MINISTER JOHNSON, STOCKHOLM, FOR OLSON
FROM THE SECRETARY OF THE TREASURY.

FOR JOHNSON FOR OLSON FROM SECRETARY MORGENTHAU.

State Department's 131 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Johnson in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Johnson of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

CABLE TO AMBASSADOR STEINHARDT, ANKARA, FOR GUNTER
FROM THE SECRETARY OF THE TREASURY.

FOR STEINHARDT FOR GUNTER FROM SECRETARY MORGENTHAU.

State Department's 88 of January 25 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this cable and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Steinhardt in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Steinhardt of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

CABLE TO AMBASSADOR WILSON, ALGIERS, FOR HOFFMAN
FROM THE SECRETARY OF THE TREASURY.

FOR WILSON FOR HOFFMAN FROM SECRETARY MORGENTHAU.

State Department's airgram of January 26 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this airgram and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Wilson in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Wilson of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

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CABLE TO MINISTER KIRK, CAIRO, FOR MIKESSELL
FROM THE SECRETARY OF THE TREASURY.

FOR KIRK FOR MIKESSELL FROM SECRETARY MORGENTHAU.

State Department's airgram of January 26 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this airgram and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Kirk in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Kirk of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

CABLE TO MINISTER KIRK, CAIRO, FOR MIKESSELL
FROM THE SECRETARY OF THE TREASURY.

FOR KIRK FOR MIKESSELL FROM SECRETARY MORGENTHAU.

State Department's airgram of January 26 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this airgram and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Minister Kirk in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Minister Kirk of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

JEDuBois:ecr
1/28/44

COPY

TO: Mr. Berle
FROM: J. W. Pehle

January 28, 1944

It would be appreciated if the attached cable is urgently despatched to Minister Harrison at Bern.

/s/ J. W. Pehle

(received by Berle 3:50 p.m.)

CABLE TO BERN

Please transmit the following urgent message to Dr. Riegner of the World Jewish Congress from the World Jewish Congress in the United States:

QUOTE We understand that it may be possible for private agencies in Switzerland to communicate with and send funds to persons in Rumania who can arrange for the evacuation of Jews from Transnistria. We desire immediate information concerning what you feel might be done in this regard if the necessary authority and funds were made available to you. The Treasury Department has advised that they are prepared to grant the necessary licenses covering communication and use of funds for this project. The Treasury has also advised that, in addition to the two methods for acquiring local funds contained in licenses previously issued, the Treasury is willing to permit the acquisition of the necessary local funds, goods or services from persons in enemy or enemy-occupied territory against payment in free foreign exchange or free currency notes, provided that it is not feasible to finance the operations otherwise. You should be required to take reasonable steps to avoid such free foreign exchange or free currency notes being paid to persons who would make it available to the enemy.

Any information should be furnished at once to Minister

- 2 -

Harrison for transmittal to the War Refugee Board UNQUOTE
Referring to Department's 251 of January 25 you are requested
to do what you can to aid private agencies in the development
and effectuation of projects of this character.

January 28, 1944

TO: Mr. Berle

FROM: Mr. Pehle

It would be appreciated if you would have the full text of the President's Executive Order of January 22, creating the War Refugee Board, and the press release issued by the White House in connection therewith, transmitted by cable or airgram to all diplomatic and consular officers.

/s/ J. W. Pehle

JEDuBois:ecr
1/28/44

WAR REFUGEE BOARD

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THE WAR REFUGEE BOARD, ESTABLISHED LESS THAN A WEEK AGO BY THE PRESIDENT TO AID IN THE RESCUE OF EUROPE'S JEWS AND OTHER NAZI VICTIMS, HAS ALREADY SENT PRELIMINARY INSTRUCTIONS TO AMERICAN CONSULATES AND EMBASSIES, IT WAS ANNOUNCED.

DIPLOMATIC OFFICIALS HAVE BEEN DIRECTED TO COOPERATE WITH ALL PUBLIC AGENCIES AND ESTABLISHED PRIVATE ORGANIZATIONS IN RESCUE AREAS TO HELP THEM CARRY OUT "EFFECTIVE MEASURES" FOR RELIEF, RESCUE, MAINTENANCE AND TRANSPORTATION OF REFUGEES, THE BOARD SAID.

1/28--GE1110A

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JAN 28 1944

TO Secretary Morgenthau

FROM Randolph Paul

In connection with the licenses recently issued to the World Jewish Congress and the American Jewish Joint Distribution Committee authorizing certain relief and evacuation operations in France and Rumania, you will be interested to know that, at State's request, Foreign Funds Control has issued a license to the Union of Orthodox Rabbis of the United States and Canada to undertake the transactions necessary to rescue and evacuate to Hungary numbers of Jews who remain hidden in the forests of Poland and Slovakia. The operations will be carried on through underground channels by a committee of three persons in St. Gall, Switzerland, acting as the representatives of the Union. Initially, the operations will cost about \$100,000.

The license goes further than the two previous ones in that the necessary local funds, goods and services may be acquired from persons in enemy or enemy-occupied territory against payment in free exchange or free currency notes. This represents a change in our basic policy with respect to trading with the enemy problems. It is, of course, limited to cases such as these which involve the saving of lives.

Without clearing with the British, State has agreed to cable the text of the license to Bern stating that the operations under the license have its approval, as well as that of the Treasury. With State's approval on a license going this far, it is felt that the way has been cleared for the licenses which will be necessary in carrying out the relief and evacuation operations envisaged under the War Refugee Board.

COPY

January 28, 1944

TO: Assistant Secretary McCloy
FROM: Secretary Morgenthau

In accordance with your timely suggestion it would be very helpful if instructions along the following lines were sent to the appropriate Theater Commanders:

"The President has instructed the Secretaries of State, Treasury and War to take action for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. In an Executive Order issued January 22, 1944, the President declared 'it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war.' The order establishes special governmental machinery for executing this policy. It creates a War Refugee Board consisting of the Secretaries of State, Treasury and War. The Board is charged with direct responsibility to the President in seeing that the announced policy is carried out. The President indicated that while he would look directly to the Board for the execution of this policy, the Board would cooperate with the Intergovernmental Committee, UNRRA, and other interested international organizations. The President stated that he expected the cooperation of all members of the United Nations and other governments in carrying out this difficult but important task. He stated that the existing facilities of the State, Treasury and War Departments would be employed to furnish aid to Axis victims to the fullest extent possible. He stressed that it was urgent that action be taken to forestall the plot of the Nazis to exterminate the Jews and other persecuted minorities in Europe.

- 2 -

You should do everything possible, consistent with the successful prosecution of the war in your theater, to effectuate this policy of this Government. You should cooperate as closely as possible with all public and established private agencies who are active in your theater in this field in this matter. Consistent with your needs and military security considerations, you should make communication facilities available to these private agencies for appropriate messages for carrying out the policy of this Government herein stated, keeping the War Refugee Board advised through the Department. You should report to the Department any recommendations which you may have as to what you feel this Department can do to effectuate with all possible speed the rescue and relief of the victims of enemy oppression.

Foreign representatives of the Department of State and of other Government Departments are being similarly instructed and you should give them any possible assistance."

I would appreciate your bringing this to the attention of Secretary Stimson.

/s/ Henry Morgenthau, Jr.
January 28, 1944

(Secret Service Agent carried this to McCloy at 5:40 p.m.)

JBF:JWP:lbh 1/28/44

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Transmitted by Secret Service Agent
at 3:25 PM

(Envelope addressed to Gravelly Point
Annex No. 1)

JAN 28 1944

Dear General George:

I am most concerned regarding a delay which has arisen in moving Ira Hirschmann out of Miami under travel arrangements set up by the Air Transport Command through the request of the State Department. Mr. Hirschmann is on his way to Turkey to see what can be done on the evacuation of Jews and other persecuted groups from German-occupied areas. His presence in Turkey will be most helpful in the urgent task of the President's War Refugee Board on which I serve with the Secretary of War and the Secretary of State.

It is my understanding that Mr. Hirschmann was given a Priority 3 rating for the travel to Turkey. Will you please see what can be done to expedite his departure, by moving him into a higher priority classification, or otherwise.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Maj. Gen. Harold L. George,
Commanding General,
Air Transport Command,
War Department.

JWPehle:lhk 1/28/44

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE January 28,
1944

TO Secretary Morgenthau
FROM Mr. Haas
Subject Current Developments in the High-grade Security Markets

I. Government Security Prices Decline

The Government security market has been moderately weak since the first week in January. Declines during the last 2-1/2 weeks ranged up to 6/32 in the case of the 2-1/2's of 1956-58 among the taxable issues, and were about the same for tax-exempt securities.

II. New Treasury Note Well Received

The announcement on Friday of the forthcoming offering of 13-month, 0.90 percent notes in exchange for the certificates maturing February 1, 1944, was favorably received by the market. On that day the maturing certificates rose 37 cents per thousand to close at a zero yield plus 45 cents, bid, per thousand-dollar certificate. The current bid for the new note, on a when-issued basis, is about 0.85 percent in terms of yield.

It is interesting that during the period when this refunding was under discussion last week the market for taxable Treasury notes showed marked weakness. The 3/4 percent note due December 15, 1945, declined 3/32 between the close on Monday and the close on Thursday; while during the same period the 1 percent due March 15, 1946, and the 1-1/2 percent due December 15, 1946, lost 2/32. The first two named were in the area which would have been directly affected if a 1 percent note had been offered.

Secretary Morgenthau - 2

III. Corporates Decline in Price While Municipals Gain

High-grade corporate bonds have declined markedly in price since January 8, and are now at their lowest level since last May. The Treasury average of the yields of such bonds, which moves inversely to prices, was 2.67 percent on Thursday, January 27, as compared with 2.62 percent on January 8. From their respective lows last summer, the yields of the five bonds have increased by an average of 14 basis points as shown in the table below. This is equivalent to an average price decline of about 3 points.

	1943 High	January 27, 1944	Net Change
	(Percent)		
Norfolk and Western Ry. 4's of 1996	2.82	2.91	+ .09
New England Tel. and Tel. 4-1/2's of 1958-61	2.43	2.54	+ .11
Bell Tel. of Pennsylvania 5's of 1957-60	2.32	2.56	+ .24
Illinois Bell Tel. 2-3/4's of 1977-81	2.57	2.68	+ .11
Boston Edison 2-3/4's of 1970	<u>2.51</u>	<u>2.68</u>	<u>+ .17</u>
Average	2.53	2.67	+ .14

In contrast, the Dow-Jones average of the yields of high-grade municipals decreased 5 basis points in the two weeks following January 8.

IV. Excess Reserves Lower Than at Beginning of Previous War Loans

The opening of the Fourth War Loan found excess reserves at the level of \$1,128 millions, a drop of more than 50 percent from the \$2,518 millions of excess reserves held at the opening of the First War Loan Drive. The continuous decrease in excess reserves on the reporting dates (Wednesdays) preceding the beginning of successive war loans is shown in the following table in millions of dollars:

First War Loan	November 25, 1942	\$2,518
Second War Loan	April 7, 1943	1,976
Third War Loan	September 8, 1943	1,438
Fourth War Loan	January 12, 1944	1,128

Secretary Morgenthau - 3

With the progress of the War Loan Drive, excess reserves may be expected to increase as deposits are shifted to the reserve-free War Loan accounts.

V. New Australian Loan Announced

The Australian Government has announced that a loan of LA 150 millions (approximately \$485 millions), the largest ever floated in Australia, will be offered on March 28. Previous loans, including the last loan for LA 125 millions, which closed November 9, 1943, have been only slightly oversubscribed. The new loan will be the eleventh of the war and will bring the total of new money borrowed from the public to about LA 700 millions (\$2,250 millions).

Thus far in the war, Australia has covered all of its expenditures classified for other than war activities, plus about one-third of its war expenditures, by taxation. The remaining war expenditures have been financed by borrowing, about 60 percent of which has been from nonbank investors and about 40 percent from the banking system. Securities sold to the banking system have, for the most part, been sold direct to the central bank, in which the commercial banks have been required to carry "special wartime deposits" based on wartime increases in their assets.

25

January 28, 1944.

Dear Mr. Trammell:

It was good of you to write me as you did in connection with my broadcast of last December 29. I am glad to have the script, which included my part in the program, and appreciate your thought in sending it.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Hiles Trammell,
President, National Broadcasting
Company, Incorporated,
R C A Building, Radio City,
New York, New York.

GEF/dbs

NATIONAL BROADCASTING COMPANY, INC.



A RADIO CORPORATION OF AMERICA SERVICE

RCA BUILDING · RADIO CITY

NEW YORK, N. Y.



NILES TRAMMELL
PRESIDENT

January 25 1944

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

My dear Mr Secretary:

Please accept my sincere thanks for your courtesy in appearing on the program "Retailers at War" which was broadcast over the NBC network on December 29th of last year.

You may wish to have a copy of the script of this broadcast for your records, and I am happy to enclose one with this letter.

With all good wishes, I am

Cordially

Niles Trammell

Niles Trammell

Encl

FULL NETWORK

RETAILERS AT WORK

REVISED

200

(12:30 - 1:00 P. M.)

DECEMBER 29, 1943

WEDNESDAY

(MUSIC: OPENING THEME . . . HIT AND HOLD)

ANNCR: The United States Treasury presents ... "Retailers At War"!

(MUSIC: SEGUE "ROAD TO VICTORY" . . . ESTABLISH AND FADE UNDER)

GRAUER: Good afternoon, ladies and gentlemen. This is Ben Grauer speaking. The National Broadcasting Company and its affiliated independent stations is bringing you a special program on behalf of the United States Treasury, a program dedicated to the 5,000,000 retail salespeople throughout America - the department store clerk, the grocer, the druggist, yes - the butcher, the baker, and the candlestick maker ... to all of you who are doing such a wonderful job selling the bonds and stamps that finance Uncle Sam's mighty war machine. During the next half hour you will hear Secretary of the Treasury Henry Morgenthau, Jr., Ted R. Gamble, National Director of the War Finance Division of the Treasury, and Mr. Delcs Walker, Chairman of the Retailer's War Campaigns Committee. You will also hear the Waves Singing Platoon from the United States Naval Training School, Women's Reserve, New York and a dramatic sketch, "Sold by Jim Warren". And now, the orchestra opens the program with "This Is Your War".

(MUSIC: THIS IS YOUR WAR)

GRAUER: That was "This Is Your War". Now the Secretary of the Treasury, Henry Morgenthau, Jr. Mr. Morgenthau.

(SPEECH BY MORGENTHAU)

SEC
MORGENTHAU: We are addressing this broadcast to Retail people -- to the owners and managers of retail stores, and to the hundreds of thousands of clerks who are among the Treasury's best salesmen in our War Bond campaigns. We are asking you who have close, day-by-day contact with the public, to again help in January, when we launch the Fourth War Loan Drive. We will ask the American people to lend their Government fourteen billion dollars with which to finance the war. Five and one-half billion of this is to be loaned by individuals--by you and your neighbors.

All of you know why we need this money at this time. You know that the leaders of United Nations have drawn up plans for the all-out attack that will soon come. It will be the greatest attack in history, and it will require tremendous quantities of fighting equipment -- the kind of equipment that your War Bond money buys. I can assure you that when that attack comes, our troops -- our men on the front lines--will give a mighty good account of themselves. I saw those men in action in Italy. I talked to them and was inspired by their seriousness and determination. These millions of American fighting men--and women too--scattered the length and breadth of the globe, want assurance that we are behind them--that we on the Home Front are fighting the war too. The success of the Fourth War Loan will give them this assurance.

(MORE)

-3-

SEC
MORGENTHAU: You retail people have always taken on a big part of
(CONT'D) the job of selling war bonds during past drives. This
time I understand you are setting a higher goal than
ever.

More power to you.

The Government congratulates you and thanks you.

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GRAUER: Thank you, Mr. Morgenthau. The Waves Singing Platoon from the United States Naval Training School Women's Reserve, New York, under the direction of Seaman 2/c Evans sings "Navy Full Speed Ahead".

(MUSIC: -- WAVE CHORUS SINGING...NAVY FULL SPEED AHEAD)

GRAUER: Now we will hear from Ted R. Gamble, National Director of the War Finance Division of the Treasury Department, speaking from Washington.

(CUE.....DO NOT CHANGE)

(SPEECH BY GAMBLE)

GAMBLE;
(WASHINGTON)

In the Fourth War Loan next month, we will face the unprecedented task of selling \$5.5 billion dollars worth of War Bonds to individuals. I say "we" advisedly, for the Retail Industry of America - and the Retailers' War Campaigns Committee-- have acted in partnership with the Treasury Department in the sale of Bonds and Stamps since the first Defense Bonds were issued in May of 1941. Ever since that time you retailers have played a major role in the sale of almost \$17 billion worth of "E" Bonds, and have adjusted your sights upward as the increased necessity for this type of direct financing imposed steeper quotas upon us. We saw what you could do in the Third War Loan, when each of your sales people accepted a quota of \$200 in "E" Bonds to be sold during the drive. More than 800,000 employees have been cited for meeting or beating that quota. Now in the Fourth War Loan we will count upon you to fulfill another great pledge --the promise that your five million workers will each strive to sell at least \$200 in "E" Bonds.

Should you succeed in that effort, you not only would carry more than your part of the job, you would again stand secure in the knowledge that you as merchants and citizens have done all within your immediate power to insure the orderly financing of the war, and the eventual attainment of victory.

(MORE)

GAMBLE:
(CONT'D)

In the past, you retailers have not been content with merely making War Bonds available to people in all walks of life. You have also taken it upon yourselves to merchandise those Bonds in newspaper and radio advertisements and store and window displays. You have contributed the promotional skill and knowledge which are yours precisely because you are merchants. You have understood that the war loans are great merchandizing enterprises, and your own organizations have been splendidly equipped to provide the three important essentials of a great merchandizing campaign: Sales outlets, personal solicitation and advertising and display promotion.

As a result, we now have between 25,000 and 30,000 retail outlets for War Bonds. We have enjoyed in recent War Loans literally millions of dollars in advertising support sponsored by retailers. We have seen our product displayed in store windows with as much consideration and ingenuity as if it were the specialty of the house. And we have felt the impact of your direct selling. Governing all of these activities has been a principle which we believe should be counted a dominant portion of your contribution. That is your belief in "good selling". You have strictly interpreted the meaning of our product according to the highest purposes for which it is intended -- to help finance the war, to combat inflation, and to provide a nest-egg for the future.

(MORE)

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GAMBLE:
(CONT'D)

You have learned from long selling experience the futility of exaggerated or misleading sales appeals, and have been scrupulously accurate in presenting to your customers the true story of War Bonds.

As we step forward into the next great campaign, it is reassuring to know that we will again be supported by your people, your promotion, and your understanding of the fact that we must sell our quotas of Bonds, exceed them and keep them sold.

GRAUER: Thank you, Mr. Gamble. Now we present a dramatic sketch, especially written for this program by Harry Bailey, entitled "Sold by Jim Warren."

(MUSIC: ON DRAMATIC THEME, NOT TOO SOMERE, HIT AND FADE OUT UNDER)

JIM: (A MAN IN HIS LATE FORTIES. SPEAKS WITH THE EASE AND ASSURANCE OF ONE WHO HAS PUT IN YEARS OF SELLING ON THE ROAD, NOT AT ALL A PHONEY, HOWEVER, HE TELLS HIS STORY WITH A GREAT DEAL OF CONVICTION). My name is Jim Warren. If any of you ever travelled the territory out through the middle west, like as not you've heard of me. Because if I do say it myself, I had a pretty good reputation out there as a salesman a few years back. (PROUD LITTLE LAUGH) Matter of fact, my trade used to say I could sell anything that wasn't nailed down. (SERIOUSLY) But don't get me wrong, now. I didn't make a practice of unloading bad merchandise. No sir, a thing had to be the very best before it was sold by Jim Warren. A firm had to sell me on their product first, but when they did I had a knack of getting it out to the trade that made many a sales manager mighty happy. But along in the thirties I got tired of being a drummer and living out of a suitcase, so after talking it over with the wife I decided to settle down. Took some of the money I had saved and bought this little stationery and cigar store here in Ferndale. Made a go of it right off the bat, too. Selling over the counter wasn't any different from selling out of a sample case, and it wasn't long before I'd built up a nice little business.
(MORE)

JIM:
(CONT'D)

Strictly first class trade, too, because only the best is sold by Jim Warren. (LITTLE LAUGH)

In two weeks I had Doc Barnes smoking fifteen cent panatellas instead of those three for a nickel stooges. (SERIOUSLY) Well, then this Pearl Harbor business came along, and I decided right off that there was a more important job than selling to be done. So the next morning, instead of going to the store as usual, I drove up to the city to the army recruiting office.

(CROWD)

(FADE IN BABBLE OF MEN'S VOICES, UP AND TO BG)

SERG: (ON, SLIGHTLY HARASSED, RAISED VOICE) All right, fellows stay in line, will ya? The war ain't gonna end before you get there. (LOWER VOICE) Okay, who's next?

JIM: (SLIGHT) I think I am, Sergeant.

SERG: What's your name?

JIM: Warren, Jim Warren.

SERG: Age?

JIM: Forty-six.

SERG: Forty-six? Sorry, Buddy, you're one war too late. Forty five's the limit.

JIM: (BRISTLING) What do you mean, limit? I was in the last war and I can still out-soldier any kid in this room. Just give me a rifle and a field pack, I'll show you.

SERG: (KINDLY) I know how you feel, Buddy, but rules are rules. Forty-five's the top, and there's nothing I can do about it.

JIM: (ANGRILY) Well of all the brass hatted red tape I ever heard of! What do they expect us veterans to do, sit home and twiddle our thumbs?

SERG: Naw, there's plenty you can do. Why don't you get a defense job?

JIM: (SNORTS) Defense job! I want to fight!

(MUSIC: _ _ _ SHORT PUNCTUATION BRIDGE) _ _

JIM: Well, I got pretty hot under the collar when they turned me down. But later I did look for a defense job. The war plant was just being built here in Ferndale, though, and they weren't hiring anybody yet. So, I just went on running my store as usual. Oh, I volunteered as an airplane spotter, and signed up with the Red Cross to give blood, but as far as the war went I felt like I was just pecking around the edges. But I let it go at that, and figured I was doing all I could. Until one night, a few months later. I was just about to close up when a Navy truck stopped outside, and the front door opened.

(FRONT DOOR OPEN AND CLOSE)

SAILOR: (ABOUT TWENTY FIVE YEARS OLD, COMING ON) You got a telephone here?

JIM: Sure have, Sailor, right behind you on the wall.

SAILOR: Thanks. (SHORT PAUSE, RECEIVER UP, COIN IN, TELEPHONE BEING DIALED) (SHORT PAUSE, THEN) Seaman Brysan reporting. Had a flat tire just outside of -- What's the name of this town, Mister?

JIM: Ferndale.

-11-

SAILOR: Just outside Ferndale. Got it fixed now, and we're coming right on in. Okay. (RECEIVER UP)

JIM: Say, uh...you know, we don't see many sailors around here.

SAILOR: No, I don't suppose you do. You're pretty far inland. We're just passin' through ourselves.

JIM: (CONVERSATIONALLY) Where you coming from?

SAILOR: (NONCOMMITAL) Up that way.

JIM: I see. Where you heading for?

SAILOR: Down this way.

JIM: (AFTER SHORT PAUSE. LAUGHS) In other words, none of this business, huh?

SAILOR: (LITTLE LAUGH) Well, we're just not supposed to say. I can tell you, though, that we've been in training, and now we're on our way to the real thing.

JIM: (THOUGHTFULLY) I see. Looks pretty tough out there in the Pacific, doesn't it?

SAILOR: Yeh, it does now, but never mind, we'll do all right. Give me a pack of Eagles.

JIM: Sure, here you are. (SOUND OF COIN ON GLASS COUNTER) Pick up your money, these are on me. What's your buddy out there smoke?

SAILOR: The foulest cigars I ever smelled.

JIM: (LAUGHS) Give him these, even you'll enjoy them.

SAILOR: Well that's mighty nice of you. Thanks a lot.

JIM: Forget it. Good luck to you, wherever you're going.

SAILOR: We'll probably need it. So long.

JIM: So long, Sailor.

SAILOR: Oh, I almost forgot...what day is today?

JIM: Friday.

SAILOR: Good. If I mail it tonight he'll get it tomorrow morning. Give me a quarter war stamp.

JIM: War stamp? Why, I haven't got any.

SAILOR: (SURPRISED) You haven't? I thought you could buy them any place. Where can I get one then?

JIM: I don't know, this time of night. The Post Office is closed.

SAILOR: (DISAPPOINTED) Oh. Well, I guess I'll have to miss this week. So long.

JIM: Wait a minute. Give me your quarter, and I'll get you one tomorrow morning and mail it.

SAILOR: No, that'll be too late. You see, it's for my kid. I send him one every week for his stamp book. But we've been on the road this week and it slipped my mind till just now. I hate to miss this one...it's probably the last I'll get to send for quite a while.

JIM: I'm awfully sorry, Son. I sure wish I had one for you.

SAILOR: Yeh, so do I. Wel....so long.

JIM: (THOUGHTFULLY) So long.

(DOOR OPEN AND CLOSE)

(MUSIC: -- -- SHORT BRIDGE)

JIM: Well, that did it. Disappointing that sailor's kid was plenty tough to take, and I made up my mind right then that it would never happen again. So I went down early the next morning and laid in a supply of war stamps, and order blanks for war bonds.

(MORE)

-13-

JIM:
(CONT'D)

Then I began to see what a chance I'd been maffing to help win the war. I was a salesman, and here was the finest merchandise in the world, an investment in America's future. Well, if I do say it myself, I know the selling game, and from then on war bonds and stamps were the fastest moving line of stock in my store. No high pressure stuff, you understand. All I had to do was remind people, to buy what they already wanted. I really feel like I'm doing my part now, too. When one of our Liberators lets go with a block buster over Germany, or a torpedo crashes into a Jap ship, who knows, maybe that bomb or torpedo was sold by Jim Warren. It's a mighty satisfying feeling.

(MUSIC: -- -- UP AND CURTAIN)

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GRATER:

Jim Warren is typical of many American retailers. His counterpart is found in the smallest village as well as America's largest metropolis. However, besides the Jim Warrens who own or manage stores, there are five million retail salespeople both men and women who have answered the call of their government and have volunteered their services in selling War Bonds and Stamps.

These men and women are as important to the war effort as the Riveter and the Welder or anyone of the other million of men and women engaged in the actual production of the tools of war. For they help obtain the money that is so vitally needed to finance our road to victory.

In the Fourth War Loan beginning Jan 18th this mighty force of five million strong will again don the insignia of America's Third Army and sell to their customers and friends the retail quota of one billion dollars in "E" Bonds. This gigantic sales army will be augmented by millions of other volunteers from all walks of life to make the Fourth War Loan the greatest financial achievement of all time. The Retailers' War Campaigns Committee, through the retail associations of America, has pledged an individual sales quota of \$200 in "E" Bonds per retail employee. The individual quota multiplied by the five million retail employees represents a total goal of one billion dollars in "E" Bonds. To aid in making this tremendous goal possible, the Retailers' War Campaigns Committee has asked all retailers to meet or exceed the advertising job they did so well in the Third War Loan.

(MORE)

GRAUER:
(CONT'D)

To use the official posters that have been sent by mail from the Treasury....To build window displays...To spread their advertising throughout the drive and to peak it on the days set by their committee.....To make arrangements to sell war bonds, either as an official issuing agent or as a sub-agent for a bank...To encourage and train their salespeople in selling bonds... To hold store meetings and to permit their employees to attend community Fourth War Loan mass meetings of other retail salespeople....To read over carefully the plan prepared by the Retailers War Campaigns Committee in cooperation with the Treasury's Retail Stores Section and the O.W.I. This official plan was mailed to over one million retailers last week. And remember these points, retailers:

The Treasury Department has provided newspapers with mats for your advertising. They have also provided your radio stations with transcriptions for your commercial sponsorship. Extra posters and display streamers can be obtained from your local War Finance Committee. Through your local committee you can obtain a supply of the special Treasury citation certificates for all retail salespeople who meet their quota; that is, \$200 per salesperson in the sale of "E" Bonds.

All the materials that make for successful promotion are yours for the asking.

(MORE)

GRAUER:
(CONT'D)

The special retailers peak days for the drive will be dedicated one each to the Army, Navy, the Marine, and Schools at War Treasure Hunt. Each of these promotions falls on a Thursday throughout the drive, beginning Thursday, January 20th. These special days give advertisers who write their own copy an opportunity to tie their War Bond sales to their local men and women in the armed services. Full details of these special promotions can be obtained from your retail chairman. To sum up--the job of reaching quota, \$200 per employee, affords the smallest store equal opportunity with the largest, and the smallest rural town can show equal performance with its nearby big city in reaching its goal. Thousands of stores in the 3rd War Loan proved that reaching quota is simple if you put the same effort and planning behind the sale of Bonds as you do behind the sale of your merchandise.

With the national slogan of "LET'S ALL BACK THE ATTACK, the retailers of America, by their wholehearted cooperation will go forward and achieve the goal set by them in America's Fourth War Loan drive.

Now the orchestra, playing....

(MUSIC:)

GRAUER: And now it is my pleasure to introduce Mr. Delos Walker, Chairman of the Retailer's War Campaigns Committee.
Mr. Walker.

MR. WALKER: Secretary Morgenthau and Mr. Gamble have given you the background for the Fourth War Loan. Mr. Grauer has summarized the Retailers' part in the plan. You and I, as merchants, know that having a plan is not enough - our job is to put that plan into successful operation. The members of the Retailer's War Campaigns Committee have been studying the pattern of War Bond promotions by stores and communities in past campaigns. It is quickly apparent that successful War Bond selling demands the same sound original work that it takes to put over a storewide sales event. In the Fourth War Loan this means there must be a major undertaking by each retailer not a casual by-product of his regular business getting efforts. It means that it must be planned now - today. Every one of us must call together members of our personnel department, our sales training people, our buyers, our advertising and display managers, and map out a hard-hitting sales program. Advertising budgets must be set up, employee awards established, interdepartmental contest agreed upon. Each of us knows the pattern that works best for his store - the important thing is to plan it without delay.

To insure success, individual retailers must set up not only their own store programs, but must cooperate with community-wide activities. Urge your employees to participate - encourage and support parades, street decorations, rallies and special events.

(MORE)

MR. WALKER:
(CONT'D)

During the Third War Loan, the motion picture theatres of many cities were thrown open for morning meetings of retail sales people. In one city, 14,000 retail Bombadiers held simultaneous meetings in seven theatres and launched an enthusiastic and successful campaign. In going over stores' War Bond promotional ideas, one appealed to us as particularly original. One store advertised for the loan of war souvenirs from the parents wives and friends of service men. They received a great collection; captured Jap guns, flags, gas masks, a German Iron Cross, rare ivory and wood carvings from North Africa, letters from American boys in prison camps, photographs of all kinds--and even a grass skirt. This enabled the store to create a highly dramatic and successful set of window displays. There are scores of such ideas you can apply in your community - Let your windows and your ads tell the story of your town at war. Remember that regardless of the size of your store, you can cooperate in the Fourth War Loan. Whether you have 3 or 3,000 employees, if each one sells \$200 or more in "E" Bonds, you can win and display the official Retail Fourth War Loan banner. Complete details on how to obtain this banner are now in the mails to you. Ingenuity, originality and sound organization are the three keys to successful War Bond selling. The retailers of America have done a fine job in past campaigns - we expect the challenge to exceed our goal in the Fourth War Loan.

GRAUER: Thank you, Mr. Walker. Now once again the Waves Singing Platoon from the U. S. Naval Training School Women's Reserve, New York. For their second selection they will sing America the Beautiful.

(MUSIC: WAVE CHORUS SINGING...AMERICA THE BEAUTIFUL)

GRAUER: (OVER....A TRIUMPHANT NOTE FROM THE ORCHESTRA..... "THE ROAD TO VICTORY")

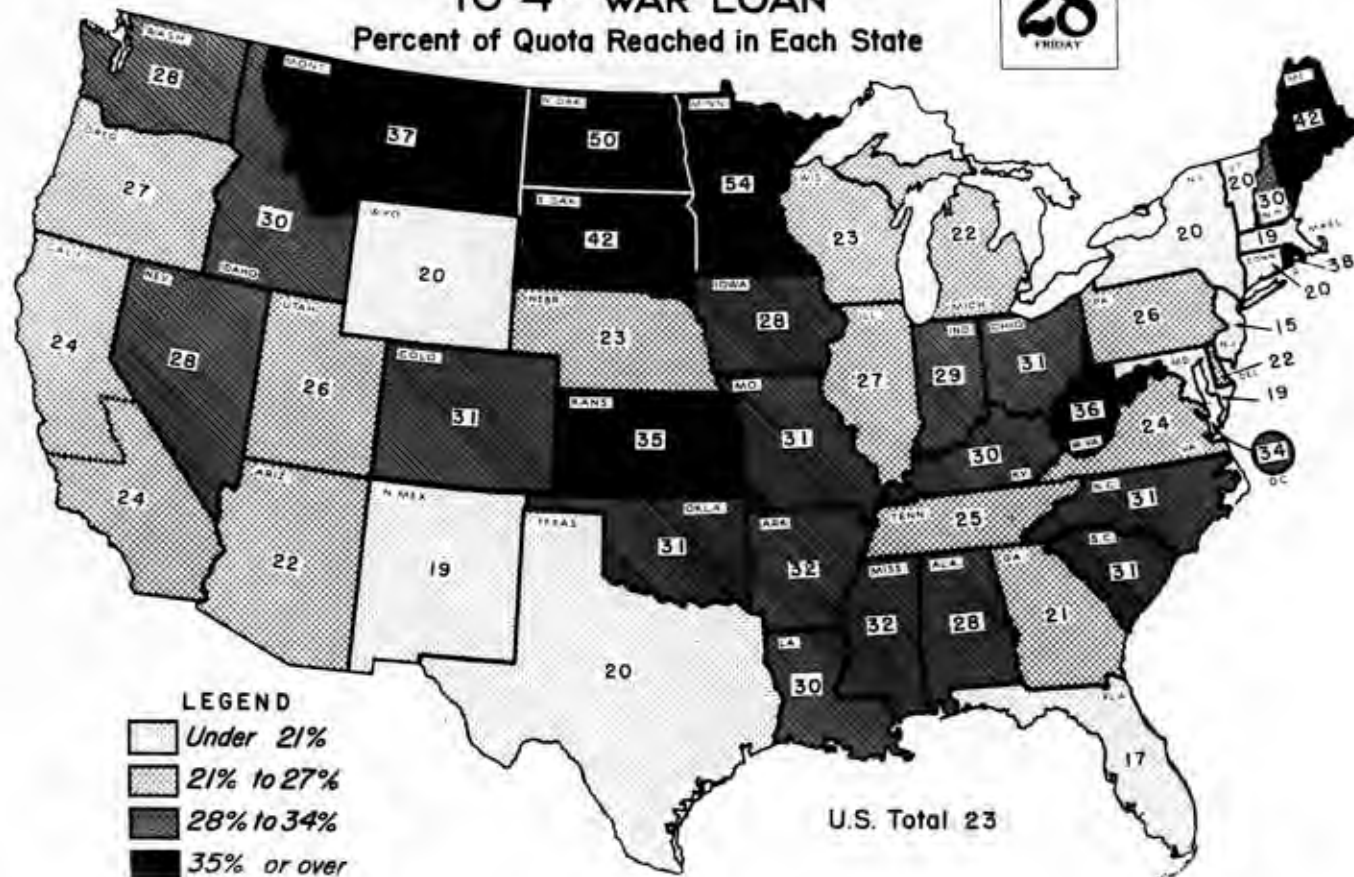
Ladies and gentlemen, this program, "Retailers at War", has been a presentation of the United States Treasury through facilities made available as a public service by the National Broadcasting Company and its affiliated independent stations. The speakers were Secretary of the Treasury Henry Morgenthau, Jr., Ted R. Gamble National Director of the Treasury's War Finance Division, and Mr. Delos Walker, Chairman of the Retailer's War Campaigns Committee. We wish to thank Capt. W. F. Amsden, commanding officer of the U. S. Naval Training School, New York, for arranging for the appearance of the Waves Singing Platoon and Harry Bailey for the dramatic sketch, "Sold by Jim Warren." The orchestra was under the direction of Irving Miller. And now this is Ben Grauer saying Good Afternoon.

MF
1/3/44
11:55 am

TOTAL SUBSCRIPTIONS TO 4TH WAR LOAN

Percent of Quota Reached in Each State

JANUARY
28
FRIDAY

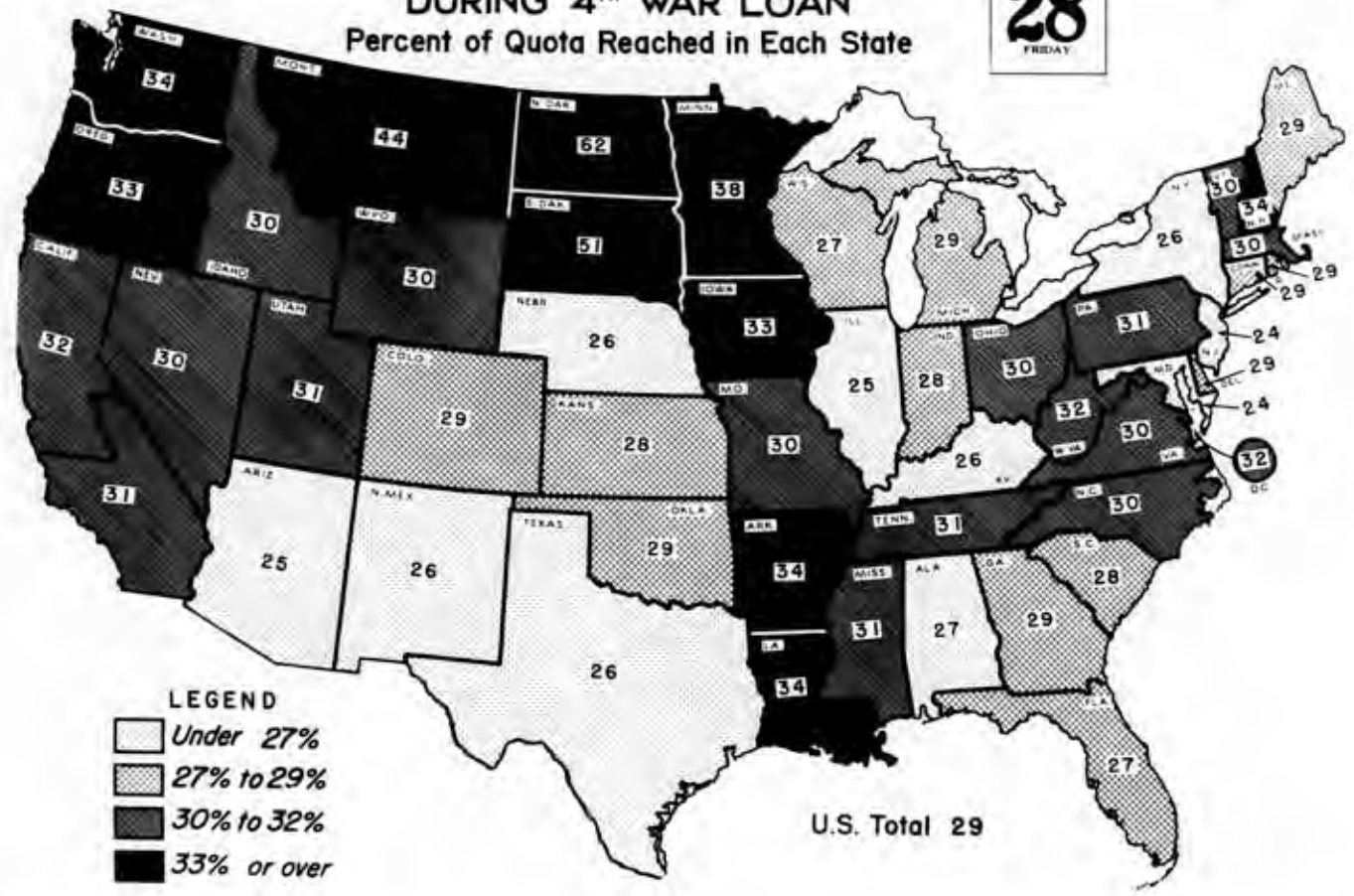


LEGEND
 Under 21%
 21% to 27%
 28% to 34%
 35% or over

SERIES E SALES DURING 4TH WAR LOAN

Percent of Quota Reached in Each State

JANUARY
28
FRIDAY



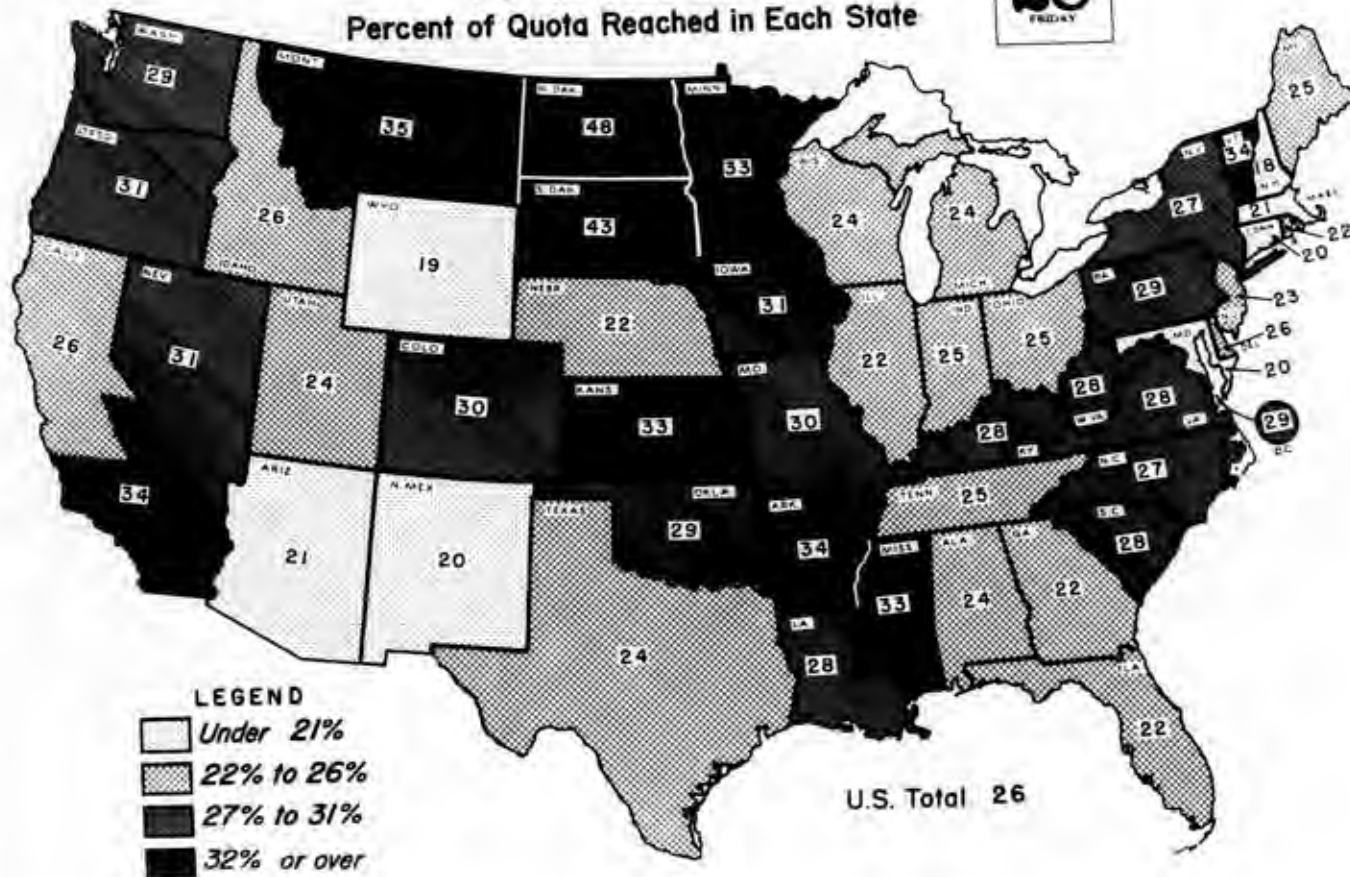
LEGEND

- Under 27%
- 27% to 29%
- 30% to 32%
- 33% or over

SUBSCRIPTIONS BY INDIVIDUALS TO 4TH WAR LOAN

Percent of Quota Reached in Each State

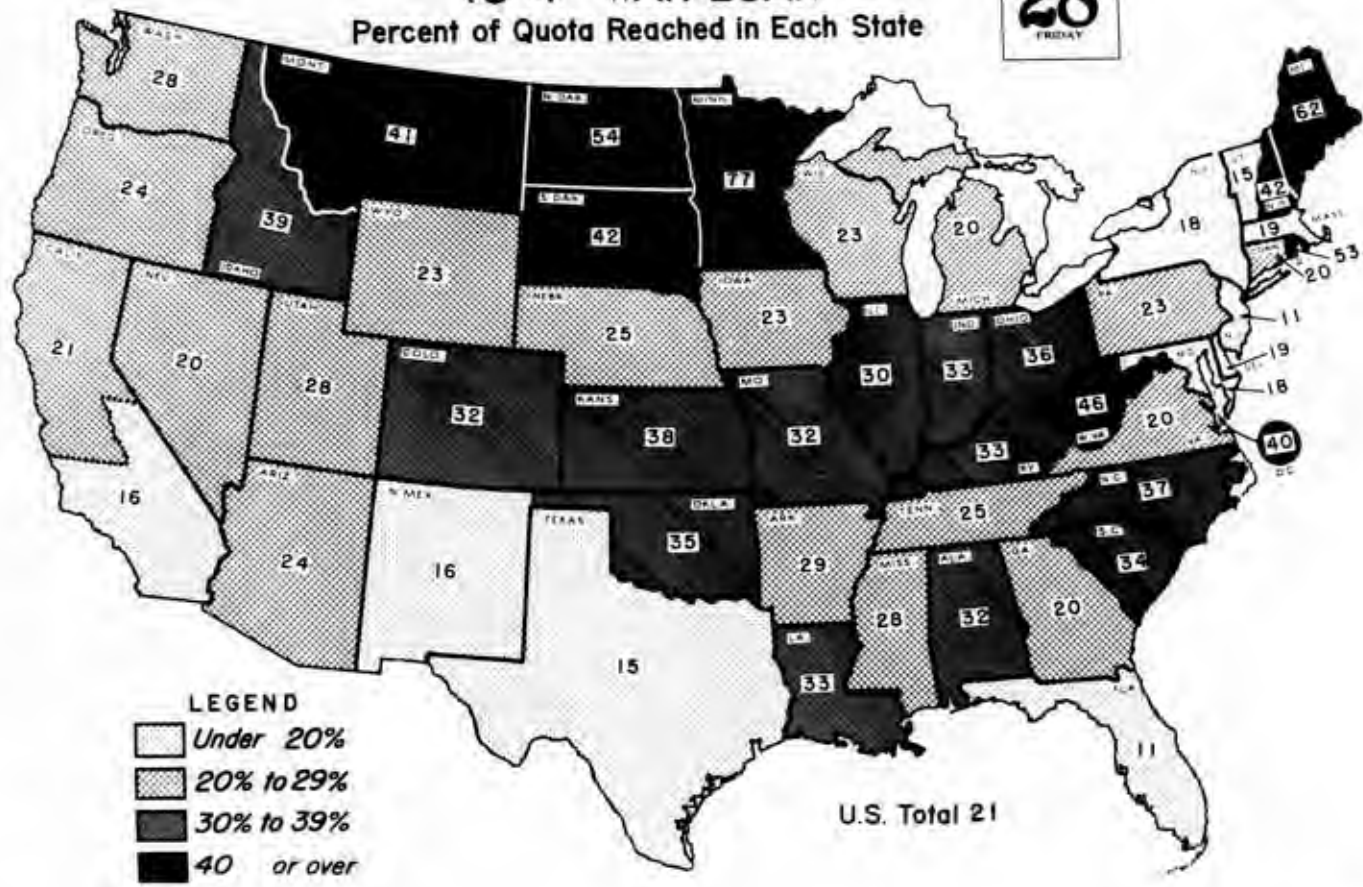
JANUARY
28
FRIDAY



CORPORATION SUBSCRIPTIONS TO 4TH WAR LOAN

Percent of Quota Reached in Each State

JANUARY
28
FRIDAY



LEGEND
 Under 20%
 20% to 29%
 30% to 39%
 40 or over

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Enclosure: Ad from Cincinnati Times-Star
of 1/20/44 quoting Eisenhower:

January 28, 1944

Dear General Eisenhower:

I thought you might be interested in the attached advertisement which is running in several papers over here. This is a by-product of the broadcast which you so generously made for the bond show opening the Fourth War Loan Drive.

I am advised that this broadcast had about forty-two million listeners, which is almost a record audience.

Yours sincerely,

(Signed) Henry Morgenthau, Jr.

General Dwight D. Eisenhower,
United States Army,
Supreme Commander, Allied Forces,
London, England.

WOODWARD
&
LOTHROP

You are invited to see our F Street and
11th Street Windows and our Main Aisle
Display in tribute to America and the
United Nations.



General Eisenhower says:

***“We will win
the European war in 1944”***

But he does add one big “if”: “The only thing needed for us to win the European war in 1944 is for every man and woman, all the way from the front line to the remotest hamlet of our two countries, to do his or her full duty.”

***We must buy extra War Bonds
now to win the war in 1944***

We here at home will be giving the war effort our greatest support by buying all the extra War Bonds we possibly can. Not when we buy War Bonds as though it were our duty alone . . . not when we buy War Bonds with our excess income . . . but **ONLY** when we buy War Bonds as though our very lives were at stake will we be doing our part at home. Everyone is asked to buy at least one Extra \$100 War Bond during the 4th War Loan.

***Let's All Back the Attack . . .
4th War Loan begins Tomorrow***

Regraded Unclassified

WAR DEPARTMENT
WASHINGTON

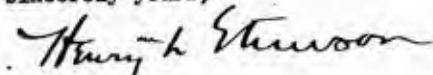
January 28, 1944.

My dear Henry:

I have received and forwarded to General Somervell your letter about getting information to the overseas forces as to the good work being done on the home front in purchasing bonds. I have urged him to cooperate along the lines suggested by you.

I find on my arrival at the office this morning that I have no engagement for lunch on Tuesday next and shall look forward with the utmost pleasure to having you lunch with me at one o'clock ~~on~~ that day.

Very sincerely yours,



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

MEMORANDUM FOR THE SECRETARY.

January 28, 1944.

Mail Report

One outburst after another kept this week's mail keyed to its highest pitch for many months. Miss Kellems' tax strike, the new income tax blanks, the radio program of January 17, and the Canol Project provoked particularly sharp comment. The fray about Miss Kellems, spurred on by Westbrook Pegler's article "A Cry of Protest and Despair", ended in a draw, with 15 correspondents defending her and 15 denouncing her. The more readable communications on the subject are included in a separate section of the attached abstract.

Some 30 letters, 4 of them transmitted by Members of Congress, demanded simplification of taxes and tax forms; only one spoke favorably of the new form. Several writers asked that the limit for the short form be extended from the present \$3,000 to \$5,000. A few questions about proper withholding rates and a few suggestions for further revenue rounded out the week's returns on tax matters.

Comments on the radio program of January 17, which averaged 5 or 6 a day, were exactly balanced as to favorable and unfavorable. Two or three persons spoke bitterly against Treasury sanction of the action of the Russians in stringing up the Axis ringleaders of hate. Without exception the 100 letters about the Fourth Drive wished it success, but several writers said that the campaign would be easier if the Canol Project and similarly wasteful Federal activities were abolished. Although promising full cooperation with the present Drive, a few railway officials pointed out in their replies to the Treasury telegram that it may not be possible to make retroactive wages available to their employees in time for them to meet the deadline of the Fourth Drive.

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Memorandum for the Secretary.

January 28, 1944.

An increasing number of questions about correct procedures in handling bonds is probably only a reflection of an ever mounting number of bond owners. The number of bonds submitted for redemption and the number of complaints about delays in processing differed little from the figures for recent weeks.

There were a few letters asking the Treasury to stop a new wave of rumors that War Bonds will not be redeemed at all, or will be greatly devaluated. It was also frequently suggested that an educational campaign to discourage the cashing of bonds be made part of the publicity connected with the Fourth Drive.

In addition to the usual miscellaneous receipts, there were a number of cordial letters concerning the establishment of the War Refugee Board, some of them congratulatory and others offering resources or personal services.

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Favorable Comments on Recent
Radio Broadcast

Mrs. Sophia Turcotte, R.F.D. #2, East Hampton, Conn. I heard your speech the other night over the air opening our Fourth War Bond Drive, and just to let you know how much I appreciate it, I am enclosing a check in the amount of \$75.00 for a bond. This is a very small town with not many people in it, but I hope they all heard your voice, and it had the same wholesome effect on them as it did on me. I know that they won't all be the bother to you that I am, but I am a friend of the President. I pray for him each day and I was sorry to hear of his illness. Please make the bond out to Mrs. Sophia Turcotte, Marlborough, Conn., or Mr. Harry Turcotte. Here's hoping you avoid these colds.

Donald Clark, Jr., Continuity Editor, WCOS, Columbia, S.C. * * * Wishing you every success for the Fourth War Loan Drive, and extending belated congratulations for a splendid job on the full-hour, four-network program Monday evening.

Ulmont U. Trout, Philadelphia, Pa. Your program last night "went over the top", as we used to say in '17. It was great and Philadelphia will do her part. Personally, my pay deduction is 20% and I bought a \$100 Bond today. In World War I, I served in France 18 months in Air Service. * * * My only child, Paul, is in England in a Military Police Battalion. * * * At Independence Hall in Philadelphia there is a sword and scabbard carried by Baltus Trout, my great, great uncle in the Battle of Germantown. Congratulations on your fine work as our Secretary of the Treasury.

- 2 -

Dr. John S. Niles, Sr., Carbondale, Pa. I want to thank you for the impressive, effectual radio program of Monday night. I am confident that it had a most stirring effect upon the listeners. For one, I can assure you that my appreciation will be substantial. * * * While eighty-two years of age, I still am carrying on trying to do the work of two. Trusting that we may hear you again on future programs.

Mrs. Emma B. Bartlett, Los Angeles, Calif. How proud I was of you tonight. A man who could do such a grand job as you did tonight on that splendid program over the radio must be a fine Secretary of our Treasury. I'm for you now and always. Would we could hear your voice and enunciation often in radio programs.

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Unfavorable Comments on Recent
Radio Broadcast

Indignant and Outraged Taxpayer - Pasadena, California. I listened to you over the radio at the opening of the bond sale drive and I was all set to buy extra bonds. Then, today my income tax forms from you arrived. I have looked these over; I am intelligent but I can't make head or tail of the stuff. I'll be darned if I'll buy bonds to support a continuance of any such crazy foolishness. I think you must be touched in the head to put out any such outrageous insanity. As to buying extra bonds, or any bonds at all from now on, after looking at that form you can go plumb to Hades for all of me.

Mrs. L. W. Vinson, Port Arthur, Tex. Like millions of other Americans we listened to the Treasury program last night and appreciated the effort and care which went into its preparation. But since it perfectly illustrates one glaring illogic in present day American policy, I venture humbly to give you one American mother's opinion of it, which represents an inarticulate but overwhelming majority of the population. * * * We appreciated the singing of the grand old hymn of praise for the omnipotent holiness of God. We gratefully joined in the prayer for His mercy upon our nation. * * * And we resented more than words can portray the intrusion of Bing's ballad anent one transient night of love assisted by "Candlelight and Wine", upon the program which began with a hymn to the Holiness of God, and petition for his favor. Right there is where the faulty logic enters in. This Administration has tried to mix some very real benefits for mankind with an overwhelming tide of moral irresponsibility, which nullifies its contribution to the progress of civilization. * * *

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R. R. Keiningham, Richmond, Va. After listening to your broadcast last Monday night on the War Bond Drive I can't help having a few words to say. What I am now about to say I know about as I was a civilian employee at the Richmond Army Service Forces Depot for about 19 months. You lead the citizens to believe that the bond money is used to "Back the Attack". Not all of it by any means! In 1942 the civilian employees at the Richmond Depot put up some \$73,000 for bonds. This was turned over to the Bond Division of the War Department who hopelessly balled the whole thing up. We had to get back the whole amount and then audit the entire 1942 payroll to see exactly what was coming to each civilian. After the audit, each bond buyer received a letter asking him to certify over his own signature as to the correctness of the audit, and those with no current 1943 bond account and balances in 1942 had to get their money back. How much of that \$73,000 was wasted by that ineptitude and inefficiency, and how much did you lose in bond money that you had to turn back to civilians. (Criticizes various extravagances and wastes.) * * * Another one going the rounds at the Depot is that when they took the subsistence inventory last Fall that the paper work showed 180,000 No. 1 cans of beef short. They found 103,000 cans in one spot and 77,000 in another spot -- their whereabouts not properly recorded. Is that businesslike stuff, Mr. Morgenthau? At the time I last investigated the matter, how do you think they got packages from one warehouse to another? They mailed them. And when I say mailed, I mean they weighed them, put stamps on them, sent them to the Richmond Post Office to be processed and then returned to the Depot. A package that could have gone, say half a mile by messenger, went fifteen miles through the mails. If you really want to see something happen, just let a civilian criticize an Army officer for his inefficiency and ineptitude and he figuratively gets a custard pie right in his puss and impudently and insolently told the "Army is running the show". They are running it all right, Mr. Morgenthau, in such a manner

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that the average civilian today is convinced that half of the taxes collected and half of the money from bond sales is absolutely wasted. That's why we are fast becoming a nation of reluctant taxpayers and bond buyers, and from the looks of things, we can cure the whole thing at the ballot box, and if newspaper reports are true, we are curing it and curing it fast.

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Comments on Kellems Tax Controversy

(Pro-Treasury)

"I am a Polish Citizen" - Postmarked Ware, Mass.
Please collect Miss Kellems' the Dec. 15 income tax
and send her to Japan - give her one $\frac{1}{2}$ ct. stamp as
her fare.

Joseph Cohen, N.Y.C. I want to state that as an
American citizen, I agree with those who have branded
the statement of Miss Kellems, urging the business
people of America to refuse to pay taxes. I believe
that such an act, particularly in time of war, smacks
of disloyalty. * * *

Anne Roth, Astoria, Long Island, N.Y. Surely the
Government is not going to let that big-mouthed woman
from Connecticut get away with not paying her taxes.
To my way of thinking she and the dopey news should
be punished for making her announcement public. Let's
get after the Hitlers for surely she is one and would
rejoice if we lost out on this war. * * *

R. Moulton Pettey, National Director, National Association
for the Calling of a United States Constitutional
Convention, N.Y.C. Just to extend cordial greetings,
and to advance an observation apropos of one Miss
Vivien Kellems, of Westport, Connecticut, who has
initiated a so-called tax "strike" and indicated her
purpose not to pay taxes due for the calendar year
1943. This attitude is not at all surprising. She
failed in capturing the representation of her
(Republican) Party from Claire Luce in the Lower House
of Congress of the United States. Like Hitler and his
associates, if she cannot rule she will endeavor to
ruin. Her excuse is that she wishes to build up a
reserve for future post-war operations. * * * Your

- 7 -

observation of "disloyalty" on her part and attitude is quite mild, for the reason that there is no middle ground. * * * Keep up your good, fine work -- let the chips fall where they may! Assurances of good wishes, choice regards, confidence, faith and loyalty accompany this note.

Good Government Committee, Des Moines, Iowa. (Telegram)
Citizens of Des Moines deeply deplore the treasonable attitude of Miss Kellems, formerly of this city, and warmly congratulate you on your appropriate response to her.

A. V. Buterbaugh, Maplewood, N. J. This is a disgrace to our country. These people are here making plenty of money, while our young boys 19 years old die in all parts of the world. Would it be asking for too much, that this "worm" that sits and eats while they die, and we small people willingly sacrifice, be investigated? Have her taxes investigated for at least 10 years. It is my opinion our Treasury will collect. * * * Trusting that in some way you will be able to eliminate this type of disgrace by making an example of this low-type citizen, selfish and greedy, Very sincerely for 100% do or die citizens.

J. B. Miller, President, Mines Equipment Company, St. Louis, Mo. Taking notice of the recent publicity accorded to Miss Vivien Kellems, I wish to advise that the members of this company who have devoted their entire physical and financial effort to the prosecution of the War, and have spared nothing to accomplish everything that has been asked of us, sincerely regret that we have to conduct business relations with a person of this kind. I believe that the Mines Equipment Company is the largest individual purchaser of the products of the company she works for. Attached herewith is a statement of the amounts of money paid

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to the Kellems Company during the past year for the account of the Signal Corps. We have 1,850 loyal, industrious, patriotic employees, every one of whom pays their income taxes without complaint and every one of whom purchases bonds in every War Bond Drive and none of them complain. * * * We have people working here ranging in age from mere children to 85 years old. We have 19 blind people and people who have suffered from the loss of arms and legs, and today I am in receipt of petitions from these employees asking if there is any way in which we can use a substitute for the products of this woman. Our people think that if it is possible for a woman of her caliber, who was a candidate for nomination for a Congresswoman, to avoid paying income tax, they also should be able to avoid paying it, and in writing this letter to you, I am voicing the sentiments of this group of patriotic citizens.

Oscar A. Shelby, El Dorado, Ark. The woman pictured in the enclosed news clipping, is a menace to the security of our country. You had better penalize her and fast. There are too many people willing to do anything to get out of paying money no matter how just the cause. These people, and they are legion, will be only too glad to follow her lead if she isn't punished. I feel this way about taxes and our billions that may or may not have been wasted (who is she to judge?) We are all Americans and our Government spent this money, and it must be paid, and she must be made to pay her part. If she isn't, then John Doe and I won't feel like paying ours. As for her not having the money -- I imagine she has. If she hasn't, a gal with her reputation for business can borrow it from a bank. * * *

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Frederick Thompson, Bohemian Club, San Francisco, Calif.
Sincere congratulations on your statement about tax
objectors. (Kellems)

Harry Peklowsky, Bridgeport, Conn. * * * The way she
talks is just about the way Hitler and Company would
like to hear our native Fascist talk. Any one coming
out and saying what she did about paying taxes at a
time like this when our boys are dying on many fronts
is just what you said it was. I do hope to see the
Treasury Department give her the maximum penalty for
reneging on her taxes. I for one will not feel sorry
for her or any one else like her. * * * Sometimes, Mr.
Morgenthau, it seems that this country is too free
for the wrong kind of people. Well, I do hope that
she will get the maximum penalty and that justice will
act rapidly in her case. Thank you for your kind
patience. I remain just a laborer of this great
country of ours, and a Union Member. * * *

"A 100% Citizen" - postmarked Los Angeles. This woman
is a disgrace to our U.S.A., and a poor example as a
citizen of this country. By all means, make this woman
pay her taxes. There are too many loose tongues like
this woman. She should remember Pearl Harbor.

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Comments on Kellems Tax Controversy

(Pro-Kellems)

Mrs. Vivian Parsons, Chicago, Ill. It is a laugh to hear you Democrats in Washington rave about disloyal Americans who show resentment over excess taxes on businesses. Don't you think the tables should be turned and that we American citizens should call you and the rest of the New Dealers disloyal Americans for going against everything in the Constitution of the United States? Some of you may say the boys in the fox holes are angry and worried about the strikers. Well, if they were here they would be still madder at you in Washington who are trying to thwart the business man at every turn and drive the people "nuts" with the old ration points with their changing colors. * * * The Armed Forces are doing a splendid job, the farmers are keeping us from starvation and we others are working and paying income taxes far beyond our pocketbooks and going without butter so that the Russians can have some, and begging for a little cream for our coffee. That is all ~~the~~ bunk. * * * I'm not a communist, and I don't believe in strikes, but at the same time I believe in running our country the way it was before the New Deal took over. We at least had a little freedom then. * * * In case you New Dealers don't know it, we are tired of all of you and the sooner you retire and let thoroughbred Americans who believe in the Constitution of the United States, and all it stands for, step in, the better it will be for all concerned. Do you call those in Washington loyal Americans when they refuse an honest, upright newspaper the privilege of a jury trial when they have done nothing wrong? We like the paper so well we buy two Chicago Tribunes every day, and here's hoping there will be more like them.

V - for Victim (Postal Card Mailed in New Britain, Conn.)
Another 10½ billions -- for what? I am a widow in poor

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health, whose only child is in the Army. I am working nights in defense to pay off a mortgage contracted 10 years ago. My pocket is being picked to enable some lazy peon of South America to work 16 hours per week and loaf the rest. * * *

W. R. Jelliffe, N.Y.C. I cannot refrain from referring to your comments upon the reported remark of a Miss Kellems. I do not know her, and I know nothing of her business or character, and I am not attempting to pass judgment upon the wisdom of her course. She certainly has a right to refrain from paying taxes in a certain period and she will be penalized for it, but any one of us unfortunate taxpayers has such a right. What I do resent, however, is the fact that you arrogate to yourself, the right to stigmatize her conduct and words as disloyal. If your remarks have been correctly reported in the paper, I take issue that defining loyalty is not the prerogative even of a Member of the Cabinet. Within the structure of the laws of the country, it is a matter of the conscience of the individual.

Ora. Strauser, Salida, Colorado. It looks to me as if the honeymoon is about over and that you all aire gwine to 'ave to put the cookies on the lower shelf from now on. I see buy the papier that some dame from Connecticut has called your bluff in regard to taxes. The American people will stand only so much Fascism in any disguise (a Rose by any other name) you know. It seems that some one in the tax division has never read Modern World. I think the District Attorney here has a copy that he might lend for your education along those lines. Take it or leave it as I am no dollar a year man and don't play for marbles.

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Anonymous - Postmark not discernible. I am for Miss Vivian Kellems for President on the American ticket. Her views are about the nearest to common sense that have been expressed for 12 long years. You better get on her band wagon because the one you are on will never get there - Brother - never. Her plan is NOT WISHFUL THINKING.

Charles Westerfield Corbett, Kansas City, Kansas.
* * * According to the newspapers, and the newspapers are always so, you practically accused Miss Kellems of treason, and said that there wasn't any question but that you would collect her taxes. There are still some of us in this country who have backbone enough to make a living on their own initiative, without working for some letter of the alphabet, and I believe God admires people of that caliber more so than the other. * * * Treason or no treason, there are a whole lot of us who feel just like Miss Kellems, and all that keeps down a revolt is lack of leadership. This class of people is growing - maybe they won't always be without a leader. * * *

W. W. Talley, M.D., Gloucester, Va. I do not think that calling industrialist or any one else unpatriotic does any good. We seem to have many different ideas of patriotism. * * * It seems to me the text of the lady's address may be summed up by deciding what part of her taxes are confiscatory, and also whether she is correct in stating that under the cloak of remitting taxes, they have even increased 25%. I am personally interested in the latter statement. * * * I have read your instructions and they are more difficult than Greek to me.

O. S. Holloway, Flushing, Ohio. According to the newspapers, a certain woman has publicly said that, on Constitutional grounds, she will not pay income tax

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and she advises every one else to refuse on the same grounds. You have issued a public statement in answer to this, in which you say that is dangerously close to disloyalty. I am, of course, not defending the woman. However, the antics of your so-called Treasury experts are also dangerously close to something disastrous. I have before me the four-page "Instructions for Form 1040, United States Individual Income and Victory Tax Return". Having read it through carefully, six different times, I know considerably less than I did before reading it. * * * Even the lawyers who are schooled and experienced in the matter of dealing with ambiguous language are hopelessly at sea. I have been helping my friends and neighbors with their income tax returns for a number of years, and I refuse to believe that I have suddenly become too "dumb" to understand English when written in a straightforward and intelligible manner. This leads inevitably to the conclusion that the mountain of confusion has been deliberately built up for reasons which are entirely beyond the understanding of an ordinary intelligent citizen. * * *

"A.E.F.", New York City, sends in Westbrook Pegler article of January 21, 1944, (Pro-Kellems), with the comment -- "So say we all. War Veteran, 1917."

D. F. Burns, Alton, Ill. I think you do Miss Kellems an injustice and whether she wins or loses, I am glad she had - in the language of today - the guts to start something. Miss Kellems, like myself and thousands of others, does not object to paying taxes (I have willingly done so for years, though mine are small in comparison with hers), but we do object to the unnecessary waste of our money by this Administration, as well as the worry and expense to which the United States Government puts its people by making laws and handing out forms that average intelligent people can hardly interpret, while being pushed to do our best in our daily work and additional voluntary work for

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the Government. I hope so many others will do the same things that our very brilliant minds in Washington will in the end become brilliant enough to make a simple thing simple. * * *

David S. Beach, Bridgeport, Conn. This "Tax Strike" is simply a "Mole Hill", and the Press is reading the riot act to get Miss Vivien Kellems in bad to make an example of her, when no doubt she is doing her utmost to keep her forces working to help win the War with her manufactured goods, straining every cent she may possess to keep everything going, as much as her small capital will permit her. * * * She may have made a legal slip with her tongue, to ask others to withhold the payment of taxes, that show waste in many ways, but that was not in any form an act of disloyalty as she had previously to this tax, paid her taxes like all others. * * * If Miss Kellems is guilty of disloyalty, I belong to her class and kind as I have asked all taxpayers who pay the \$3.00 Old Age Assistance Tax to refrain from paying it. * * *

E. A. Gould, Cedarvale Ranch, North Kansas City, Mo. You are quoted in the public press, in speaking of Miss Vivien Kellems of Westport, Connecticut, as saying "to advise citizens to refuse to pay taxes -- particularly in time of war -- smacks of disloyalty. Such an attempt is especially unworthy of persons profiting from war contracts". * * * It is quite evident to me that you, like so many of the other hangers-on who would now like to get rid of the phrase "New Deal", have a very distorted conception of what constitutes patriotism. I would like to call your attention to the fact that the dictionary defines patriotism as love of country. It may be a shock to you to know that it has nothing whatsoever to do with love of Government. It is the patriotic duty of every United States citizen to make a study of his Government, and

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also the man who happens to be heading that Government, and those associated with him. In making this study of the Government, if the United States citizen becomes convinced that the Government is rotten, and that the man at the head of the Government is thoroughly and completely corrupt, or possibly insane, it becomes the patriotic duty of that citizen to oppose that Government in every way that he possibly can. * * * In defense of Miss Kellems, let me suggest that she has been doing some work in connection with the present War. It is altogether possible that she knows even more about the inefficiency of the regime now in office than she has indicated. * * * I read the remarks of Miss Kellems which appeared in the Public Press. She did not criticize the Treasury Department, so far as I can see. Since she did not criticize your Department, why are you so quick to criticize her? * * * Personally, I am paying more taxes than I like to pay, and I am not altogether pleased with the manner in which the money is being spent -- or thrown away. I am sure that you are not interested in my opinions until they become multiplied by several millions. * * *

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General Comments

Mrs. A. M. Johnston, Philadelphia, Pa. (Quotes Secretary's statement in letter to Senator Byrd re time not being right for drastic changes in Government personnel.) If this is not the time to reduce Federal personnel in those Departments that are "overmanned", well, I'd like to know when it should be done. Certainly not in the post-war period when ex-service men and women will need to be looked after. Now while help is needed so badly by some concerns, it is neither logical nor good sense for the Government to keep on its payrolls personnel who are not needed. * * * Of course I understand that some Government agencies are short of help, and are doing a vital and tremendous job, and it would not be wise to dismiss people whom the Government has trained in special lines of work. You, as Secretary of the Treasury, should know the need of curtailing the needless expenses of needless personnel at this critical time. I'd suggest a "look-in" on conditions at the Philadelphia Navy Yard, as well as the other Government shipyards, and see the hundreds of idle men who would much rather be working.

Robert N. Wilkin, U. S. District Judge, Northern District of Ohio, Cleveland, Ohio. I enclose a check drawn on the Treasury of the United States to the order of Frank Kohout for \$56.00. * * * Mr. Kohout served as a juror at the last criminal assignment in this court. Nearly all the defendants had been indicted for failure to comply with the Selective Service & Training Act, and nearly all the defendants tried at that session were "Jehovah's Witnesses". The uniformity with which the juries convicted the defendants indicated that the jurors had no sympathy for the queer religious doctrines of the Watchtower & Bible Tract Society. This particular juror felt such a keen resentment for those who refused to support our country in its war effort that he declined to accept pay for his jury services. In view of his letter, I thought the check

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should be tendered to you. If for any reason you think it should go to the Red Cross, you may so direct it; or I could return it to the payee with instructions that he turn it over to the Red Cross. But since he mentioned the U. S. Government first, I felt that it should be tendered to you.

G. C. Williams, President, State Bank and Trust Company, Evanston, Ill. Your form letter of January 10th about the Fourth War Loan Drive is appreciated. We do work hard on it, and your files will show that we started earlier than most banks in this area. The going is tough, though -- we have one hundred people in the Bank; sixty of them were not with us a year ago. I am alarmed at the prospect of carrying on activities even under present conditions. * * * We have been able to obtain not even a single deferment from our draft boards, and when we attempted to employ a woman the other day, who had a proper release from her former employer, the local United States employment bureau would not let us hire her. The woman in charge said banks were rated neither "essential" nor "locally needed", and added that many people were getting along without banks and that many more could do so. I do not think anything has been accomplished by putting bank employees on an hourly wage basis through the 40 and then the 48-hour week, and I know it has caused us lots of trouble. In the last war we worked fifty and sixty hours a week, with only necessity to urge us on, and we did it with a patriotic fervor that seems to be sadly lacking this time, when all the emphasis is on "rights" instead of duties and obligations. * * *

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Favorable Comments on Bonds

Alfred Lemire, Hudson, N.H. * * * My best of wishes to you, Sir, and may God Bless you for the man you are, and allow me to say you're the best man we ever had in that office of which you are Secretary. Good luck to you with your Fourth Bond Drive, Sir. Keep smiling.

Pvt. Alexander Wilde, Aberdeen Proving Ground, Maryland. * * * I am, as you will see, a soldier in our great Army; but not so long ago I was a refugee before Hitler's aggression, fleeing across Europe until I reached England, only to live through the Blitz there. Two weeks ago I was made the happiest of Uncle Sam's nephews, being made a citizen of this great Democracy. So here is my idea how I might be able to help you in this Fourth War Bond Loan Drive. Many actors and actresses have gone on the air for few minutes periods selling bonds. Wouldn't it work well if I would go on the air for a few minutes a few times in a day, telling of past experience, telling the people what it really means and how it feels to be an American; asking them to buy bonds to get me the weapons so that I could show my appreciation and do my part? * * *

Charles J. Garvey, Sylvia, Tenn. Please tell the American public that when they buy War Bonds, they are digging fox holes; when they don't buy bonds, they are digging graves.

Adele Ellsberg, Highland Park, Mich. I am taking this opportunity to express my gratitude for your radio messages "movie shorts" we have had the privilege of hearing and seeing from time to time. I feel confident

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that the 4th Loan will go over the top, however, when mailing a package in the Highland Park Post Office a few days ago, I noted that more people were in the line getting Bonds certified for liquidation than there were in the line buying Bonds. * * * In closing, I want to say, I am most thankful for the Bonds I started buying as far back as 1936 to apply toward a University training for my two children. My husband and I are most thankful for the fine consideration and training our older son is getting at Maxwell Field, Ala.

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Unfavorable Comments on Bonds

Frank G. Nash, Brooklyn, N. Y. As a bank employee assigned to selling Treasury Bonds since December, 1941, it has been interesting to observe the interest of purchasers in "slogans". The lack of an entirely new one for the current drive has been queried innumerable times. It is quite probable that there will be a fifth issue, and in anticipation thereof, I have requested and suggested certain slogan titles. The one having the greatest appeal, and bringing forth a smiling desire of apparent willingness to purchase again is "Finish it with the Fifth". * * *

J. E. Whitney, Assistant Treasurer, National Council, Protestant Episcopal Church, New York, N. Y. May I call your attention to an inconsistency in the literature prepared for the promotion of the sale of War Savings Bonds? In your leaflet - "Figure it out yourself" -- you prepare a budget and fail to include contributions for Charity and Religious Purposes, notwithstanding the fact that your Income Tax Regulations provide for a 15% deduction. Not alone because I represent a religious organization, but also because I believe the Government recognizes the need for Charitable and Religious Organizations, I call attention to this omission.

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Favorable Comments on Taxation

E. J. DeGross, El Monte, Calif. Referring to the enclosed news clipping (Kennedy on "scandalous" income tax blank.) Unless you hear to the contrary, you will not know that everyone don't agree with the Honorable Ex-Ambassador. It is my opinion, after having worked out my income tax in line with the requirements of Form 1040, that the person or persons responsible for this form gave it considerable thought, and not without good results. I realize this is a Free Country, and the "Bill of Rights" guarantees free speech to any person who sees fit to "shoot off their mouth" for any or no reason, but in many cases this right of speech is being worked overtime in reverse. I say reverse because such as the enclosed can't possibly do any good, and it can do some harm.

Pierce E. Scranton, Portland, Oregon. Recent statements of certain Senators that "the bottom of the barrel" has been reached are nothing but ridiculous. Particularly for those earning between \$2,000 and \$5,000. Here are my own earnings and taxes paid for past year. Income was \$3,571. Taxes were \$316. I rent my home and have one child. I have also bought War Bonds regularly. With all this, I could have paid \$200 more in taxes "without turning a hair". If taxes are increased I shall be glad to pay them. I don't believe that I am an unusual case either. Certainly this is no indication of the "bottom of the barrel". Certainly those earning between \$2,000 and \$5,000 are well able to stand further taxes without hardship.

Florence Benedict Macavoy, Hollywood, Calif. This is a letter I have long intended to write and which I hope sincerely will reach your hands, your eyes and your heart. Having had the pleasure of seeing you and

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hearing you address the public in a newsreel some time ago, I am appealing to you directly, rather than wasting time, energy and postage upon Senators and Congressmen who seem to be, at all times, on the opposite side of the fence. This is to inform you that I am most wholeheartedly in favor of higher and heavier taxation, and that radio news that tell us hourly....and incidentally the whole world....that the appeal made by the Treasury is to be met by only a fraction of the amount asked for....to me is simply SHOCKING. It will disgrace us in the eyes of the entire world. * * * The pay-as-you-go heavy and heavier taxes would seem the one and only way out. I only hope other taxpayers will also appeal to you directly and personally to assure you of their wholehearted support and sincere sympathy. At times it would seem that every idea you have submitted bounces back as though from a stone wall. * * * Perhaps, if you are aware that the majority of the people....and I believe this....are in back of the Treasury, you will face various committees with a little more comfort in your heart. Otherwise you have, indeed, a thankless and most discouraging task. A radio, educational campaign for higher taxes and NO exemptions (at least for the duration and for post-war reconstruction) would seem just as imperative as so much time given for the bonds.
* * *

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Unfavorable Comments on Taxation

Rudolph C. Lang, Consulting Engineer, New York, N.Y. I have just received my 1943 income tax blank and want you to know that I think it is the worst arranged document of its kind that it has been my misfortune to read. I am not commenting on the amount of the tax, but to its complexity of form and its utter disregard for the public's time. This is particularly so when we should be devoting our time to the War effort, and not in wasting it in trying to wade through a lot of ambiguous questions which certainly could have been simplified. This apparent lack of ability on the part of the Treasury Department makes one wonder whether the rest of the business of this Department is being carried on with the same lack of common sense.

James W. Rogers (Accountant and Auditor of Federal and State Taxes), Pittsburgh, Pa. I commend to your attention an article, "The Looming Nightmare of March 15," and particularly that part which quotes a paragraph from the Act that is a masterpiece for concealing thought. If the man who wrote that part of the Act is a Treasury expert, he should be dropped quickly, or transferred where he can do less damage. * * * If you could see the throngs of people at Collectors' offices, standing in line for hours trying to get help in preparing their income tax returns, with police to keep them in line, you would get a better idea of the costliness of a tax law that is poorly drawn. I have publicly stated that I think the Treasury did a good job preparing Form 1040, considering the terrible complexities of the Act, but even though the Act was drafted and passed by the Congress, Treasury experts had an important part in drafting it, and must bear a large share of the responsibility. Such blunders will be reflected in the results of the next election. Information published by the Treasury, to the effect that the 1943 tax returns can be prepared in 11½ minutes is a monstrous lie.

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Letter from W. H. Nobles, President, Citizens State Bank, Marianna, Fla., addressed to Senator Charles O. Andrews (Florida) and referred by the Senator's office to the Treasury Department. * * * It is the general consensus of federal income taxpayers that the U. S. Treasury Department is the only organization in the world that teaches its employees to steal from the taxpayer. In other words, they are taught to collect more money than the taxpayer is due regardless of how they get it. This is a terrible indictment for any government department to have standing against it even if it were only just a small minority that felt this is the policy of the U. S. Treasury Department. I am just making a rough estimate but I think a careful check would disclose that there are 5 million people in the United States employed in collecting federal taxes or independent auditors making audits for the citizens, the cost of which must naturally come out of the taxpayer. * * *

Copy of letter from A. C. Thomas, Cottondale, Fla., addressed to Senator Claude Pepper (Florida). For the Love of Pete. I have just received a batch of Income tax returns you fellows up there in Washington don't stop to think there is quite a bunch of us out here that have not bin able to get on the US. Pay role yet and we have got to make a Liveing we have not got time to go in six months training to learn how to fill out these Blanks I am quite sure I will be safe in saying that 75% of the Nation get a kick out of paying the tax if we can make the money but please get all your tax in one get a simple form.

Letter from Arthur C. Hardy, Cambridge, Mass., referred by the White House to the Treasury Department. In one of your fireside chats some years ago, you castigated insurance companies because of tricky clauses that were alleged to be inserted in fine print on their policies.

Although this has not been my personal experience with insurance policies, I find that I own a very tricky note issued by the United States Treasury. I refer to the tax-anticipation certificates which are formally known as Treasury Note-Tax Series A-1945. The reverse side of this note has a table giving the accrued value of the note from the date of issue in September, 1942, to the date of redemption in September, 1945. However, by deciphering some fine print, which is in part obscured by the seal of the United States, it is discovered that these notes will be redeemed only at the purchase price, even at maturity. These notes were intended to be used in the payment of Federal taxes, and it therefore occasioned additional surprise when the Collector of Internal Revenue refused to accept one offered for this purpose recently. At the time of paying the December installment of my 1942 income tax, the amount of the tax remaining to be paid was somewhat less than the value of the note. I called this to the attention of the Collector, requesting reimbursement for the difference between the value of the note and the amount of the tax. Instead, the Collector refused to accept the note in payment of this installment, clearly in violation of the terms of the note. It is because I believe that the overwhelming majority of the people of this country want their Government to set an example in honesty that I address this letter to you.

THEASURY DEPARTMENT
OFFICE OF THE SECRETARY

January 28, 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 January 19, 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.

EMB

FEDERAL RESERVE BANK
OF NEW YORK

January 27, 1944.

CONFIDENTIAL

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

I am enclosing our compilation for the week ended January 19, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours,

/s/ L. W. Knoke

L. W. Knoke,
Vice President.

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

COPY

ANALYSIS OF BRITISH AND FRANCE ACCOUNTS
(In Billions of Dollars)

Week Ended **January 19, 1944** Strictly Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)									BANK OF FRANCE			
	D E B I T S				C R E D I T S					Net Incr. (+) or Decr. (-) in Funds (d)	Total Debits (e)	Total Credits (e)	Net. Incr. (+) or Decr. (-) in Funds (d)
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (b)	Transfers from Official Australian Account	Other Credits (c)				
First year of war (a)	1,792.2	605.6	20.9	1,166.7	1,826.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 299.0
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,792.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.4	+ 220.1
Second year of war (b)	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third year of war (i)	1,231.6	904.8	7.7	223.1	1,361.5	21.8	5.5	37.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
1943													
September	49.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-
November	65.9	42.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-
December	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-
1944													
January													
February													
March													
April													
May													
June													
July													
August													
Week Ended													
December 29, 1943	8.9	2.8	-	6.1	25.8	-	-	15.0	10.8	+ 16.9	-	-	-
January 5, 1944	66.7	6.7	0.7	59.3	29.4	-	-	1.5	27.9	- 37.3	-	-	-
January 12, 1944	7.1	4.1	-	3.0	30.0	-	-	-	30.0	+ 22.9	-	-	-
January 19, 1944	10.1	6.9	0.3	2.9	66.3(k)	-	-	-	66.3(k)	+ 56.2	-	-	-

See attached sheet for footnotes.

Average Weekly Expenditures Since Outbreak of War
 France (through June 19, 1940) \$49.6 million
 United Kingdom (through June 19, 1940) \$27.6 million
 United Kingdom (from June 20, 1940 to March 12, 1941) \$54.9 million
 United Kingdom (since March 12, 1941) \$20.3 million

- (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 \$ 17.9 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 January 19, 1944. Confidential

PERIOD	BANK OF CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)							
	DEBITS				CREDITS				DEBITS			CREDITS				
	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$Runds	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits
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	- 16.1
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	55.1	-	-	-	55.1	- 91.7	39.7	36.5	3.2	27.0	-	27.0	- 12.7
1944																
January																
February																
March																
April																
May																
June																
July																
August																
Bank Ending December 31, 1943	14.5	-	14.5	7.6	-	-	-	7.6	- 6.9	15.8	15.0	0.8	0.3	-	0.3	- 14.9
January 5, 1944	107.1	-	107.1	16.4	-	0.7	-	15.9	- 90.5	3.6	1.5	2.1	0.8	-	0.8	- 2.8
January 11, 1944	3.1	-	3.1	21.0	-	-	-	21.0	+ 17.9	2.5	-	2.5	0.9	-	0.9	- 1.6
January 19, 1944	6.7	-	6.7	16.1 (e)	-	0.3	-	15.8 (e)	+ 9.4	0.3	-	0.3	0.3	-	0.3	(f)

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.
Fourth year of war (through January 19, 1944)	12.7 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 7.9 million deposited by War Supplies, Ltd.
 and 2.2 million transferred from New York account of Canadian Chartered Bank.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy - Chungking
TO: Secretary of State - Washington
DATED: January 28, 1944
NUMBER: 180

SECRET

Bx 696
P. 288

This is section two of my telegram no. 166 of January 26.

We have to meet pressing military requirements, but the impact of the whole program on the Chinese economy is ignored. Inevitably, such large over payments must be inflationary. At Chengtu projects will undoubtedly intensify inflation in Szechuan, just as past heavy expenditures are the prime factor which pushed up Yunnan prices to almost double Chungking prices. In four months the one-half million workers in Chengtu will need more than one million piculs of rice. At the beginning of the year the Chengtu market learned about the projects, and the price has since risen two five percent with the stockpiling of rice for the above purpose. In view of our difficult economic situation I hope the American Army will, keep to a minimum outlays on work deemed to be necessary whether met by government or from its own funds, do its best to aid us in checking this vicious inflationary process. So as to avoid unduly disturbing the markets for services and commodities I hope that it will carefully contract for its expenditures.

For me to share the Treasury's opinion that these outlays have no relation to the amount of United States currency paid

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paid to China is impossible. Concern over Chinese inflation has been indicated by both the President and you and desire to do whatever possible to fight it. By large American military expenditures the position of our currency is considerably impaired. Our reserves have already fallen far below the requisite minimum, although legally we cannot issue notes without being covered by corresponding backing. Should we continue to issue notes without provision for reserves confidence in the currency would be damaged. In order to maintain confidence in paper expansion of circulation requires larger backing, or else the loss of faith in paper resulting from depleted reserves would cause a further increase in hoarding and in prices to maintain our war economy would become harder and China's military and economic collapse, which is precisely the enemy's wish, might even ensue. Should China suffer either defeat or economic collapse in the absence of further assistance to ascertain a remedy would be indeed difficult. While the reasons for the black market rate being much above the official rate are complex, a significant factor is the fact that the supply of United States currency is still low. Moreover, undoubtedly, there are people here who acquire United States currency to hoard in the belief that there will be a further devaluation of the yuan. However, the main demand, arises from, firstly, the Indian hoarders who pay high prices for United States notes,

as

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as smugglers in India and China can make a profit by purchasing United States notes with which to bring gold and contraband from India, secondly, from puppets and Japanese in occupied China who have no confidence in their currencies. Whether there should or should not be encouragement of such illegal activities seems needless for me to ask.

GAUSS

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN EMBASSY, CHUNGKING
TO: SECRETARY OF STATE, WASHINGTON
DATED: JANUARY 28, 1944
NUMBER: 131

SECRET

I have transmitted the President's message to Chiang with the request that he (Chiang) indicate to whom he wishes us to submit our proposals concerning the financing of the army. In the hope that proposals can be presented through and studied by someone other than Chiang and that immediate rejection would not result, this procedure was adopted. Conforming with Dr. Acheson's views, the Somervell Clay proposals first be submitted in order finally to dispose of their view that some such arrangement has committed the Chinese themselves. I will advise you of further developments.

GAUSS

DCR:MPL
1/23/44

copy/ff
1-29-44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy - Chungking
TO: Secretary of State - Washington
DATED: January 28, 1944
NUMBER: 188

SECRET

Reference is made herewith to my 166, January 26, from Adler to Secretary of Treasury.

We have transmitted to you through the pouch an actual text of the letter. In the drafting of Kung's message I understand that the Generalissimo participated. No comments on spurious argumentation is necessary, but I should like to call attention to the following points:

(1) See paragraph three of section one. Kung includes in CN dollars ten billion of Chinese expenditures for our Army the sum of CN four billion for Chengtu projects, which our Army is committed to paying for under arrangements it is hoped to negotiate. Of its subsistence so far borne by the Chinese Government the Army also wishes to pay for the cost.

(2) Reference is made to section two, paragraph one. I am reliably informed that the number of workers now engaged in Chengtu is 200,000 and it is expected that there will be a recruitment of a further 100,000. However, it is not unlikely, that Ministry of Communications padded lists it gave to the Ministry of Finance.

(3) In the latter part of paragraph two of section

two

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two the statement about rupees does not make sense as it stands as rupees are at a premium over United States dollars in the black market. Faulty expressions are perhaps the reason for this statement.

GAUSS

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 2081

Chungking, January 28, 1944.

Subject: The Refugee Relief Problem at Kweilin.

AIR MAIL

The Honorable
The Secretary of State,
Washington 25, D.C.

Sir:

Referring to the Department's mail instruction no. 429 of October 19, 1943 (File no. 840.48 Refugees/4107), in regard to a suggested project for the development of war-time industries among refugees in Kwangtung and Kwangsi Provinces, I have the honor to enclose a copy of despatch no. 96 of January 8, 1944, from the Consulate at Kweilin, on this subject.

In his despatch, which contains an adequate summary, Mr. Service indicates that the refugee problem at Kweilin has been temporarily solved by the large amount of employment created by United States Army construction projects in that area but points out that Father Thomas Ryan, who suggested the project for the training of industrial workers in south China mentioned in the Department's instruction under reference, feels that no solution has yet been found for the refugee problem which will appear again when the construction boom has ended.

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Father Ryan has evidently proceeded no further with his project than the stage of recommendation and the Embassy forwarded to the Department a copy of the memorandum of June 13, 1943, from the Consulate at Kweilin (Embassy's despatch no. 1313, June 30) with the intention of bringing to the Department's attention the large refugee problem in southeast China rather than with any idea that Father Ryan's project would ever materialize to the extent that it would be either practical or would be given serious consideration by the Chinese authorities. The Embassy has not, therefore, taken any action to bring to the attention of the Chinese authorities Professor Paul B. Eaton's experience in this field nor has it discussed the matter with him.

Respectfully yours,

C. E. Gauss

Enclosure:

From the Consulate at Kweilin,
despatch no. 96 dated
January 8, 1944.

Single copy to the Department

S48
PDS/hff

Enclosure to despatch no. 2081
dated January 28, 1944, from the
Embassy at Chungking.

No. 96

AMERICAN CONSULATE,
Kweilin, China, January 8, 1944.

Subject: Some Aspects of the Refugee Relief
Problem at Kweilin.

The Honorable
Clarence E. Gauss,
American Ambassador,
Chungking.

Sir:

I have the honor to refer to the Embassy's instruction of November 27, 1943 and to this Consulate's memorandum of June 13, 1943 concerning a suggestion outlined by the Reverend Thomas Ryan, S. J., for the proposed establishment of a joint American-British-Chinese project for the development of war-time industries among refugees in Kwangtung and Kwangsi provinces.

SUMMARY: Father Thomas Ryan stated that the refugee problem in Kweilin has temporarily been solved by the large amount of employment which has been created in the establishment of United States Army bases in this area. Unemployment will appear in significant numbers again when this construction boom is over. There has been no effort to set up industrial training in preparation for post-war industrial expansion, and Father Ryan believes that such a program should be fostered by all types of American and British missionary and philanthropic educational institutions. He has suggested the removal from India to China of war plants, when transportation facilities permit, wherein Chinese may receive technical training of the type which will fit them for work with machines.

The subject of current developments in the refugee problem in this area was discussed by Father Ryan with the writer on January 5, 1944. Father Ryan stressed that

- 2 -

there has yet been no approach to the underlying problem of giving industrial training to future factory workers in South China. He stated that he has recommended to two or three officials of the British Government the useful purposes which might be served by the establishment in this area of a factory transplanted from India as soon as transportation facilities are available. He believes that such a factory, manufacturing war material such as hand grenades, small arms, or other military equipment could be established in South China for the dual purpose of supplying Allied or Chinese troops with equipment and for the intensive training of factory workers. It is his impression that his recommendations have been passed on to higher quarters for consideration.

Efforts to relieve the lot of refugees in Kweilin have not been lacking. In February and March of 1943 a committee under the leadership of Mr. A. McLellan, head of the Refugee Relief Department of the British Consulate General at Kweilin, and including Father Ryan and a few others, was set up and organized a number of mutual aid groups among refugees in this city. At that time there were several hundred carpenters from Burma who were without work and entirely destitute. The sum of CN\$20,000 was made available to the committee by the Kwangsi International Relief Committee at that time. An equal sum was received from the British Embassy at Chungking, from funds of the British Red Cross. Carpenters who joined the mutual aid groups were helped to obtain tools and were given work to do, largely of a repair nature. It was found that these carpenters, after a long period of unemployment, required a month or more to adjust themselves to working conditions. Soon after the formation of these groups the construction activities of the United States Army in this area gained momentum, and the Refugee Relief Department of the British Consulate General began to place carpenters with contractors who were working on Army projects and with the Army itself. In June and July the demand became heavy and it was apparent that the problem of unemployment among carpenters was being liquidated.

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It was the intention of the committee to set up mutual aid groups for laundry and baking work, but it was found that among the refugees only women were interested in this work, and most of the women in need had employable husbands or could not give their time because of the necessity of caring for their children. The committee had intended to apply to Madame Chiang Kai-shek's relief fund and to the Burma Government to support the formation of a laundry and a bakery. The committee succeeded in obtaining permission to use a piece of land from the Kweilin municipality and secured an additional grant of CN\$20,000 from British Red Cross funds for the purpose of erecting a mat-shed to house the laundry and bakery, but decided to suspend further relief operations for the time being.

Father Ryan believes that the large amount of employment due to United States Army construction work which has absorbed many refugees in this area, is only a temporary solution to the problem, as there is no promise of further work when construction is completed. Of the various classes of refugees in this area he commented as follows:

- (1) Men and women of the coolie class and semi-skilled manual laborers. A large proportion of these have secured employment in the tremendous construction projects connected with American bases in South China.
- (2) Clerks. Many clerks have obtained minor administrative positions in hostels and in such organizations as the War Area Service Corps. A considerable number have become room-boys and dining-room boys in hostels because of their knowledge of English, and the best of these have often been promoted to positions as interpreters and office boys.
- (3) Students. Many students have become interpreters with the United States Army and other organizations in South China.
- (4) Skilled Workmen. Radio operators and others have been given employment by the China National Aviation Corporation and by the Chinese Government, and the nature of their employment has scattered them to various parts of the country and in some cases to India.

- 4 -

(5) Professional Men. Some engineers have found employment with the National Resources Commission and other Government organizations, although salary levels are low and the wives of such individuals have often been required to work in order to help support their families. Many doctors have entered private practice, being reluctant to serve with the Chinese Government because of insufficient pay.

Father Ryan believes that the large numbers of clerks from Hong Kong who found themselves stranded without opportunities to continue their vocation within China are now more adaptable to their surroundings, and in this respect have benefited by their experience. It is his opinion that a considerable proportion of these clerks would be willing to participate in any training program which could be established to fit them for industrial work. He also considers that they will be at a disadvantage after the war if they attempt to return to clerical work, due to younger, newly trained applicants who would be willing to work for lower salaries. Father Ryan feels strongly that foreign missionary enterprises in China should turn to technical and specialized training in their schools after the war, and hopes that concrete steps will be taken in this direction.

Respectfully yours,

Richard M. Service,
American Vice Consul.

Original and one copy to the Embassy, Chungking.

RS:hcl

814

NOT TO BE RE-TRANSMITTEDCOPY NO 12U.S. SECRETBRITISH MOST SECRETOPTEL No. 32

Information received up to 10 A.M. 28th January 1944.

1. NAVAL

.U.K. loading rate at ANZIO reduced to 6 tank landing ships (L.S.L.) per day by bombing bad weather and breakdown of small craft. Weather improved yesterday and forecast next 48 hours favourable. Two of H.M. Ships, yesterday bombarded the TERRACINA-FORMIA area hitting a train and some motor transport and silencing a battery. Two air attacks by torpedo glider and dive bombers were made on shipping in the ANZIO area 26th. 1 L.S.L. was badly damaged. The 2 U.S. and 1 British ships in Russian Convoy reported torpedoed have not sunk.

2. MILITARY

Italy Fifth Army. North of CASSINO French troops have been engaged in heavy fighting and have secured some useful high ground. Enemy have counter-attacked but situation reported in hand.

Sixth Corps. U.S. and British forces have repelled a German counter-attack and advanced elements are at the outskirts of CISTERNA and CASCIOLEONE.

3. AIR OPERATIONS

Western Front 27th. Six typhoons bombed steel-works at IJMUIDEN. Four mosquitoes and two typhoons destroyed 10 enemy aircraft over central FRANCE and BELGIUM. 27th/28th. Aircraft despatched: BERLIN 536 (33missing) HELIGOLAND 21, AACHEN 12, Constructions in Northern FRANCE 9, Sea-mining 80 (1 missing) Leaflets 15, Intruders 10. Thick cloud over BERLIN bombing carried out on places. Mosquitoes attacking after main force report considerable glow of fires on clouds.

Italy On 25th and 26th and total of 886 Allied fighters operated over the battle areas. Enemy casualties 6.2.11. Ours 3 missing.