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July 4-9, 1945

THE WHITE HOUSE
WASHINGTON

July 4, 1945

Dear Henry,

At the White House yesterday you will recall asking me to come over and have lunch with you come time the latter part of this week. If convenient to you, I feel it would be best to postpone our visit until some time next week, as I will have to open the Hearings before the Senate Foreign Relations Committee on Monday on the San Francisco Charter and I shall be up to my ears preparing for the balance of this week.

I was delighted to see you looking so well yesterday and I am looking forward to our visit.

With best wishes,

Sincerely yours,

Edward S. Matthews, Jr.

The Honorable

Henry Desobry, Jr.

Secretary of the Treasury

July 5, 1945
9:40 A.M.

HMJr: Yeah.

Mr. Luxford: And that Byrnes is arranging apparently for Vinson to talk to Rayburn today with Crowley to see whether they can't keep the House in session. They are worried about export-import bank, too.

HMJr: Keep what?

L: To keep the House in session, because they are worried about export-import bank, too. But it also planned to push on Bretton Woods as a further reason why the House should remain in session, but that meeting will not be until sometime this afternoon, but I will get word as soon as....

HMJr: Yeah, but did he ask Byrnes the pointblank question about this Advisory Committee? That is what I want to know. Hello?

L: No, I don't think.... I never discussed that with Ferguson at all.

HMJr: Somebody in this room - 15 minutes ago - said that Acheson would go to Byrnes and ask him if he didn't want to help to keep that committee as it was.

L: Oh, no. I was the one that referred to Acheson.

HMJr: Luxford, Mrs. Klots is sitting here. She said you said that.

L: No, sir, I did not say that.

HMJr: Well, can't you say "Pardon me." Don't you boys know any manners?

L: Well, Mr. Secretary, I would have been very glad to say, "Pardon me" but on an important thing - I did not say that.

HMJr: Well, I heard you say that.

L: Well, if I said that then it must have been something that was completely off my mind.

HMJr: Well, you certainly said that Acheson was going to go and ask Byrnes where we stood on the Advisory Committee.

L: No, what I said was that Acheson was going to Byrnes and suggest that they take action to try to keep the House in session. That was all.

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HMJr: Well, let it go. I mean -- I understood you to say -- nothing about the House in session. That you said that you were going to see Byrnes and ask him where he stood on this Advisory committee.

L: Perhaps that is why you laughed when I said it, Mr. Secretary, because I wondered at your response.

HMJr: There was somebody else in the room besides me.

L: Well, again I say that is perhaps why you laughed. I couldn't quite understand why you were laughing at it.

HMJr: That's why I laughed.

L: Because -- no, all Ferguson had told me was that Acheson was upset that the Senate was postponing this thing until the 16th, and that they had made these amendments.

HMJr: Wait a minute now, will you do me a little favor?

L: Surely.

HMJr: Ask E. M. Bernstein what you said, will you?

L: I'll be glad to.

HMJr: What?

L: I'll be glad to.

HMJr: I'll see you later.

L: All right.

July 5, 1945
9:45 A.M.

Mr. Luxford: I checked with Eddie and he said I didn't say anything like that. I'll check further if you wish.

HMJr: Well, let it go.

L: All right, sir.

HMJr: That's why I laughed, and that is what I understood.

L: I couldn't understand why you laughed.

HMJr: That's what I understood you to say.

L: What may have happened, Mr. Secretary, was that I had spoken to Eddie a few minutes before and asked him if he didn't want to tell you about this Advisory Committee. And he had said, "No, that Harry had already spoken to you about it."

HMJr: Yeah.

L: And it was right after that that I said, "Well, Acheson is going to talk to Byrnes."

HMJr: Well, there can always be an honest misunderstanding, but if you don't mind, I think a younger man to an older man if you disagree you can say "Well, I think you are wrong," or "I'm sorry," but just not be quite so categorical. I don't think it....

L: I'm very sorry if I was very categorical.

HMJr: I don't think that.... I think as you go up you expect the same thing from your children.

L: I should think so. I'm sorry on that point, Mr. Secretary.

HMJr: O. K., all right.

L: Certainly there was no intent to be that way.

HMJr: Pardon?

L: Certainly there was no intent to be that way.

HMJr: Oh, I've forgotten it.

L: All right, sir.

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Mr. Shaffer: The United Press is carrying a story to the effect that you resigned this morning during your visit over there to take effect when President Truman gets back from the Big Three conference.

HMJr: Yeah.

S: They quote an unimpeachable source and they charge it to the Treasury, because it was written at the White House and they think by bringing the Treasury into it it will lend authenticity to the story.

HMJr: Well, that is not very fair, is it?

S: No, sir. Gregory just called me upstairs from downstairs. He told me that the desk had just phoned him about it to tip him off what was happening.

HMJr: Yeah, well, I've got nothing to say at this moment.

S: Oh, of course not. I just wanted to tell you.

HMJr: Right.

S: Thank you.

July 5, 1945
1:10 P.M. 6

HMJr: Hello.

Mr. Charlie Ross: Hello.

HMJr: Charlie Ross?

R: Yes, Henry.

HMJr: Let me just tell you what happened. Gregory of the United Press, who covers the Treasury - I oughtn't to have told you it was Gregory - well, anyway, I've told you - calls up and says they've got the story from the White House that I have resigned.

R: That is absolutely untrue unless they got it from someone other than the President and myself.

HMJr: Well, they say "unimpeachable source", and they are....

R: I don't know who could have put it out.

HMJr: Well, they just called up. Of course, I haven't seen anybody, and we've been....

R: Well, I don't know where in the world it could have come from.

HMJr: Yeah. Well, anyway, I want you to know that it didn't come from here because everybody -- there's only a couple of people that know it, and they haven't been out of my room all morning.

R: If I knew who leaked here he wouldn't last around here very long if I had anything to say about it.

HMJr: Well, anyway, for whatever it's worth - I called you up to tell you.

R: Well, thank you very much.

HMJr: Yeah.

R: The President is going to make the announcement himself.

HMJr: He is? When is he proposing to do that?

R: At four o'clock today.

HMJr: At four o'clock.

R: Yes, and I don't know how in the world it could have been published.

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HMJr: Well, the letter just left here now. I mean it left here about ten minutes ago.

R: And someone said that the UP had it from an unimpeachable source?

HMJr: Yeah. From the White House.

R: From the White House?

HMJr: Definitely. There is no if, and, or but.

R: Well, he certainly did not have it from the President. I know he didn't have it from me. Where else he might have gotten it I can't imagine.

HMJr: They said they got it from the White House.

R: Well, I'll be damn. Well, thanks for telling me.

HMJr: Well, I just wanted to make sure that between you, the President and myself there was no misunderstanding.

R: Well, thanks for calling and I'll tell him.

HMJr: Yeah.

R: Well, the best of luck to you.

HMJr: And the same to you.

R: I'll be seeing you.

HMJr: I hope so.

R: O. K.

HMJr: Thank you.

R: Goodbye.

July 5, 1945
2:00 p.m.

GROUP

Present: Mr. D. W. Bell
Mr. Bartelt
Mr. Gaston
Mr. Hass
Mr. C. S. Bell
Mr. O'Connell
Mr. White
Mr. Coe
Mr. Fussell
Mr. Pehle
Mr. Luxford

H.M.JR: I will read you a letter. (Reads letter to President Truman, dated July 5, 1945.)

He is going to announce it at four o'clock.

MR. PEHLE: Well, we are very sorry, Mr. Secretary.

H.M.JR: Well--

MR. WHITE: The country should be sorry.

H.M.JR: Well, I think you people are entitled to know the story. The rumors and gossip and all that was that I was through, and I wanted to know whether I was through, so I went over there and asked him this morning. I am giving you the facts, but I don't want them to be peddled around town.

I said, "Mr. President, you told me you felt like a brother to me the other day, and you hoped I would feel that way toward you, so I am going to try to. Let's talk about the official family matters." I told him about these

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rumors, and he said, "Well, I will make a categorical denial that you are going to resign."

I said, "I am sorry, Mr. President, that is not enough. I believe you, but the public doesn't." I said, "What I want is a letter from you to me saying that you asked me to stay until V-J Day."

Well, he didn't know; he had to think that over. That was the tip-off, he didn't know. Maybe he might want a new Secretary of the Treasury.

I said, "Well, Mr. President, after twelve years I am not on trial, and if you don't mind my saying it, I think that my record is as good as the five gentlemen you have appointed, and you don't have to test me. I have been loyal to you, and my record is a matter of public knowledge." I also told him he would be sorry over a couple appointments he had made that have been mistakes.

So he said, "I need time to think this thing over."

I said, "Mr. President, you don't need any time at all. Either you want me or you don't."

He said, "I need time to think it over."

I said, "No, Mr. President, you don't. You know now whether you want me or whether you don't." So I wrote a letter.

From my previous experience, when he wants to think these things over I know that he is dodging for time. So I insisted that it be given out tonight. And I said, "I don't think it would look very good from your standpoint if I would give it out after you were on the high seas." I said, "For your own sake I suggest you give it out tonight." I said, "You might as well send Vinson over, and I can break him in."

So he said, "Vinson is going to Europe with me to look after Lend-Lease and other matters," which just convinces me, along with all the information that I have been gathering.

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that he was building Vinson up and tearing me down. So when he wouldn't give me a letter, it just showed they were getting ready, and when they came back they would pull the carpet out from under my feet. I have worked too hard and too long to take that from anybody.

MR. WHITE: I wouldn't feel badly.

H.M.JR: I told Mrs. Klotz that I feel sorry only on account of the great disturbance it will cause you people, rather than it will cause me, because the disturbance it caused me happened when Mr. Roosevelt died; that is when I was disturbed. This doesn't disturb me now. In fact, I am beginning to feel kind of good.

MR. WHITE: Mr. Secretary, I would like to be the first to say I think you are acting in this thing--I don't want to be understood as exaggerating, but you are acting as a great man. I think it took a lot of courage and a lot of sincerity and a quality of character that I think places you even higher in my estimation than you have been before. I think that is quite the right thing to do. I feel all of that, and I feel that if he does accept it, it will be one of the great mistakes of his career and one of the greatest losses to the country.

H.M.JR: I appreciate what you are saying. He is accepting, and he has called a special press conference for four o'clock. The United Press has it already. It came out of the White House. Do you know about it?

MR. FUSSELL: Yes. I knew they had a story. There is also a story on the Dow-Jones ticker.

H.M.JR: When you have a friend, it shows. A man called up Shaeffer and said, "There is a story coming out that Morgenthau is resigning, but they are hanging it on the Treasury. A prominent official in the Treasury said it," but they knew it didn't come out of the Treasury, it came out of the White House, but to protect themselves they are doing it that way.

MR. D. W. BELL: Was the Dow-Jones story the same?

MR. GASTON: It was the UP story.

MR. D.W.BELL: The one he had was the UP story, but the Dow-Jones story was the same?

MR. FUSSELL: I haven't seen it.

MR. GASTON: That was from the Dow-Jones ticker?

MR. D.W.BELL: It was the Dow-Jones we had.

H.M.JR: I think it is a pretty good letter myself.

MR. O'CONNELL: Yes, a very good letter.

H.M.JR: Unfortunately I didn't have more things with me to sign, because he would have signed anything this morning, anything at all, if I had only had a couple of real good documents. He was so nervous and so uneasy and uncomfortable, I think he might have given me the White House. I got the Barkley letter signed, and I got your silver. I wish I had had a dozen letters.

MR. D.W.BELL: Was Harry designated to go to Europe in that letter?

MR. WHITE: I will go to Europe on my own power.

(Mr. Gamble enters the conference.)

(Secretary hands Mr. Gamble his letter to President Truman.)

H.M.JR: I am giving them an explanation. Well, you might be interested to know, Harry, that in the course of the conversation I said, "Mr. President, I think it is most unfortunate that you are not taking anybody with you who knows anything about international finances. I think you are going to be at a great loss, because the Treasury has information that nobody has got. I think it is just too bad."

What happened, Ted, was this--

MR. D. W. BELL: He didn't answer that, I'll bet.

H.M.JR: No.

Come closer; you are so far away.

What happened, so you will know, is, I went over there this morning and told him about all the rumors and all the gossip. His immediate answer was, "well, I will make a categorical statement that you are not going to resign." I said, "Mr. President, I am very sorry, I believe you, but the public doesn't." I said, "I want you to write me a letter saying--asking me to stay until V-J Day." He said, "No, I don't want that."

"Well, Mr. President," I said, "If you don't know how you will never know," so I resigned. See?

He said, "I am not ready; I haven't thought about this."

I said, "Mr. President, if you are not ready to tell me you want me to stay until V-J Day, then I quit." There was no other way. I am not going to be--he is taking Vinson with him on the trip to handle Lend-Lease and other financial matters. I mean, he was building Vinson up and tearing me down.

Before you came in I said that the only thing I feel sorry about is that my associates here--what it will do to the finest team there is in Washington.

MR. WHITE: There are many more things to be sorry about than that, more important things.

H.M.JR: As far as I am concerned, my shoulders are beginning to go back a little bit, but, after all, it was a reasonable request to ask a man not to make me another Stettinius. When I asked him to put it in writing that he wanted me to stay, he refused to.

Nobody, especially after being Secretary of the Treasury for twelve years--after twelve years of service to his country,

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nobody can take that, and I don't see why I should have to.

MR. GAMBLE: He certainly knows more about you and your program than he knows about the new people he is appointing.

H.M.JR: I said, "I don't think it is conceited to say that my record is at least as good as those of the five people you have appointed."

MR. WHITE: Well, you can hold your head very high, Mr. Secretary.

MR. GAMBLE: I think you can, too, Mr. Secretary.

H.M.JR: If I let them pull the rug out from under me inch by inch, I'd be very unhappy and all the rest of that.

MR. GAMBLE: You would not be fair to your accomplishments, fair to what you have done, what the Department has done under your leadership to permit the President to do what he has done with Stettinius whose whole Government service collapsed under his feet.

MR. D.W.BELL: That is the smart thing about this, he beat him to the punch.

MR. WHITE: I don't think it is smart.

MR. D.W.BELL: I think it is smart.

MR. O'CONNELL: It is the proper thing to do though I suspect we are all very unhappy about it. That is the way I feel. I am sorry you were compelled to do what you did.

H.M.JR: I'm not.

MR. O'CONNELL: I can't see as you had any other real course, but I do feel very unhappy.

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H.M.JR: I couldn't hold my head up and have this man say to me he was uncertain about me. After all, I didn't ask him to appoint me for the next three and one-half years as Secretary of the Treasury. I would have liked to have stayed, but I didn't say that to him. I would have liked to have stayed until the war was won, but I didn't say that to him. I said, "Do you want me to stay, and give a statement in the papers?"

MR. WHITE: No, Mr. Secretary, it would have been terrific punishment and beneath your dignity and unbearable. There is no question in my mind that what you did was right.

H.M.JR: Anyway, they had it as a fact in the week end letter.

MR. WHITE: The rumors have been multiplying very rapidly. I don't know where they emanate from, but they have been very broad.

MR. O'CONNELL: I didn't believe them. I may be all wet, but--

MR. D.W.BELL: You what?

MR. O'CONNELL: I just didn't believe the stories.

MR. D.W.BELL: I have heard them every place I have gone, and I said, "They just can't be true, our relations are wonderful."

(Secretary holds a telephone conversation with Mr. Sam Rosenman.)

MR. GASTON: It is all right, but I do think you ought to talk to him frankly.

MR. WHITE: We will step out.

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MR. D. W. BELL: We can go over, too, but I think you ought to talk to him. I think you had better either go in the telephone booth or let the crowd go, and talk to him right away.

H.M.JR: I can't; I am going to make a record.

MR. D. W. BELL: Why don't we step out?

(Group leaves temporarily)

H.M.JR: You could have all stayed. All Rosenman wanted was the dirt, you see, that is all. He just wanted the gossip; he didn't want any information on how to write the letter.

I am sorry I didn't have a couple more good letters for Mr. Truman to sign this morning. I had two, one to Barkley--he would have signed anything.

MR. WHITE: That is all right. This is only the beginning, not the end.

MR. LUXFORD: That is what I would emphasize, now you are free to do some of those things. You have just started.

MRS. KLOTZ: I'll say.

H.M.JR: I said, "One right of a private citizen--I'm sure you won't object to my publishing my book."

He said, "No, you can do it and quote me as saying it is all right. I agree."

MRS. KLOTZ: When that time comes, I'm not so sure he will agree.

MR. GAMBLE: I don't think he will want his confirmation.

H.M.JR: Incidentally, I got his permission to give a copy to General Eisenhower, and I am doing that. That is important.

Well, don't be too glum.

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MR. GAMBLE: I signed eight new members of the Oregon Republican Club outside.

H.M.JR: What does one do to join?

MR. GAMBLE: It will cost you a buck. (laughter)

MR. WHITE: No, I think, Mr. Secretary, this is the beginning. There will be a hiatus and lots of big things that you can play an important role in. I don't feel in any sense that this is the end.

H.M.JR: To lose a team like this with the knowledge we have plus the good will we have with these various people all over the world--to lose that good will, just dissipate it only for political reasons--I can't see as it is anything else.

MR. O'CONNELL: There isn't anything else; there can't be any other reason.

MR. WHITE: You haven't lost the team. Any game you want to play later on, we will be around.

H.M.JR: O.K.

MRS. KLOTZ: Volleyball is what they play.

MR. WHITE: Volleyball.

H.M.JR: Pushball.

MR. C. S. BELL: We will go up and help you on the farm.

MR. WHITE: Count me out.

MRS. KLOTZ: Harry says, "You can count me out on going up to your farm."

H.M.JR: The tomato crop is ripe.

MR. WHITE: We want to cultivate broader spaces. I will eat the fruits thereof, but--

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MRS. KLOTZ: You want to cultivate the seeds you have already sown.

H.M.JR: We will see. It has been a good twelve years, and we have worked hard. You know, it's a funny thing, but to show how I worked, last Saturday I asked Herbert Gaston to tell Secret Service to put a continuous guard on my files starting last Saturday. I have just sensed things here and sensed them there, and one thing on another.

MR. LUXFORD: A guard on your what?

H.M.JR: My files. There has been a guard since last Saturday.

MR. WHITE: I think you have got to take some action on that, but I don't know what.

H.M.JR: The files? Oh, yes. That was one of the reasons. Well, he was very emphatic. He wanted me to stay, see. I have learned this, that when he wants something he moves almost too quick. When he doesn't, he says he will kind of think it over. He was very emphatic and said he wanted me to stay here until he got back. Of course, that suits me. It gives me a chance to fool around, you know, and get the files together and get those things packed, you know.

MR. C. S. BELL: Yes, sir.

MR. WHITE: When is he going?

H.M.JR: He leaves tomorrow night, but he is taking the grand tour of Europe. I bet he has never been to Europe before.

MR. O'CONNELL: During the last war he was.

MR. PEHLE: How long is he going to be gone?

H.M.JR: My guess is about two weeks to four weeks.

MR. WHITE: Well, while he is gone you are Acting President then.

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H.M.JR: That is right.

MR. WHITE: If anything, God forbid, should happen--

H.M.JR: You are a lawyer. Suppose he accepts my resignation this evening.

MR. PEHLE: Effective when?

H.M.JR: I don't know, but say effective on his return.

MR. PEHLE: And he doesn't return.

(Secretary holds a telephone conversation with Mrs. Morgenthau.)

H.M.JR: Well, I have a couple weeks to go. We can have some parties.

MRS. KLOTZ: Lots of them. Let's have a good time.

H.M.JR: Let's have a dance down here, a private one.

MR. C. S. BELL: Outdoors.

MR. WHITE: Well, Mr. Secretary, I am very proud of you and proud of the way you handled this, very proud indeed.

H.M.JR: O.K. I haven't read O'Connell's memo yet. I suppose I have to come back to earth.

MR. O'CONNELL: Which one is that, on the talk with Rayburn?

MR. WHITE: We don't have to go back there. Look how high up we have been.

(Secretary reads letter addressed to Senator Barkley.)

H.M.JR: By the way, do you want to give this group a copy? Have you people got a copy of the "Dear Alben" letter?

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MR. LUXFORD: No.

H.M.JR: You drafted it. It has been signed.

MR. WHITE: Maybe we want to shift it now and see who is coming in.

H.M.JR: What do you mean?

MRS. KLOTZ: That is right.

H.M.JR: What did he say?

MRS. KLOTZ: He wants to shift the "Dear Alben" letter.

H.M.JR: What do you mean?

MR. LUXFORD: Tell him what we really think while we are writing to him. (Laughter) Just think of the freedom you will have to say what you really think now, Mr. Secretary.

MRS. KLOTZ: Will there be anybody to listen? That is the point.

MR. LUXFORD: I think there will.

MR. WHITE: Yes, there will.

H.M.JR: I will get some place.

MR. WHITE: There will be some boys on Wall Street that are going to be very happy, very happy.

MR. GAMBLE: I am not so sure. There will be a few people, but I think that you will find that there will be a great many people that--

MR. WHITE: They will be worried, but they will be happy.

MR. GAMBLE: I don't think they will be worried, only in this sense: I think even the Secretary's bitterest enemies will be the first to acknowledge the job that has been done, and--

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MR. WHITE: Oh, sure.

MR. GAMBLE: ...and these bankers running around talking about the pattern of rates, and so forth--don't think they aren't happy with the condition. Government bonds are not selling as high as they were selling with the problems they know this problem is faced with according to the problems this country is faced with. It is a pretty good condition.

H.M.JR: They are afraid they will have a politician and somebody will be able to talk to that fellow, and they will be afraid it isn't going to be them.

MR. O'CONNELL: They won't be happy when they think twice about this.

MR. LUXFORD: One of your greatest compliments will be they will be happy.

MR. WHITE: They will be troubled, because after all, they have a lot at stake in regard to the proper functioning of the financial aspect of the Government.

MR. GAMBLE: What stake has Burgess got? No stake at all. Burgess you could buy and sell for seventy-five thousand dollars. He has no stake. The average fellow in this country who is head of a bank owns some--

MR. WHITE: How much does it take to buy a bank?

MR. GAMBLE: Seventy-five thousand dollars to buy all Burgess owns or has earned. There are a lot of fellows in this banker crowd that have wealth of their own and people that have equities who, in my opinion, even though superficially they have been against the Secretary, have been pleased with the way he has carried out his function, and they are going to feel pretty badly about it.

MR. WHITE: You will see some great eulogies in the press.

H.M.JR: I don't think so, and one reason is because I tied myself up to Mr. Roosevelt in my resignation. I

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did that very carefully. I am perfectly willing to get a bad press tomorrow, but I will sink or swim in history on my associations with Mr. Roosevelt.

MR. WHITE: When your record--

H.M.JR: Well, yes, but--

MR. WHITE: I don't even feel that, Mr. Secretary. Byrnes is--how old is he, sixty-seven years of age, isn't he?

MRS. KLOTZ: He has got him buried.

MR. WHITE: You have just begun; you have twenty years ahead of you.

H.M.JR: Look at Baruch. He is seventy-four.

MR. WHITE: I didn't think of him.

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

Governor Lehman, who is sixty-seven, is starting today and is going to fly to Paris, the next day to Rome, and then Czechoslovakia.

MR. LUXFORD: Who?

H.M.JR: Governor Lehman at sixty-seven.

MRS. KLOTZ: Is he?

H.M.JR: Yes, he is sixty-seven. That is a lot of flying to do for an old man. Well, anyway, don't anybody be downhearted, because I ain't. The only thing I say--and I am repeating--is that I am sorry that the team is going to be broken up.

MR. WHITE: Well, there is plenty of reason to feel downhearted about it, but the fight isn't over.

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MR. O'CONNELL: The only good reason for feeling downhearted--and we all feel downhearted on that account--is that this is not a good thing for the country. It is not.

MR. LUXFORD: We lose a fighter.

MR. O'CONNELL: In these times it just isn't a good thing; it is a shame that the forces you are talking about are able to bring it about. I was the most naive fellow in the world. I did not believe until you read that letter that the President would react the way he did. I have been hearing the same stories, and if you had asked me this morning what I thought Truman would say when you suggested you wanted a letter, I would have said he would have given you a letter.

H.M.JR: You would have said he would give me a letter? I would have up until Friday, but something happened over the week end. I would have said up to Friday that he would have given me a letter, but something happened over the week end which made me think he wouldn't.

MR. WHITE: It is independent of anything the Treasury has done.

MR. O'CONNELL: It is disheartening to have to admit that the forces who built this thing up could be effective enough to get any President of the United States to the point he had reached today. We know that this has been going on for months, but they are the same acid people that have been shooting at the Secretary and most others for the past twelve years. And it is a perfectly standard technique to start rumors around that so and so is on the skids; they are going to get him out. It could be Hannegan or anybody else making statements, but as far as the President is concerned, we could hope that he would discount those things one hundred percent. I am feeling very low because he can't.

H.M.JR: I told Mr. Truman the first week he was in that this was the financial center of the world, this desk,

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and it could only be the financial center of the world as long as the President of the United States stood right by my side, the way Mr. Roosevelt did. He said, "I will stand right by your side the way Mr. Roosevelt did."

But as far as the Treasury is concerned, it is the way White said, you take a bond drive, a tax drive and work on the Hill--everything we have touched has been successful, everything.

MR. O'CONNELL: Yes.

MR. COE: You are too good, Mr. Secretary.

MR. WHITE: Whom do you think we ought to send these to?

MRS. KLOTZ: Don't send them, Harry.

H.M.JR: Well, if Gamble and Fussell would stay, I want to talk to them. I will be seeing you.

July 5, 1945 24
2:20 P.M.

H.M.Jr: Hello.

Judge Sam Rosenman: Hello.

H.M.Jr: Sam?

R: Henry?

H.M.Jr: Talking.

R: Are you alone?

H.M.Jr: No.

R: I'd like to talk to you when you are alone.

H.M.Jr: I see. I can call you back in about ten minutes.

R: All right. You know what it is about. Your letter is on my desk.

H.M.Jr: Oh.

R: And what I wanted to do is get some material to answer it with. You know what I mean - not just words, but facts.

H.M.Jr: Well, supposing I send Gaston and Dan Bell over to see you.

R: All right.

H.M.Jr: How would that be?

R: Yeah.

H.M.Jr: What's that?

R: That's all right.

H.M.Jr: Because they helped me draft a letter to the President.

R: Would they come right over because he --- do you know what his plans are?

H.M.Jr: No.

R: He is going to announce it this afternoon. He is going to call the boys in.

H.M.Jr: Yeah.

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R: And so I have to move fast.
 HMJr: Right.
 R: Otherwise I would ask you a lot of questions.
 HMJr: Well, I'm still here.
 R: Well, when you are alone, I'd like to talk to you.
 HMJr: I'll ask Gaston and Bell to come right over.
 R: All right, thank you.
 HMJr: Bye.

July 5, 1945 ²⁶
 2:30 P.M.

Judge
 Rosenman: Yes, Henry.
 HMJr: Yes, Sam.
 R: Well, I'm sort of -- amazed when the boss handed it to me because it was such a surprise and I was just wondering whether it was considered judgment. Of course, it is all behind you now.
 HMJr: Well, oh yes, it is a long story and I don't like to do it on the phone, but after all, he seemed uncertain in his mind.
 R: You mean about the draft of....
 HMJr: No, he seemed uncertain as to what he had in mind in regard to me.
 R: Oh.
 HMJr: And I thought if there was any uncertainty in his mind, this was a good time to call off the beta.
 R: Ahuh.
 HMJr: After all, he either knows by now who I am and what I am, or he doesn't.
 R: Yes.
 HMJr: And if he doesn't know --- I just asked him whether he wanted me to stay until V-J Day, and he was evasive. And when he was evasive about it, I just pressed the point because it was all the gossip, and I can't work with all this gossip going on, you see?
 R: Yeah.
 HMJr: And when he was evasive about giving me an answer, well, I just said this is as good a time as any, Mr. President, I'll resign now. I mean I wasn't going to wait until they got ready to ask me to resign.
 R: Well, I think that is wise.
 HMJr: What?
 R: I think that is wise.

- 2 -

HMJr: I mean, after all, if you ask -- it's a perfectly reasonable request - leaving me with a terrific responsibility - he and the Secretary of State out of the country. You can't pick up every columnist and have them say I'm through, and leave the responsibility of the country in my hands, which he does.

R: Yeah.

HMJr: Whether he likes it or not. Then so I've been thinking about this for a week, and I thought it out very carefully that I would ask him point blank - does he want me to stay until V-J Day or doesn't he? Well, he didn't know. You know when he doesn't want to know, he has to think it over - you know. You've seen that characteristic, haven't you?

R: Yeah.

HMJr: And that was enough, that was enough.

R: All right, well, I want to make this as nice as I can. Are they coming over?

HMJr: They've left. But there is more to it, I'll tell you sometime when I see you, but his meeting - and my meeting with him was on a most friendly basis. Everything was smiles - everything was friendly, and I left in a very friendly attitude so there is no bitterness, no animosity.

R: Yes, well, he is going to call the boys in.

HMJr: Yeah, it is on the ticker.

R: Oh, is it?

HMJr: You give out - I suppose - a letter to me?

R: Yes, that's what I want to get out.

HMJr: And then he'll give out my letter to him?

R: Yeah.

HMJr: Did you read my letter?

R: I've got it here in front of me.

HMJr: What do you think of it?

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R: All right, very good.

HMJr: Do you think it's a good letter?

R: Yes.

HMJr: Well, make the letter good from him to me now.

R: That's what I'm calling him for.

HMJr: I thank you.

R: C.K. (Laughs)

HMJr: Bye.

July 5, 1945
2:50 p.m.

Re: CALLING PRESS CONFERENCE

Present: Mr. D. W. Bell
Mr. Fussell
Mr. Gamble
Mr. Shaeffer
Mr. Feltus
Mr. Gaston
Mrs. Klotz

MR. FUSSELL: Mr. Secretary, you want to hold yourself in readiness now to write a book, don't you?

H.M.JR: Well, what do you mean?

MR. FUSSELL: I don't think we ought to give any more material to Fred Smith. I think you ought to write your own book.

H.M.JR: I have. I didn't release those last two things you gave me. No, if there is anybody that is going to do any writing, it will be me.

MRS. KLOTZ: I am almost glad that happened.

MR. GAMBLE: You and I both.

MRS. KLOTZ: I thought that was terrible.

H.M.JR: One of the things, if the press sees me, do you think this is a good statement to make to them, that after I get a little rest I hope to make the best use of my time both through gainful and useful employment?

MR. GAMBLE: No. I think the safest thing to say to the press, Mr. Secretary, with respect to your future plans is to state that after you have had a rest you have no statement to make.

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MRS. KLOTZ: That's right.

MR. GAMBLE: And watch the events because you may lose by making a statement now that four weeks from today will find some listeners, and you shouldn't make any statement.

H.M.JR: I talked to Gaston at lunch. I don't think I should make any statement.

MR. GAMBLE: Yes you should, and what you ought to do is to call and try to have Shaeffer get every available person to a press conference, and you ought to say to these people that you want them to know the story and you ought to tell it to them very forthrightly off the record, and you ought to give them a short statement, to be decided what you want to say on the record, but I would give every one the background, because you find a curious thing in human nature. People who have been bitter toward you and tried to write needling things, the second you leave this office they are going to start praising the value of your work, and they should be brought completely up to date. They should have the story of what transpired this morning between you and the President of the United States, and from your mouth.

(Discussion off the record.)

(Mr. Feltus and Mr. Shaeffer enter the conference.)

(The Secretary hands Mr. Feltus and Mr. Shaeffer his letter to the President, dated July 5, 1945.)

MR. GAMBLE: They should be fortified with the actual story that happened. There should never have been any doubt in their mind, but you took the aggressive. You were very positive. You walked over and resigned. The letter is not enough. It is good for purposes you have a letter for, but they ought to know the story, and they ought to know you have never been a candidate for perpetual duty in the President's Cabinet, but that you as a good citizen wanted to complete your war-time services.

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And you ought to tell them that. It is a mistake not to tell them. They are entitled to know the same good things about the decisions you have made that your associates know, and they shouldn't get it from other places than you, and you ought to talk for fifteen minutes off the record and give a short statement on the record.

You personally ought to talk to Arthur Sulzberger, and I think we ought to see that Eugene Meyer and Ogden Reed, and those people are talked to this afternoon.

Those are just my methods on that.

MRS. KLOTZ: I agree with that, definitely.

H.M.JK: But what Gamble is saying is he thinks I ought to see the press after Mr. Truman sees them and give them an off the record statement about what happened this morning.

MR. GAMBLE: I don't know what happened.

H.M.JK: I'll tell you what happened. I went over there and told the President that there was all this gossip and rumors which were very persistent that I am out and it ought to be settled one way or another. He said right away, "Mr. Secretary, I will make a categorical statement that you are not resigning." I said, "Well, Mr. Truman, I believe you, but the public doesn't, and wouldn't, and what I would like to ask of you is that you write me a letter which could be given out publicly saying that you would like me to stay until the war is over." Then he said, "Well, I don't know." He had to think it over. I said, "Mr. President, if there is any doubt in your mind that you want me to stay until the war in Japan is over," I said, "My record, after twelve years and three months with you--I am not on trial if I resign now." I said, "I am going to ask you to make it public this afternoon, because I don't think it would be very nice to make it public after you left the country, for your sake."

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Well, he said I was rushing him and pressing him. I said, "Mr. President, if it isn't clear in your mind that you want me until the war is over in Japan, then I don't want to stay." That's the story.

MR. GAMBLE: I think it's a powerful story.

MR. FELTUS: It's final then, that you are resigning?

H.M.JK: Oh, yes. It's finished.

MR. FELTUS: He accepted it then?

H.M.JK: They tell me so. Rosenman is drafting the answer, and Gaston and Bell are over there helping him.

MR. FUSSELL: They called a special press conference for four o'clock.

H.M.JK: And they let a leak out of the White House.

MR. SHAEFFER: I don't know whether they got--whether the UP got it at the White House or not.

H.M.JK: That was awfully nice of Rayburn.

MR. GAMBLE: They help the UP.

MR. SHAEFFER: No, it's out. It's been out since one-fifteen. They kept it off their own ticker, but it got on Dow-Jones, quoting UP.

H.M.JK: It was not on theirs?

MR. SHAEFFER: No, sir.

H.M.JK: Well, I am asking for advice.

MR. FUSSELL: I think Ted Gamble's idea is all right with two exceptions. I wouldn't drum up a press conference. I wouldn't call it a press conference. I would wait until I got inquiries.

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MR. FELTUS: You'll get inquiries, and see them all at once.

MR. FUSSELL: Charlie and I will tell fellows who make inquiries you are not holding a regular press conference, but you will see anybody who wants to see you at five o'clock.

MR. SHAEFFER: They will insist on a press conference.

MR. FUSSELL: I wouldn't call it that, and I would start in tomorrow morning with a scheduled press conference on this stuff we have got all ready for you as if nothing had happened.

MR. FELTUS: I think it's better for you not to call anything at all. Wait until they come to you.

H.M.JR: I did agree with him, but right after this the boys will come over here when they get through over there.

MR. SHAEFFER: They will all flock over there.

(Mr. D. W. Bell and Mr. Gaston enter the conference.)

H.M.JR: Let's hear from these people first. They are talking about what should be said at press, but I would like to hear what went on over there.

MR. GASTON: He asked us first as to the high spots of your record which he could use in the letter, and we gave them to him in substance, the tax policy; tax administration; honest, impartial, fair administration; and as to the tax policy, of course, policy greatly increasing the revenues, that the economy finances the Government in time of war, and the reduction of interest on the National Debt coincident with the tremendous increase of more than two hundred billion stabilization efforts beginning in 1934 and coming to fruition with the Bretton Woods legislation.

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He asked us why you didn't make it effective immediately.

H.M.JR: Why I didn't make it effective immediately?

MR. GASTON: He thought there was something funny about the circumstances.

MR. FELTUS: It is effective when he returns.

MR. GASTON: So the only reason I mention that is that the letter is probably going to be accepting it on the terms stated in the letter that would indicate that that was an instruction to him.

MRS. KLOTS: Yes, he said so.

MR. BELL: He said he would read you the draft as soon as he was through. He started to dictate when we left.

H.M.JR: This is most likely what will happen. After they go over there they will want to see me and we got this far that I would see the men, and Gamble feels very emphatic that I should tell them off the record what happened this morning, and not say anything on the record. But, I am open to discussion now.

MR. GAMBLE: I think you might want to put it in your own words about what happened, Mr. Secretary, this morning, but my thought was if they don't tell these people something, then they are going to believe that you are leaving the Cabinet under exactly the same pattern the other fellows have had. There has already been a lot of speculation in that direction.

H.M.JR: One thing I will tell them is that I went over there and asked him whether he expected me to stay until V-J Day, and he seemed a little doubtful, and hesitant, and so I said, "If there is any doubt in your mind, Mr. President, I think this is as good a time as any."

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I can't say I asked for a letter and he wouldn't give it to me.

MR. GAMBLE: You don't have to tell them that.

MR. BELL: I don't think so.

MR. GASTON: I think their interpretation of the situation is going to be that you forced his hand, and I don't think it would help that interpretation by talking about it to the press.

MR. BELL: I think you have to be careful that you don't make your own position rather intolerable in the next forty-five days.

MR. GASTON: I agree to that, too. What do you think, Fus?

MR. RUSSELL: I think I agree generally with what Ted said, that the story ought to be told in general off the record, but I think they also ought to be given something on the record to save them the trouble of going away from here entirely empty handed.

H.M.JR: What can I say?

MR. BELL: That's what worries me. If he says something--but what can you say if you don't give the whole thing away?

MR. FELTUS: Haven't you a perfect story in saying that you had wanted to leave when the President died, and that Mrs. Morgenthau has not been well?

H.M.JR: No, I will not bring Mrs. Morgenthau in it. I wouldn't bring her in.

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MR. GAMBLE: I think you could say both the President and yourself understood you were not going to remain on the job and the only thing open was the date, and you've now fixed the date.

MRS. KLOTZ: That's not true.

MR. D.W.BELL: That's not true.

H.M.JR: Excuse me, and he leaks too, don't you think he doesn't.

MR. D.W.BELL: He what?

H.M.JR: He leaks, but if I tell the truth--

MR. GAMBLE: I'm talking about on the record.

H.M.JR: I know he has special people. I know, I've seen it.

MR. GASTON: I don't think you can be responsible for two stories, one on the record and one off. If they want to come to conclusions and make inferences, that's their business, but I don't think you should reinforce those inferences by telling that to them off the record and telling an off the record story which is to publicly make a liar out of our own letter and the President's letter.

MR. FELTUS: I'm inclined to agree.

H.M.JR: The way to do this thing--this girl who is President of the Washington Newspaper Guild, what's her name? You find it.

MR. SHAEFFER: Yes.

H.M.JR: She is very friendly and I've never seen her, but she knows how to get things out, and I was just wondering if I might not send for her and tell

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her she should spread it amongst the Guild members. There are a couple hundred of those, aren't there?

MR. SHAEFFER: Yes.

H.M.JR: Or I could go to Nate Robertson and ask him.

MR. SHAEFFER: May Craig?

H.M.JR: No. She had me down twice, once to give a bond and once for something else, and she's a very nice girl. She writes for the Philadelphia Inquirer, I think. She's President of the Newspaper Guild.

MR. FELTUS: What is it you want to give her, Mr. Secretary?

H.M.JR: Just actually the true story. I could give it to Nate Robertson and he could--

MRS. KLOTZ: The only way you can give it to them for them to go away with any feeling, is to hear it directly from you. If you're not going to do it that way, I wouldn't do it any other way.

MR. GAMBLE: I wouldn't waste my time. It's what happens in the next forty-eight hours that is going to set the pattern about the stories about your resignation.

H.M.JR: My thought is this: That if they ask to see me, you can say, Charlie can say, "The boss--" if that's what you call me. Is that what you call me?

MR. SHAEFFER: Yes, to others. (Laughter)

MR. GASTON: You mean you and a few others.

MR. GAMBLE: You mean outside of the Treasury.

H.M.JR: "...The almost ex-boss is ready to see you boys and girls and sit down and have a little friendly chat. He has nothing for you other than the

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letter, for today, but if you would like to see him, he would be glad to sit down and have a chat, but he has nothing for you on the record."

MR. D.W.BELL: You'd announce before hand he'll just chat will them off the record, nothing to be quoted, just off the record.

MR. GASTON: There's just one thing you can add to the story. The story of your resignation is the way the President gives it out. I wouldn't give out anything else on this subject, either on or off the record. The only thing you can give that would be on the record would be your future plans. Are you going to take some Government appointment, something of that kind, and your future plans, I assume, if you're ready to tell them. You could tell them whether you do or don't expect to take a private job, whether you expect to retire to private life, whether you expect to be a farmer.

H.M.JR: Up to noon today I've been so busy working for Uncle Sam I haven't had time to think about it.

MRS. KLOTZ: It's the truth.

H.M.JR: I haven't had any time and I've got this responsibility of being here in charge while Mr. Byrnes and the President are gone, and I'll be very busy, and I think the first thing that I'll do is to take a rest.

MR. D.W.BELL: A good long rest.

MR. GAMBLE: I could add one thing to that.

MRS. KLOTZ: A good rest but not too long, Dan.

MR. GAMBLE: What would you say, Herbert, if the Secretary made no comment at all on the record, absolutely no statement, and let the White House statement stand completely on its own, with no comment, but telling these boys off the record the story.

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MR. GASTON: That's the same proposition we were discussing. I'm against it.

H.M.JR: Well, I've been listening and I think knowing Washington, and the ways of it, that these people are very friendly to me personally, and the working press, and I think they want to know.

MR. D.W.BELL: It's going to be out--

MR. GAMBLE: It isn't going to get out straight either.

MR. D.W.BELL: ...in garbled form.

H.M.JR: I think, Ed, if they ask to see me, you wait, don't precipitate anything. But if they ask to see me, tell them through Charlie, if you will, that I'll see them, if you don't mind, Herbert, my doing it this way. I've listened to everybody. I'll sit down and have a little friendly chat with them.

MR. FUSSELL: I would like to add to that, Mr. Secretary, if you could have a regular press conference tomorrow, the one you planned to have today, go on just as if you were going on.

H.M.JR: That bridge I'll cross tomorrow.

MR. FUSSELL: We canceled it because of his being at the White House.

H.M.JR: Let me see these boys and girls tonight and have a talk.

MR. D.W.BELL: You're not going to see them unless they ask.

MR. SHAEFFER: They'll ask me at the White House. I'll be over there, and they'll ask what are the chances of seeing the Secretary.

H.M.JR: You can say, "Well come on over."

MR. GAMBLE: Say, "Come on over and you'll see."

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H.M.JR: I'll see them.

MR. D.W.BELL: Would that mean a lot of strange reporters would come, too, other than the regular ones?

MR. SHAEFFER: Yes.

MR. GASTON: Yes, you get in to an off-the-record situation which you can't control.

MR. FUSSELL: I wouldn't spread the word over at the press conference. I would just have the usual ones.

MR. SHAEFFER: What if someone comes in and says, "What's the chance of seeing him?"

H.M.JR: Why don't you put it this way, say, "I don't know, I'll have to go back and ask Mr. Morgenthau."

MR. GAMBLE: Why doesn't Charlie go to the press conference at the White House?

MR. SHAEFFER: I have been ordered to go to all of them.

H.M.JR: I think you better go. He better go. Say, "I don't know what he'll do. I'll go back and see him," and we can wait and the big boys--important fellows--won't sit around and wait. We'll get our own group.

MRS. KLOTZ: Yes.

MR. FELTUS: The important thing we haven't discussed is planning ideas about Mr. Morgenthau going out on a tone of victory, on the Bretton Woods victory, the Seventh War Loan Drive, and so forth. It's very important they play the story that way. Here's a man who goes out in a blaze of glory.

MR. GAMBLE: The President's letter will have that.

MR. SHAEFFER: Won't that be brought out in the letter?

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MR. D.W.BELL: We don't know what Judge Rosenman will write.

MR. FELTUS: I think you could speak to a few people that are friendly and tell them to put that thought in.

MRS. KLOTZ: If you have a chat with them, you can tell them whatever you want to.

MR. GAMBLE: That is the best way to push it, I think. Any other kind of pushing would be wrong.

H.M.JR: All right. We'll stop now. Could I talk to you a little about the radio program? You stay behind.

MR. GAMBLE: Yes, sir.

H.M.JR: Are you going to be around?

MR. FELTUS: Yes.

July 5, 1945
3:30 P.M.

HMJr: Hello.

Judge Sam Rosenman: Henry?

HMJr: Yeah.

R: Do you want to listen to this?

HMJr: Very much.

R: Dear Henry, I'm indeed sorry (this is still a draft so if you want to change it.)

HMJr: Thank you.

R: Dear Henry, I'm indeed sorry to learn that you have come to the conclusion that the time has arrived to be released from your responsibilities as Secretary of the Treasury. I'm grateful, however, that you are willing to remain until I return from Europe so as to carry on the arduous work of the Treasury during my absence. Yours has been a very long and efficient service to our country, both in peace and in war, and your departure from the Treasury will be a distinct loss. Your service to the nation began in 1933, in the days when you supervised the merger of the Farm Credit Agencies into the Farm Credit Administration which has done so much to help the farmers of the nation. Since you have been in the Treasury you have participated in formulating and administering a Federal tax program which has raised unprecedented tax revenues with a minimum of disturbance to our economy. These tax laws have seen an impartial and efficient administration under your guidance. Under your supervision the Treasury, through the sale of bonds, has raised over 200 billion dollars with which to finance our defense and war activities. Raising this money was in itself a great achievement, but in addition, it was accompanied by a substantial reduction in the average rate of interest on the public debt. You have been a steady champion of international monetary stabilization ever since the early days of your administration as Secretary of the Treasury. Through many years of activity and accomplishments in this field, your efforts are now bearing final fruit in the Bretton Woods legislation now pending before the Congress of the United States. In this and in

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R:(cont)

other ways you have helped bring about the close fiscal cooperation which this government has had with its allies during this war. I am sure that you must feel a great sense of accomplishment in this outstanding record of service to our country. On behalf of our people I extend to you the thanks of the nation. I am appreciative of your offer of service in the future, and I'm sure there will be many occasions on which I shall seek your counsel. With kindest personal regards.

HMJr: Well, I think it is excellent. I've got only one possible suggestion, Sam.

R: Yeah.

HMJr: Would you care to say what you told your son last night about my efforts before we were in the war.

R: Yeah, in lend lease and in cooperation with the other countries, eh?

HMJr: Yes, what we did before the war.

R: Yeah.

HMJr: You know, just what you told him that I had done more than anybody else to help get things started.

R: Yes, you mean helping the allies.

HMJr: The allies in pre- lendlease days.

R: That's right.

HMJr: And that the lend-lease legislation was written here in the Treasury.

R: Yes. All right, I can get something of that in.

HMJr: Could you?

R: Yes.

HMJr: Otherwise, I think it is very, very fine.

R: All right, boy. A couple of repetitions here which I'll have....

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HMJr: I think it is fine. I think it is excellent.

R: All right.

HMJr: Ever so much obliged.

R: All right. I want to talk to you at length a little later.

HMJr: I'm here.

R: I don't mean today, but I mean....

HMJr: Well, next week - as Acting President I may be very busy.

R: Well, would you see me if I can get Miss to make an appointment?

HMJr: Well, Miss is a nice girl, so I'll be glad to see you.

R: O. K.

HMJr: Right.

R: Right. (Laughs)

HMJr: O. K.

July 5, 1945
3:49 P.M.

HMJr: Hello.

Mr. Charles
Kerzi: Hello.

HMJr: Henry Morgenthau.

M: How do you do, Mr. Secretary.

HMJr: How are you? Can you hear me?

M: Yes, just about so.

HMJr: Should I get another wire?

M: No, it is all right.

HMJr: Four o'clock today the President is announcing that I have resigned.

M: The President has announced it - is announcing it?

HMJr: He will, yes.

M: You don't say so!

HMJr: Yeah, in about ten minutes.

M: Well, that is certainly a surprise.

HMJr: Yeah, well, I resigned this morning. And for your own background I thought he ought to be able to make up his mind by now whether he wanted me or whether he didn't.

M: Yes.

HMJr: And he didn't seem to be sure - with all these rumors I can't be responsible for the fiscal policy of the Government and have all of this uncertainty.

M: Yes, I understand that.

HMJr: So I offered him my resignation and he asked me to stay until he got back from Europe and I said I would.

M: You would?

HMJr: Yeah.

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M: But he is announcing it today.

HMJr: In ten minutes.

M: Yes, sir. Well, that certainly is a big piece of surprise.

HMJr: Well, I thought I might as well settle all of these rumors, and we've got a lot of people that have bought bonds on my say-so and your paper has been very helpful in supporting them.

M: Yes.

HMJr: And I wanted you to know about it because you have been so particularly good in this government bond market.

M: Well, I'm very grateful to you because I know we will want to have something to say about your resignation and about your work. I'm very glad you did call up.

HMJr: Well, I've been here twelve years I've given it the best I have.

M: You certainly have.

HMJr: The Seventh War Loan has been a great success, and I just thought I'd let you know.

M: Right. Well, it is very kind of you to do it and I hope at any rate this means I'll see more of you and all kinds of good luck and congratulations on a pretty handsome job.

HMJr: Thank you so much.

M: Right.

HMJr: Bye.

July 5, 1945
3:56 P.M.

HMJr: Hello.

Mr. Drew Pearson: Hello, Mr. Secretary.

HMJr: How are you?

P: Pretty good, thanks.

HMJr: Well, Drew, I resigned this morning.

P: You did?

HMJr: Yeah. The President is announcing it in five minutes.

P: Well, I'm sorry to hear that.

HMJr: Well, he didn't seem to be able to make up his mind whether he wanted me or not, and I thought that there was no reason after twelve years why I had to be on trial.

P: Well, you are right about that.

HMJr: So I thought that if he had any doubts, this was as good a time as any. So I brought the matter to a head and I resigned.

P: Well, I personally am terribly sorry.

HMJr: Well, I would have liked to -- I would have been more than willing to stay on until V-J Day, but I don't want to have all these suspicions, and have people worrying about the Government bonds and having everybody else worried, so I thought it was up to him to make up his mind.

P: Well, you are right.

HMJr: And he didn't seem to be sure what he wanted, so I said well I know what I want. So I forced the issue and resigned.

P: Well, I

HMJr: And that's that.

P: I guess you are wise, but the old liberals who are willing to stand up and make a fight are getting fewer and fewer around here.

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- 2 -

HMJr: Well, that is true, Drew, but you know I told the President when I first came in here that President Roosevelt always backed me up 100% and my desk is the financial center of the world, and unless the President of the United States is back of me every minute, I can't function.

P: Of course, you can't.

HMJr: And by now he ought to know whether he wants me or whether he doesn't. So he asked me to stay until he got back from Europe, which I'm going to do.

P: I talked to Ickes at noon today and he feels exactly the same way.

HMJr: But I wanted to tell you about it personally because you have been very friendly and very helpful, and on these international things, I think you have been a real influence. And I hope we will continue to be friends.

P: Well, as far as -- I sure will be. Will you move up to New York, or will you stay down here?

HMJr: Well, I haven't had time --- oh, no, we'll go up to the farm. No, I won't stay here. This has been a place to work not to live.

P: Yeah.

HMJr: No, no.

P: It seems like -- I can't tell you how sorry I am that you are going to be leaving.

HMJr: Well, I tell you, Drew, it is a different crowd. A different crowd -- I'm not one of the gang.

P: It is a different crowd, and unfortunately there's going to be an awful lot of grief around here, when you have a minute I'll come down and tell you about some of the things that are going on.

HMJr: I'd like to know, but I'm not one of the gang. He has written a very, very fine letter to me, which he will give out, but I just guess I don't belong.

P: Well, in a way - in many respects I agree with you on that.

HMJr: I may be able - as a private citizen - I may be able to do a little bit on the outside, after I get a little rest.

- 3 -

P: Yeah. Well, thanks ever so much for calling me. Have you any idea who he has in mind?

HMJr: No, he didn't seem to know. I think - he wasn't ready for my resignation - he wasn't ready, but... I suppose he will probably put Vinson in.

P: That's what the gossip is, but I don't know. You see, Hopkins didn't go across either and I think that was a great tragedy.

HMJr: Was that - it wasn't entirely his health, was it?

P: No, of course not. I don't think there was any warmth or encouragement from Byrnes.

HMJr: Yeah, that's what I figure - I figure it was Jimmy.

P: I mean I think that if Jimmy had extended a hand of friendship to Harry, Harry would have gone in a minute.

HMJr: Yeah.

P: And with his knowledge and everything. I mean, look at the knowledge Harry's got - look at the knowledge I've accumulated here for over twelve years, and this group which I have associated with. I mean we've got the best group in Government, I think, and this group will just go to the four winds.

HMJr: That's right.

P: And all of this stuff which I have accumulated over twelve years, I want to make it available. But I can't, you know, with any doubt around I can't function, so that's that.

HMJr: Well, I agree with you. I think you are absolutely right.

P: I'm beginning to feel better already.

HMJr: You are (Laughs)

P: Yeah.

HMJr: Well, some of the other people aren't.

P: I don't know -- I'm beginning to feel a little bit younger already. I think I'm a little less stoop-shouldered.

- 4 -

P: (Laughs) Well, I'll call up and come down to see you when you have a breathing spell.

HMJr: Do that.

P: All right, and thanks for calling me.

HMJr: All right.

P: Bye.

July 5, 1945
4:10 P.M.

HMJr: Mrs. Reid?

Mrs. Ogden: Yes.
Reid

HMJr: Henry Morgenthau.

R: Yes, Mr. Morgenthau.

HMJr: Mrs. Reid, your paper has been very kind to the Treasury and to me since I've been Secretary of the Treasury, and I just wanted to let you know that I resigned today.

R: Oh, have you really. You are very good to let me know.

HMJr: The President is announcing it at four o'clock.

R: I see.

HMJr: And I just thought with all of our bond holders and War Bond activities that you might like to know it yourself.

R: You will be very much missed.

HMJr: Well, I've done the best I could, but I guess I just don't belong.

R: Well, it's too bad.

HMJr: But I can't work except under friendly atmosphere.

R: Yes, I can appreciate that.

HMJr: So, but I just wanted to tell you.

R: Well, it is awfully good of you to let me know.

HMJr: Thank you, Mrs. Reid.

R: Well, thank you so much for calling up, Mr. Morgenthau. I hope I'll see you sometime.

HMJr: I hope so too.

R: I'd like to talk it over with you.

HMJr: Well, as soon as the -- the President has asked me to stay until he comes back from Europe.

- 2 -

R: I see.

HMJr: And then we will move up to the country. And I think I'll be around New York much more.

R: Well, that's fine. I'll look forward to seeing you very much and I do appreciate your having let us know.

HMJr: Thank you, Mrs. Reid.

R: Goodbye.

July 5, 1945
5:20 P.M.

HMJr: Henry talking.

Mr. Eugene Meyer: Hello, Henry.

HMJr: How are you?

M: O. K.

HMJr: I just wanted to tell you myself, you may know it by now, that I resigned as Secretary of the Treasury.

M: Yes, after I called you back I heard it.

HMJr: And I wanted to take this opportunity for thanking your newspaper and yourself for all the support that you have given me.

M: Well, Henry, I think you've done a good job.

HMJr: Well, I did the best I knew how, Eugene.

M: Yes, I think convinced the country of your sincerity and devotion. I suppose you have had enough of it.

HMJr: Well, I tell you, Eugene, I just wanted all of these rumors cleared up, you see?

M: Yes.

HMJr: As to whether there was a successor or there wasn't, I can't work under that kind of an atmosphere. And Mr. Truman couldn't satisfy me as to whether these rumors were false or truthful - so I thought that under that circumstances I would ask - I'd resign.

M: Yes, well, I imagine that you miss your former team.

HMJr: Very much, and I can't work in an atmosphere of uncertainty.

M: Yeah.

HMJr: Not when you carry the responsibilities I'm carrying.

M: No, well, I can understand that.

HMJr: And you've got to feel....

M: May I ask you what you said in your letter, Henry?

- 2 -

HMJr:
M:
HMJr:
M:
HMJr:

Surely. I've got it here I'll read it to you.
My office didn't have it here. Would you do that?
Yes, it will take me about three minutes.

Yes.
It says - My Dear Mr. President,

When Franklin D. Roosevelt came to Washington he asked me to come with him, stating that when he was through, we could go back to Dutchess County together. For twelve of the most eventful years in American history I was associated with him actively participating in meeting important problems confronting the country, both before and during the war.

Immediately after President Roosevelt's death I told you how I felt and stated that I wanted you to know that your hands were untied as far as I was concerned. You were good enough to say that you needed my help and urged me to remain. Since then with your support I have completed many of the most urgent tasks that were then pending. As I told you this morning I feel the time has now come when I can appropriately be released from my responsibilities. Accordingly, I now tender my resignation. My preference was to have this resignation effective immediately, but since you've stated this morning you wish me to remain until you return from Europe, I will, of course, comply with your wishes.

So let me express my appreciation of the fine support you have given me since you became President. I most fervently hope for the great success of your administration in solving the difficult problems which lie ahead. If you wish to consult me at any time I shall always be at your service.

Well, I think that was the dignified thing to do.

M:
HMJr:
M:
HMJr:
M:

Yeah.

As you analyzed it that he wanted his own man in there..

That's right.

En?

- 3 -

HMJr: That's right. I just don't belong, Eugene.
 M: Well, that's all right.
 HMJr: That's all right with me.
 M: You've make a good record and I think you have nothing to regret.
 HMJr: Nothing, and this is a pretty good time. I just thought I would just call the cards rather than letting somebody else do it.
 M: Yes. Well, of course.
 HMJr: He wasn't ready, I took him by complete surprise.
 M: Ahuh. Well....
 HMJr: Anyway I wanted to let you know myself, and tell you that I thought your paper has been fine and they have given us all..
 M: We were able honestly and sincerely in most everything except minor matters to go along with you.
 HMJr: Well, that's right.
 M: You got a good crowd into the Treasury and handled it very well, and you've made a record which will be a part of American history. One that you don't have to feel ashamed of.
 HMJr: That's right. I'll be seeing you.
 M: O. K.
 HMJr: Thank you.
 M: Glad you rang me up, Henry. Goodbye.

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July 5, 1945
 5:20 p.m.

GROUP

Present: Mr. Luxford
 Mr. O'Connell
 Mr. Coe
 Mr. Gaston
 Mr. White
 Mr. Haas
 Mr. Fussell
 Mr. C. S. Bell
 Mr. Pehle
 Miss Joan Morgenthau
 Mrs. Klots
 Mr. Bartelt
 Mr. Gamble

H.M.JR: I thought you people might like to hear Truman's letter to me. Have you got the letter?

MR. WHITE: We have just been reading it.

H.M.JR: Then you read it and save my voice.

MR. WHITE: It's a very good letter.

H.M.JR: The only thing that made Gamble awfully sore was that he thought it was unnecessary for Truman to say he already had my successor in mind. He said that at the press conference.

MR. O'CONNELL: Yes, it was in the ticker.

MR. WHITE: He said it in the press conference?

MR. GASTON: Yes.

MR. LUXFORD: You saw the AP that you are already being named to Bretton Woods, didn't you?

H.M.JR: Well, I had an off the record press conference, and I told them that nobody had to make any job for me, and I wasn't interested.

- 2 -

MR. WHITE: Well, we are glad that nobody--

H.M.JR: What I tried to get without saying it was that they didn't have to treat me like Stettinius. They didn't have to do for me like they did for other people who resigned, and the only thing I am interested in is a rest, and he said, "You are not interested in any Federal job," and I said, "No, and nobody has to make any job for me," because I don't want them to think I am going to be sitting around waiting for a job.

(Mr. Bartelt enters the conference.)

MR. LUFKORD: That was a good thing to say.

MR. GASTON: Yes.

H.M.JR: I am not going to wait around, and I drove it home. I couldn't have driven it home any harder, could I? How many times did I repeat that?

MISS MORGENTHAU: Quite a few.

MR. WHITE: Senator Wagner called me about something else about four-thirty. He called you.

H.M.JR: He is calling me.

MR. WHITE: He felt pretty badly about it. He thought it was very unfair. He thought no one was more interested in Bretton Woods than you.

(The Secretary holds a telephone conversation with Mr. Eugene Meyer.)

(Mr. Gamble enters the conference.)

H.M.JR: Everybody I called, Ogden Reed, Charles Mers, Eugene Meyer, they have all been terribly nice.

- 3 -

MR. WHITE: Did you call John Lewis?

H.M.JR: John Lewis?

MR. WHITE: Publisher of the PM.

H.M.JR: No. Nate Robertson was here. But I just thought I would see you once more. I thought--I don't know, Fussell is here--I thought the little conference went off all right, didn't you think so?

MR. FUSSELL: Yes.

H.M.JR: I talked for what, about half an hour?

MR. FUSSELL: About that.

H.M.JR: And ended up with about three words on the record.

MR. GASTON: How large a group did you have?

H.M.JR: Twenty.

MR. GASTON: More than the usual number.

MR. FUSSELL: Yes.

H.M.JR: But mostly the main thing I was able to sketch was this thing that they were going to fix me up with a job for Bretton Woods.

MR. GASTON: That's very good.

H.M.JR: Nobody has to fix me up with anything.

(The Secretary holds a telephone conversation with Senator Wagner.)

MRS. KLOFF: That was good, telling him to make a statement on the floor. (Laughter)

- 4 -

MR. FEHLER: That's a direct approach.

H.M.JR: That is to tell me that--

MR. LUXFORD: I told you this was just the beginning.

H.M.JR: What?

MR. LUXFORD: I told you that was just the beginning.

H.M.JR: Sure.

MR. LUXFORD: They are telling things now you wouldn't.

H.M.JR: Don't come around and applesauce me. (Laughter)

MRS. KLOTS: That's wonderful!

MISS MORGENTHAU: It would be very nice.

H.M.JR: What luck have you had, Ted?

MR. GAMBLE: Very good on all of these. I had our old press boys in and had a chat with them myself. I had a meeting of our staff as well. But I kind of got from our boys and Max Hall, who was also to be here at this meeting--

H.M.JR: You saw him afterward?

MR. GAMBLE: Not afterward, I saw him before I came from my office over here. I got the impression from these fellows they were a little stunned by it, and they just didn't like it. I think that the country has stood most of these changes because I don't think they have been particularly concerned about the people that went out, but the reaction I got from them, the country is going to interpret it that this is a step a little too far, and I predict that this is the beginning of a lot of trouble for Mr. Truman, and everything that he does is going to be looked upon with a jaundiced eye, and they are going to see conniving and political maneuvering

- 5 -

which is not statesmanlike, and not what we have come to expect from the man. That's the reaction I got.

H.M.JR: Bravo! Well, I'll tell you. Coming from New York is the wrong state, you've got to come from Missouri. You've got to come from Missouri!

MR. WHITE: I am trying to pick a state where my next four sons will be born, but I don't know which of the forty-eight to begin a state of despair in. It must be a state of this Union.

H.M.JR: Well, anyway, I want to talk to you a moment about the radio program.

MR. GAMBLE: Fine.

H.M.JR: Anyway, as far as I am concerned, my parting words are, "Don't anybody feel badly." I am not kidding. I am sincere. I said before I went over there it was all written in the stars, and this is the way he wants it, and I just think it is my good fortune that I snook him out. I really would have been unhappy if I would have been forced out, or if the Senate had slapped me down, or some unfavorable vote in the Committee had taken the Advisory Committee away from me.

MRS. KLOTS: That's right.

H.M.JR: General Greenbaum had been kind enough to advise me last week, "Henry, you are right at the top, get out." He said, "Something will happen over which you have no control which will just be a cloud on your reputation." He said, "You can't help it. Something is going to happen. Get out while the going is good, and you will never get a better time."

MR. WHITE: There is certainly no blot on the old reputation yet.

H.M.JR: Not yet. We could introduce something poetical.

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The thing is if this man had said to me, "Of course I'll give you a letter, of course I will say this thing publicly--why, you can have any letter you want," I would have stayed.

MRS. KIOTE: He led us to believe that up to today.

H.M.JR: He said, "Why, I'll make a flat statement you are not getting out."

MR. WHITE: It is evident he was not.

MR. GASTON: At the press conference he said he had your successor in mind.

H.M.JR: This morning when I said something he had no idea, this was all new and everything.

MR. WHITE: I think you pushed his hand, and he would have preferred you had not done that.

MR. GASTON: There's no question about that.

H.M.JR: There are a lot of things. Well, that's politics, I guess. That's life.

MR. O'CONNELL: Particularly politics.

H.M.JR: And the reason, gentlemen, that I don't feel low today is I felt low when Mr. Roosevelt died. You know I was in a daze for a week, but I have gotten over that. I have sensed this thing in many different ways, and it finally culminated over the week end. The strange thing is, after all, Mr. Truman is there, not by the Grace of God, but by the Grace of Franklin D. Roosevelt, and so is Hannegan.

MR. WHITE: Yes.

H.M.JR: They are Roosevelt people. That's the funny thing.

Well, I'll be seeing you.

July 5, 1945
5:25 P.M.

Senator
Wagner:

Somebody ought to hit you in the jaw or something.

HMJr:

Why?

W:

Why, why should you give up that job you are doing?

HMJr:

Bob, if you can't get the assurance of the President of the United States that he is going to back you up and that he wants you I don't want to be around.

W:

Well, is that what it was?

HMJr:

Well, to you -- this morning I went over and I said what about all of these rumors? And he said, "What rumors?" And I told him different stuff, and he said "Well, I'll tell the papers you are not going to resign." So I said I'll believe you, but the public don't. So I said if you want me to stay on until V-J Day, I'd like a letter. Well, he wouldn't give me a letter.

W:

No?

HMJr:

Hello?

W:

Why?

HMJr:

Well, he said he wasn't sure, he didn't know. So I said, "Well, if you are not sure after my twelve years in the Treasury," I said, "Mr. President, then I would like to resign." So he said he wasn't ready, and I said, "Well, I am." And I said, "Make up your mind. Either you want me or you don't want me." Well he couldn't make up his mind, and it just confirmed all of these rumors that he's got somebody else he wants to put in here. Now you know you can't carry on a great responsibility like this with everybody on the street knowing who your successor is except yourself.

W:

Yeah. Well, I know - somebody talked to me and I said there is nothing to it at all, and I didn't think there was.

HMJr:

I didn't either, Bob. I didn't either, but I thought the way to do was to walk across the street and ask him man to man.

W:

Yeah, I think you are right there.

HMJr:

And I walked over there and asked him and he wouldn't give me a straight answer.

- 2 -

W: Yeah.

HMJr: So after all with twelve years here, I'm not on trial.

W: Yeah. Well, I'm sorry for that whole situation because here we've got these things to deal with and you've certainly been a corking Secretary of the Treasury.

HMJr: Thank you, sir.

W: But I'm damn sorry to see it all happen. Some newspaper man just asked me - he said, "What about it?" I said, "Well, if it is true I'm very sorry, because he has been a great Secretary of the Treasury." And I meant that.

HMJr: Well, if you mean it I hope you say it some day on the floor of the Senate.

W: That I will.

HMJr: I got a "Dear Albin" letter out of him this morning.

W: Oh, did you?

HMJr: I'll send you up a copy of it the first thing in the morning.

W: All right.

HMJr: We wrote a very strong letter here to Barkley telling him that we wanted to get this thing through - no fooling.

W: Yeah.

HMJr: And he signed it.

W: What letter -- about Bretton Woods?

HMJr: About Bretton Woods.

W: I see.

HMJr: A very, very powerful letter.

W: Ahuh.

HMJr: So the President was leaving and it would be very useful to him and he would like Barkley to do everything as the leader, etc. and etc.

- 3 -

W: Ahuh.

HMJr: So if I had had a couple of more letters, he would have signed those too.

W: Yeah. (Laughs) Well, I'm sorry about it.

HMJr: I am too, but you know how it is. The responsibility is too great to have any constant doubt around, and he wouldn't clear it up. So we'll let Missouri move in and New York move out.

W: Yeah.

HMJr: Well, anyway, for all the help you have given me all these years I'll always be in your debt, Bob.

W: Oh, I was delighted to do whatever I could.

HMJr: And in future years... Well, you've been wonderful. You've certainly done a great job for your country, and that is the greatest satisfaction anyone can have.

W: And I'm still proud to be associated with you in the future.

W: Yeah, well, I'm sorry --- by the way, how is Mrs. Morgenthau?

HMJr: Getting along very nicely.

W: All over her heart trouble?

HMJr: She's on the road to recovery.

W: Good, I'm glad to hear that.

HMJr: Well,

W: Well, I just don't like the idea at all.

HMJr: Yeah.

W: And there it is. Well, good luck to you...

HMJr: Thank you.

W: Maybe I'll be seeing you anyway. You are going to stay a while, aren't you?

- 4 -

HMJr:

Well, I'm staying until he gets back.

W:

Oh, I see.

HMJr:

He's asked me to stay until he gets back.

W:

Oh, I see.

HMJr:

And that gives me a chance to pack up.

W:

Well, who's going to be your successor. Have you any ideas?

HMJr:

No, he didn't tell me and I didn't ask him.

W:

Well, all right.

HMJr:

Thank you.

W:

Thank you, Henry.

HMJr:

Bye.

65

THE WHITE HOUSE
WASHINGTON

5 July 1945

Dear Alben:

Before I leave for Europe, I want you to have this personal word about something which concerns me greatly and in which you can be helpful.

It would strengthen my hand very much in the Big Three Conference if the Bretton Woods legislation were to be enacted before the Conference were concluded. Could it not be taken up and passed next week? If the Senate fails to take action next week, there is a real danger that a delay of several months may ensue since I am informed that the House may not have a quorum after next week. This would make it impossible for the House to act on the Senate amendments before Fall.

I hope that you will continue to give this your careful personal attention because it means much to our future international relations.

kindest regards and good luck.

Sincerely,



Honorable Alben W. Barkley
United States Senate

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68
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Harry Truman

Honorable Alben W. Barkley
United States Senate

AFL:shb - 5/7/45

69
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AFL:chb - 5/7/45

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United States Senate

WBR *JWA* *HPK*
AFL:chb - 5/7/45

72

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I hope that you will continue to give this your careful personal attention because it means much to our future international relations.

kindest regards and good luck.

Sincerely,

Honorable Alben W. Barkley
United States Senate

AFL:rhb - 5/7/45

73

Dear Alben:

Before I leave for Europe, I want you to have this personal word about something which concerns me greatly and in which you can be helpful.

It would strengthen my hand very much in the Big Three Conference if the Bretton Woods legislation were to be enacted before the Conference were concluded. Could it not be taken up and passed next week? If the Senate fails to take action next week, there is a real danger that a delay of several months may ensue since I am informed that the House may not have a quorum after next week. This would make it impossible for the House to act on the Senate amendments before Fall.

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Honorable Alben W. Barkley
United States Senate

AFL:rhb - 5/7/45

74

Dear Albert

O hope I can
be brief about you
but this present work
about meeting which concerns
me greatly ~~and~~ ~~and~~ which
you can be helpful.

It would be
pleasant my hand very faithfully
Thank you the Big Three Conference
of the Pacific which legislation
was to be reached ~~of~~ ~~of~~ type

O Conference was concluded.

~~Some~~ ~~of~~ ~~the~~ ~~most~~ ~~important~~ ~~of~~ ~~the~~ ~~conference~~

of the Pacific the ~~charter~~ ~~of~~ ~~the~~ ~~conference~~ (A)

hope that you will agree that

your present careful personal
attention becomes at once more

to the future contractual relations.
Best regards & good day

(A) ~~Following~~ ~~the~~ ~~House~~
~~might~~ ~~not~~ ~~be~~ ~~in~~ ~~session~~
when the Senate passes its
bill, ~~and~~ ~~could~~ ~~not~~ ~~be~~
able to ~~pass~~ ~~the~~
Court in a conference to pass
in the ~~amendments~~ ~~to~~ ~~the~~ ~~bill~~
which the Senate ~~has~~ ~~not~~
~~yet~~ ~~intended~~ ~~to~~ ~~adopt~~.

7
July 5, 1945

MEMORANDUM

Wagner called me Wednesday morning and I returned his call and thanked him. I said, "Do you think you will be able to get the thing through?" He said, "Well, the minute the Charter passed, the Senate will adjourn and you will just have to learn how to take things on the chin." I asked him what he thought I had been doing the past 12 years in Washington. Well, he said he didn't know whether the House would be here or they wouldn't, and maybe we could get it over and maybe we couldn't. I told him I was going to see Speaker Rayburn today and talk to him. He said that after I did he would like to see me.

I called Sam Rayburn at 11:10 Wednesday, and he couldn't understand that they were not going to take up Bretton Woods on the floor of the Senate until the 13th. He said Monday that Barkley had said they would take it up on the 9th. He was very definite about that. He said Barkley said it would take three or four days at the most. He said if they let this thing go over until the 16th, he doesn't know what will happen. He said if they pass in the Senate, they wouldn't even send it to Congress, they will simply concur on a concurrent resolution. He said that he's seen Vinson and Crowley and Will Clayton, and they are worried about more money for Export-Import Bank. He said other than that there is nothing to keep the House here. I asked him whether Connolly could do anything about it and he said he didn't think so. He said the only person who could do anything was the President. But he said, "For God's sake, when you talk to the President, don't say you talked to Sam Rayburn because the prima donas over at the Senate wouldn't like it." I said that I would tell them it was me, and let them get mad at me. He said they should start the debate in the Senate and they wanted to get Bretton Woods through, and the President wants to get it through and had told him so. I told him I would see the President today.

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

Date

TO Secretary Morgenthau

July 5, 1945

FROM Joseph J. O'Connell, Jr.

My talk with Speaker Rayburn this morning was not particularly helpful except on one point. He seems reconciled to the proposition that the Senate will not take up Bretton Woods until the week of July 16, and that the House will just have to wait for Senate action on Bretton Woods before taking its recess. He did point out that as soon as the House completes action on the FEPC controversy, the members will begin to drift away and it will be increasingly difficult to obtain a quorum, even though the House is not formally in recess.

The Speaker is, as you know, annoyed at what he considers to be the unreasonably complacent attitude in the Senate with respect to the time element but, as I have indicated, doubts whether there is any chance to have the Senate take up Bretton Woods before the 16th. His guess is that Barkley promised Taft and Vandenberg that the bill would not be taken up until that time.

He is also annoyed at the Ways and Means Committee members who amended Chairman Doughton's interim tax bill, as well as at the Rules Committee for the type of rule they gave. He seems to feel that the tax bill may be further amended on the floor of the House today or tomorrow, which will invite the Senate to make further amendments and may kill the bill, at least in so far as action before fall is concerned.

JJO

Secretary Morgenthau

July 5, 1945

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

JJO'C:mv

12"

PRESIDENT TRUMAN SCHEDULED A SURPRISE PRESS CONFERENCE FOR 4
O'CLOCK THIS AFTERNOON.

7/5--5122P

78

MORGENTHAU BELIEVED PREPARING
TO RESIGN AFTER BIG THREE TALKS

JUL 5 1945
1:15

WASHN - U P - SECY OF TREASURY MORGENTHAU
CONFERRED WITH PRESIDENT TRUMAN TODAY AND
IT WAS BELIEVED HE WAS PREPARING TO RESIGN FROM
THE CABINET SOON

TREASURY SOURCES WERE CONFIDENT THAT
MORGENTHAU WITH THE SEVENTH WAR LOAN
DRIVE VIRTUALLY COMPLETE HAD GONE TO THE
PRESIDENT AND TOLD HIM HE WAS DEFINITELY
QUITTING

THESE SOURCES HOWEVER DID NOT EXPECT
MORGENTHAU-S RESIGNATION TO BECOME EFFECTIVE
UNTIL AFTER THE PRESIDENT RETURNS FROM HIS
FORTHCOMING BIG THREE CONFERENCE IN EUROPE

MR TRUMAN WAS NOT EXPECTED TO NAME A
SUCCESSOR UNTIL HE RETURNS WHICH MEANS THAT
MORGENTHAU PROBABLY WILL CONTINUE AS SECRETARY
UNTIL SOMETIME IN AUGUST

THE CHANGE IN THE TREASURY POST WILL BE
THE SIXTH IN THE CABINET SINCE MR TRUMAN SUCCEED
-ED TO THE PRESIDENCY IN APRIL - THE HOLDOVERS
AFTER MORGENTHAU LEAVES WILL BE SECY OF
COMMERCE WALLACE SECY OF INTERIOR ICKES SECY
OF WAR STIMSON AND SECY OF NAVY FORRESTAL

-V-

77

COMMANDANT NAVY YARD
PEARL HARBOR, T. H.

5 July 1945

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

My Dear Mr. Secretary:

When I returned today from an inspection throughout the Navy Yard to inform myself of the progress of the Fourth of July bond sales, I was pleased to find on my desk your very fine letter of 12 June, enclosing the citation for services in behalf of the War Finance Program.

The spirit throughout the Yard is excellent, many of the shops already exceeding their quota. A rough check shows that the Navy Yard has purchased \$4,365,500 toward the Treasury 7th War Loan and the 14th Naval District as a whole, which includes the Navy Yard, has purchased approximately \$8,000,000.

I thank you for the citation for "distinguished service" in the War Finance Program. I have been fortunate to be in a naval command that in addition to my naval duty has given me the opportunity and privilege of serving also the Treasury Department.

Sincerely yours,

William R. Forlong
WILLIAM R. FORLONG,
Rear Admiral, U. S. Navy.

OUT 11 11 50
RECEIVED
OFFICE

80

July 5, 1945

My dear Mr. President:

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Immediately after President Roosevelt's death, I told you how I felt, and stated that I wanted you to know that your hands were untied as far as I was concerned. You were good enough to say that you needed my help and urged me to remain.

Since then, with your support, I have completed many of the most urgent tasks that were then pending. As I told you this morning, I feel the time has now come when I can appropriately be released from my responsibilities. Accordingly, I now tender my resignation as Secretary of the Treasury. My preference was to have this resignation effective immediately, but since you stated this morning that you wish me to remain until you return from Europe I will, of course, comply with your wishes.

Permit me to express my appreciation of the fine support you have given me since you became President.

I most fervently hope for the great success of your Administration in solving the difficult problems which lie ahead.

If you wish to consult me at any time, I shall always be at your service.

Sincerely yours,

/s/ Henry Morgenthau, Jr.

The President,

The White House.

81

July 5, 1945

Dan Bell
Secretary Morgenthau

Speak to me about an accountant for Governor Lehman,
will you please?

82

July 5, 1945

Mr. C. S. Bell
Secretary Morgenthau

This Mr. O'Donnell who is the husband of the trained
nurse that we got the job for in Atlanta, finds himself
working for the Commerce Department. I thought he was going
to go into Procurement. Will you please speak to me about it?

Done

IMMEDIATE RELEASE

JULY 8, 1945

The President today addressed the following letter to the Honorable Henry Morgenthau, Jr., accepting his resignation:

"Dear Henry:

I am indeed sorry to learn that you have come to the conclusion that the time has arrived to be released from your responsibilities as Secretary of the Treasury. I am grateful, however, that you are willing to remain until I return from Europe so as to carry on the arduous work of the Treasury during my absence.

Yours has been a very long and efficient service to our country - both in peace and in war; and your departure from the Treasury will be a distinct loss.

Your service to the nation began in 1933 in the days when you supervised the merger of the farm credit agencies into the Farm Credit Administration which has done so much to help the farmers of the nation.

Since you have been in the Treasury you have participated in formulating and administering a federal tax program which has raised unprecedented tax revenues with a minimum of disturbance to our economy. These tax laws have seen an impartial and efficient administration under your supervision.

Under your supervision the Treasury through the sale of bonds has raised over two hundred billion dollars with which to finance our defense and war activities. Raising this money was in itself a great achievement; but, in addition, it was accompanied by a substantial reduction in the average rate of interest on the public debt.

You have been a steady champion of international monetary stabilization ever since the early days of your administration as Secretary of the Treasury. Through many years of activity and accomplishment in this field, your efforts are now bearing final fruit in the Bretton Woods legislation now pending before the Congress of the United States. In this, and in other ways, you have helped bring about the close fiscal cooperation which this government has had with its Allies during this war. Besides, in the days before the Lend-Lease statute was enacted, many measures of cooperation with our Allies were formulated in your office.

I am sure that you must feel a great sense of accomplishment in this outstanding record of service to our country. On behalf of our people I extend to you the thanks of the nation.

I am appreciative of your offer of service in the future, and I am sure that there will be many occasions on which I shall seek your counsel.

With kindest personal regards,

Very sincerely yours,

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83

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86

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IMMEDIATE RELEASE

JULY 5, 1945

The President today addressed the following letter to the Honorable Henry Morgenthau, Jr., accepting his resignation:

"Dear Henry:

I am indeed sorry to learn that you have come to the conclusion that the time has arrived to be released from your responsibilities as Secretary of the Treasury. I am grateful, however, that you are willing to remain until I return from Europe so as to carry on the arduous work of the Treasury during my absence.

Yours has been a very long and efficient service to our country - both in peace and in war; and your departure from the Treasury will be a distinct loss.

Your service to the nation began in 1933 in the days when you supervised the merger of the farm credit agencies into the Farm Credit Administration which has done so much to help the farmers of the nation.

Since you have been in the Treasury you have participated in formulating and administering a federal tax program which has raised unprecedented tax revenues with a minimum of disturbance to our economy. These tax laws have seen an impartial and efficient administration under your supervision.

Under your supervision the Treasury through the sale of bonds has raised over two hundred billion dollars with which to finance our defense and war activities. Raising this money was in itself a great achievement; but, in addition, it was accompanied by a substantial reduction in the average rate of interest on the public debt.

You have been a steady champion of international monetary stabilization ever since the early days of your administration as Secretary of the Treasury. Through many years of activity and accomplishment in this field, your efforts are now bearing final fruit in the Bretton Woods legislation now pending before the Congress of the United States. In this, and in other ways, you have helped bring about the close fiscal cooperation which this government has had with its Allies during this war. Besides, in the days before the Lend-Lease statute was enacted, many measures of cooperation with our Allies were formulated in your office.

I am sure that you must feel a great sense of accomplishment in this outstanding record of service to our country. On behalf of our people I extend to you the thanks of the nation.

I am appreciative of your offer of service in the future, and I am sure that there will be many occasions on which I shall seek your counsel.

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Immediately after President Roosevelt's death, I told you how I felt, and stated that I wanted you to know that your hands were untied as far as I was concerned. You were good enough to say that you needed my help and urged me to remain.

Since then, with your support, I have completed many of the most urgent tasks that were then pending. As I told you this morning, I feel the time has now come when I can appropriately be released from my responsibilities. Accordingly, I now tender my resignation as Secretary of the Treasury. My preference was to have this resignation effective immediately, but since you stated this morning that you wish me to remain until you return from Europe I will, of course, comply with your wishes.

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I most fervently hope for the great success of your Administration in solving the difficult problems which lie ahead.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date

July 5, 1945

TO Secretary Morgenthau
FROM Joseph J. O'Connell, Jr.

Subject: Roosevelt-Hartford

Chairman Doughton has no objection to our making factual information in connection with the above matter available to the Department of Justice for use by the Federal Grand Jury in New York. Of course, nothing will be given to them -- or to the Ways and Means Committee for that matter -- until it has been thoroughly reviewed in the Bureau and has been discussed with you.

Incidentally, Norman Cann is going to New York tonight in connection with the data being developed there, and we anticipate that early next week we will be in a position to go over with you what we then have. It will not be the whole story, since it will take at least several weeks longer to get the facts straight with respect to Elliott's tangled affairs.

Joseph J. O'Connell Jr.

Secretary Morgenthau

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(Signed Joseph J. O'Connell, Jr.)

JJO'C:s 7-5-45

July 5, 1945

My dear Bob:

For your information, I am sending you herewith copy of a letter which President Truman sent Senator Barkley today.

Sincerely yours,

(Signed Robert F. Wagner)

Honorable Robert F. Wagner,
United States Senate,
Washington, D.C.

THE WHITE HOUSE
WASHINGTON

5 July 1945

Dear Alben:

Before I leave for Europe, I want you to have this personal word about something which concerns me greatly and in which you can be helpful.

It would strengthen my hand very much in the Big Three Conference if the Bretton Woods legislation were to be enacted before the Conference were concluded. Could it not be taken up and passed next week? If the Senate fails to take action next week, there is a real danger that a delay of several months may ensue since I am informed that the House may not have a quorum after next week. This would make it impossible for the House to act on the Senate amendments before Fall.

I hope that you will continue to give this your careful personal attention because it means much to our future international relations.

Kindest regards and good luck.

Sincerely,



Honorable Alben W. Barkley

United States Senate

In reply refer to
PH

July 5, 1944

My dear Mr. Secretary:

On August 19 of last year Mr. Acheson wrote to you requesting certain data of interest to the Department. This data is indicated in the copy of Mr. Acheson's letter which I enclose. Mr. White's reply of September 7 to Mr. Acheson's letter enclosed a statement of the dollar balances of certain lend-lease countries on May 31 and June 30, 1944, together with the amounts of their gold holdings on the most recent dates then available to you. No reference was made to the other information requested.

Despite a number of subsequent oral requests to officers of the Treasury Department for this additional information, it has not yet been furnished us, although we now receive on a routine monthly basis the figures on British gold and dollar balances as transmitted to you by the British. Our monthly data on this series now covers July 31, 1944 to April 30, 1945.

The missing information is therefore the following: the latest available figures, and those for any intervening dates which you may have conveniently available, for dollar balances and war-marked gold held for foreign account in the United States; similar figures for gold holdings and dollar balances of countries receiving lend-lease aid, in continuation of the tables on the subject transmitted with Mr. White's letter of September 7 last; the latest figures available to you on sterling balances held in London by Sterling Area countries; and the monthly figures on the British gold and dollar balances as submitted by the British Treasury representatives covering the period from the passage of the Lend-Lease Act to

June

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

-2-

June 30, 1944 inclusive.

I am very anxious to have all of this information before departing for the forthcoming conference of the President, with the Prime Minister and Premier Stalin. May I therefore ask you to have this material transmitted to me at the earliest convenient time.

As a separate matter, I would also appreciate a standing arrangement by which the above information would be transmitted to the Department on a routine basis as new data become available to you.

Sincerely yours,

For the Secretary of State:

W. L. Clayton
Assistant Secretary

Enclosure

as stated

100
C
COPY

AUGUST 19, 1944

My dear Mr. Secretary:

It is my understanding that the Treasury Department receives monthly figures on the British gold and dollar position from the British Treasury representatives. I should appreciate it if you would make these figures regularly available to the State Department as received, and would also give us back figures by months, covering the period since the passage of the Lend Lease Act.

In connection with the work of the Department, we are anxious to have available the following information: dollar balances and ear-marked gold held for foreign account in the United States; the gold holdings and dollar balances of countries receiving Lend Lease aid; and sterling balances held in London by sterling area countries. I assume that the Treasury Department in connection with its work obtains these figures from the appropriate sources or compiles them and I trust that you can furnish us with the most recent statements containing this information and can let us have new statements regularly as received or compiled.

Sincerely yours,

For the Secretary of State:

Dean Acheson
Assistant Secretary

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

101
JUL 4 1945

Dear Mr. Smith:

I have your letter of June 26, 1945, enclosing a copy of the memorandum presented to the President on June 11 by D. B. Robertson, Chairman, Committee of Railway Labor Executives' Association, regarding the bills to amend the Railroad Retirement Acts.

I regret if the action of this Department caused you any embarrassment. You should know that I would be most anxious not to disturb the cooperative attitude that has always characterized Budget Bureau-Treasury Department relationships. In regard to the particular incident to which you referred, I have asked Mr. D. W. Bell, who is thoroughly familiar with the subject, to confer with you at your earliest convenience in order that you may be fully apprised of all the circumstances.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Harold D. Smith
Director, Bureau of the Budget
Washington 25, D. C.

MEMORANDUM

TO: The President

FROM: Committee of Railway Labor Executives' Association

Subject: Bureau of the Budget Action with Respect
to H. R. 1362 and S. 293.

1. Since we last conferred with the President, there have been the following developments with respect to the attitude of the Executive branch toward our bill (H. R. 1362 in the House and S. 293 in the Senate):

(a) The Bureau of the Budget has reiterated, with respect to the Railroad Retirement Board's proposed favorable report on S. 293, the advice it had previously given with respect to a similar report on H. R. 1362. The substance of this advice was that although there was no objection to the submission of the report, this should not be construed as involving any commitment as to the relation of the bill to the President's program. The generally hostile tenor of such advice is accentuated by the fact that the Director of the Budget had previously communicated a similar view directly to the House Committee, together with the suggestion that conferences between the railroads and the employees would be an appropriate course, and had approved for submission to Congress reports of the Treasury Department and of the Federal Security Agency unfavorable to the bill.

(b) The Secretary of the Treasury, on the other hand, has withdrawn his earlier unfavorable report and has substituted a recommendation that the bill be enacted. The Secretary read to us his letter embodying this recommendation and informed us that it had the President's approval.

(c) We informed Chairman Latimer of the Railroad Retirement Board as to the action of the Secretary of the Treasury. In view of the discrepancy between the Treasury's action and the advice received from the Bureau of the Budget, Mr. Latimer called the Bureau of the Budget to ascertain whether any change was anticipated in the advice as to the relation of the bill to the President's program. Assistant Director Bailey, in charge of legislative reference, informed him that there was no change. We thereupon asked Mr. Latimer to delay submission of the Board's report to the Senate Committee until the matter could be clarified by conference with the President.

2. We request the President to instruct the Director of the Budget to take the following action:

(a) Withdraw his letter to Chairman Latimer of the Railroad Retirement Board and substitute therefor a brief letter approving submission of the Board's proposed report on S. 293 and advising that the enactment of S. 293 together with the amendments suggested in the proposed report is in accord with the President's program.

- 2 -

(b) Write Chairman Lee, of the Committee on Interstate and Foreign Commerce, with copy to Mr. Crosser, advising that the enactment of H. R. 1362 with only such amendments as are calculated to perfect and effectuate its objectives is in accord with the President's program and that any earlier contrary indications from the Executive branch are thereby superseded.

(c) Give appropriate directions to the staff of the Bureau of the Budget to assure that any further advice to agencies and departments submitting reports on this legislation is consistent with the foregoing steps.

Respectfully submitted:

COMMITTEE OF RAILWAY LABOR EXECUTIVES' ASSOCIATION

By (Signed) D. B. Robertson
D. B. Robertson, Chairman

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D. C.

JUN 26 1946

My dear Mr. Secretary:

I am enclosing a copy of a memorandum presented to the President on June 11 by D. B. Robertson, Chairman, Committee of Railway Labor Executives' Association, regarding the bills H. R. 1362 and S. 293, "To amend the Railroad Retirement Acts, the Railroad Unemployment Insurance Act, and subchapter B of chapter 9 of the Internal Revenue Code; and for other purposes."

I would like to invite your attention to paragraph 1(b) in the memorandum and, in particular, to the statement that your favorable recommendation on H. R. 1362 had the President's approval. A copy of your favorable report of April 26 on the bill was received in this office on May 26, but no information was given to this office on either of these dates, or at any time since April 26, that you had taken the matter up directly with the President and had his approval of a favorable recommendation on the bill.

If the statement in the Robertson memorandum that you did secure in April the President's approval of a favorable recommendation on the bill is a true statement, it seems to me that, as a matter of essential comity in Budget Bureau-Treasury Department relationships, your office should have advised this office of that fact at that time. Failure to do so has caused me some subsequent embarrassment that might otherwise have been avoided.

Very truly yours,

Walter D. Priddy
Director

The Honorable,

The Secretary of the Treasury.

Enclosure:

Copy of Mr. Robertson's memorandum
to the President.

July 6, 1945 105
10:57 A.M.

HMJr: Hello.
Secretary Forrestal: Henry?
HMJr: Yes, Jim.
F: I'm -- all I can say to you life will seem very strange without you around.
HMJr: Well, life is beginning to look up for me.
F: I know, my regrets are tinged with envy, I'll tell you that.
HMJr: Yeah, well, it is nice to know that you care.
F: Well, you've been a great help to me, and as I say, I'll feel lonely.
HMJr: Well, that is very nice of you.
F: O. K. Henry. Bye.

July 6, 1945 106
10:58 A.M.

HMJr: Hello.
Mr. Nathan Straus: Good morning, Henry.
HMJr: Hello, Nathan.
S: Hello. You could have knocked me over with a feather when I heard the news.
HMJr: Well, I guess all I did was anticipate it by a couple of months.
S: Really?
HMJr: Yeah.
S: You mean it wasn't an unexpected step on your part?
HMJr: No, I wouldn't just put it that way. I just wanted to know where I stood, and when I found where I stood I thought it -- this was the best time to do it.
S: I see. It has nothing to do with Ellie, has it?
HMJr: Nothing to do with Elinor whatsoever.
S: Helen was worried about that and I said no, my guess was no.
HMJr: No, it has nothing to do with Elinor.
S: Good.
HMJr: No, he just wants his own friends around.
S: Well, that's human.
HMJr: And I just didn't want, so to speak, be on trial.
S: I understand you.
HMJr: So I thought it was a good time.
S: I get you.
HMJr: I haven't seen the New York papers. I don't know what they said.
S: Well, the big headline in the Times said "Morgenthau Quits His Treasury Post In Office for Eleven Years His Own Request. Time for release from duties has come Secretary told Truman."

- 2 -

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HMJr: Yeah.

S: Henry, where are you going now? Are you going to stay down in Washington, or are you going to be up here at all?

HMJr: Well, for the next month I'll have to stay pretty closely here.

S: I'd like to see you and talk over things.

HMJr: I'd like to see you. I don't expect to be in the city, but if you have any plans down here I'd love to see you.

S: Look, I tell you, I will probably want to come down anyway for several things before we go on a vacation and I will phone or wire you ahead to make an appointment on that day to suit your convenience.

HMJr: That would be very nice.

S: O. K.

HMJr: Thank you.

S: Good luck, old man.

HMJr: Bye.

July 6, 1945
11:03 A.M.

108

HMJr: Mrs. Lucas?

Mrs. Lucas: Yes.

HMJr: Mr. McCloy asked me about a banker in New Orleans. I just can't think of his name - President of the Whitney Bank, for the head of the fiscal section over at Frankfurt.

L: Yes.

HMJr: Well, now, I looked this gentleman up. He's a perfectly good banker and has a very good reputation, but -- are you making notes?

L: Yes, I am.

HMJr: But where he stands on his attitude about the future Germany, I don't know. I couldn't find out.

L: Couldn't find out.

HMJr: No. Now, I can, on the other hand, recommend to Mr. McCloy, if he wants somebody, the name of a banker that we have had experience with who is very good for the field that he wants. Hello?

L: Yes.

HMJr: His name Lieutenant Colonel Penick.

L: All right, Penick.

HMJr: He was President of W.B. Worthen, Inc. They are the largest bankers in Arkansas. Hello?

L: Yes.

HMJr: And he is now in Italy, and our men say he is excellent.

L: Excellent, so you want me to give the message to Mr. McCloy.

HMJr: Yeah, I gather he has left the country.

L: Yes, he has.

HMJr: Is he in Germany now?

L: No, he just left this morning.

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HMJr: But that is the way he is headed, I take it.
 L: I think so. (Laughs)
 HMJr: No great secrecy now a days, is there?
 L: Well, I don't know.
 HMJr: Well, anyway, you may want to send him that message.
 L: Yes, we will.
 HMJr: Right.
 L: All right, thank you very much.
 HMJr: Thank you.

July 6, 1945
12:36 P.M.

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HMJr: Hello.
 Mr. Monet: Hello, how are you?
 HMJr: I'm fine.
 M: I called this morning because I'd very much like to see you.
 HMJr: Well, I hope to go away tomorrow morning for a couple of days, Mr. Monet.
 M: Oh, I see.
 HMJr: But I'll be back Monday or Tuesday.
 M: All right.
 HMJr: So unless it was something urgent...
 M: No, no, I just wanted to see you and have a talk with you.
 HMJr: Well, as I say, that's why I called you. Would you mind calling next week?
 M: No, I will call up Tuesday?
 HMJr: Yes, I will be back Tuesday.
 M: Right.
 HMJr: I'll be delighted to see you.
 M: I will do that.
 HMJr: Thank you.
 M: Goodbye.
 HMJr: Bye.

July 6, 1945
12:47 P.M. //1

HMJr: Hello.

Mr. Brent Spence: Hello, Mr. Secretary?

HMJr: Speaking.

S: This is Brent Spence.

HMJr: Hello. How are you?

S: I want to tell you how sorry I am that you have resigned. Mrs. Spence voices that same sentiment.

HMJr: Well...

S: I want to say that it has been a pleasure to work with you, and I think the services you have rendered entitle you to the gratitude of your country.

HMJr: Well, that is terribly nice of you. I'm sorry to go, but under the circumstances I just have no choice.

S: Yes. Well, I'm sorry, and it has been a pleasure to work with you and your organization, and I think you have rendered splendid service, and I'll always say that.

HMJr: Well, thank you so much. Thank you.

S: How is Mrs. Morgenthau? Is she getting better?

HMJr: Yes, she is getting better and I think this will be good for her.

S: Yes, well, you'll get some rest now.

All right, Mr. Secretary.

HMJr: Thank you.

S: Goodbye.

July 6, 1945
4:10 p.m. //2

SUMMARY OF SEVENTH WAR LOAN

Present: Mr. D. W. Bell
Mr. Haas
Mr. Tickton
Mr. Murphy
Mr. Eccles
Mr. Sproul
Mrs. Kiota

H.M.Jr: Mr. Bell, would you start?

MR. BELL: Well, we can get a chance to talk to you about some things Harriner wanted to talk about. He wants to discuss a few items which grow out of the Seventh War Loan. We had a meeting this morning and discussed them. That is about as far as we got. So I think I will let him tell you about them.

MR. ECCLES: We met this morning with the members of the Executive Committee of the full Market Committee, some of our staff people, and with Dan and some of your staff people, with the purpose of discussing and reviewing the results of the last drive.

It is apparent to us, and I think some of your people--not all of them--that there was a good deal more speculation than we anticipated. No one dreamed that the Treasury would get the amount of subscriptions that they got, and it is apparent that all of the planning that we did in anticipation of it proved to be of little or no avail.

We have concluded that, as long as a condition exists that makes speculation in Government security profitable, then all the policing and persuasion and otherwise isn't going to stop it. The profit motive is too great. It is pretty difficult to say to the banks and to others, for that matter, that you shouldn't

- 3 -

do this, whereas we do most everything we can to make it profitable for them to do it. It is just like taking a dish of candy and setting it before some kids and saying, "Here is some candy, but you mustn't touch it." They just don't pay much attention to it. It took quite a number of drives before the pattern of rates was taken full advantage of. It has been increasing of course as we know. Whatever we have done hasn't seemed to be adequate to meet the situation. The objective has been, of course, to get all of the financing possible outside of the banks. Yet, in spite of that, an increasing amount of it is being done indirectly through the banks, to such an extent that we feel the public, who should be buying more E Bonds, F and G Bonds, and non-bank securities, are not buying what they should buy because they can see that the money is raised with such ease that there isn't the pressure on them to put over the drive.

If we could make them feel that their dollars are absolutely essential to finance the Government, of course I think we could get a lot more money than we have been able to get. But when we get a result such as we got in this Drive and the last drive, it is pretty difficult to make the small investor feel how necessary it is that he put his money into the drives. So it has that bad effect--the speculation.

We feel that the result of this last drive is such that it calls for some very material changes; that we have to approach the Treasury financing, it seems to me, from now on somewhat of a different basis. We realize that, with you going out of the Treasury, you couldn't and wouldn't of course want to commit anyone. At the same time, it does seem to us that it may be desirable, and we think it would be desirable, for you in your summary reviewing the last drive, to point out the evils of it and the weaknesses of it so that it wouldn't appear that you left here feeling that

- 3 -

you weren't conscious of this situation and the need for some modification. If somebody came in and modified it, it would look like they were undertaking some basic changes here that you didn't see, and it might be well for you, without committing anyone, of course, to recognize the speculation that has gone on, the indirect bank financing, and other things that are not desirable, and pointing out the need for a changed approach in future Treasury financing--that a good job has been done, and a great many of the bill buying, rate, preferential discount rate established, and pattern, all of that at the time it was put into effect was necessary and desirable.

Merely because you change to something else, it seems to me, is not an admission of error, because we all know that conditions make it necessary to alter programs, and that a change is called for, and recognition of a change is not an admission that what has been done was at the time not the proper thing to do. It doesn't mean that at all.

It seems to us that up to this time a two and one-half percent long-term rate for the true saver and the investor has been a proper rate. We started out in the beginning to recognize that was the highest rate the Treasury would pay for long-term financing. That was at the top of the pattern, and it was expected that that rate would be supported, if need be, that it would be maintained. Now, conditions are such that that rate is being pressed because of the speculation that is going on, and that the long rate is going to be forced down.

We feel there is no danger in that longer range, that the long-term rate should be pushed down, that the terms be pushed down extensively, that that, in a sense, freezes it at that point. That it freezes the premium on outstanding securities, and if that isn't true, then the last drive or the last issues would have to go below par, which would be possibly undesirable for the effect that it would have.

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It is desirable, in order to induce savings instead of spending, and in order to allay or to stop speculation generally so far as possible, to give to the insurance companies, the mutual savings banks, the individual investors, trust funds, and so forth, that sort of a rate. We don't want to induce people more than we can avoid to speculate in stocks and real estate or going into other things or even speculating on Government securities, for that matter. Therefore, a stability of that long-term rate seems to be pretty desirable, and one of the reasons, I think, that we had the situation that we have had in this drive is because there has been a feeling on the part of a lot of people--the savings banks and insurance companies and others--that the rate was likely to go down, and here was the chance to get all that they could get, and the net result was that they rolled over a lot of securities in to the banks, in to the dealers, and the dealers borrowed from the banks or in to the banks, and the banks borrowed from Fed. It was an inflationary process. It occurred to us that you might appropriately say, in connection with a review of the drive, that it is not the intention of the Treasury, and it isn't your thought that the longer-term rate should be reduced, that you would like to see the Government security market stabilized along at that rate.

Of course, you can't commit anybody else, but at least you might express that as a view of the Treasury, and that it would be your view that the public should be given two and one-half percent securities, depending upon the needs for financing in the future.

W.W.JR: Why don't you do this: Why don't you jot down something along the lines you have been talking about? That could be early next week. Then I will study it with Bell.

MR. ECCLES: That is one thing on the long-term which we think is the most important. Now, that is influenced, in part, by what we feel is the special preferential discount rate, which is a half of one percent.

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MR. BELL: The regular discount rate is one percent, but they have a special preferential discount rate of one-half percent where you use Government securities for collateral.

MR. ECCLES: Now, that rate was established three years ago, and I think, at the time, it was proper to establish a preferential rate.

MR. BELL: It was about the time we established the three-eighths, wasn't it?

MR. SPENGLER: It was in 1942.

MR. BELL: Shortly after it, we established the three percent rate.

MR. ECCLES: The idea was that banks would borrow on that rate to meet temporary needs for reserves. Well, we feel now, some of us, that banks with the amount of money they have shouldn't be induced to borrow from Fed; that they should sell to meet the reserve of requirements; and that, if that was true, they would possibly be out buying less. Stimulating the market as they do, if they bought less, they would possibly buy less if they weren't given this preferential half of one percent. It is an inducement, and as the big banks use the discount to borrow, it spreads out and more and more banks are willing to do it, and I am afraid that the amount of borrowing that the banks may do at that preferential rate will become a scandal, and the system will be criticized for making possible this very profitable borrowing mechanism which only adds to bank earnings.

MR. BELL: You see what they do, they borrow at the half rate and then buy certificates at about seventy and make a quarter on that operation. It is very profitable.

MR. ECCLES: That is right. It has been a profitable operation. We feel that the preferential

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rate, we should announce that it is the Board's responsibility in connection with the banks. It isn't an open market responsibility at all, although it is closely related to market operations. We feel that we might well announce that the preferential rate has served its purpose and should be discontinued. Allan feels that we should not discontinue the preferential rate, but we should increase it from a half to three-quarters and maintain it. So we don't entirely agree on that. Then we feel that in the case of the certificates, we have undertaken to maintain a semblance of a pattern between the three-eighths and the seven-eighths; that we should no longer maintain a pattern. That doesn't mean that we won't buy certificates at whatever price is necessary to maintain a good market for them, but the idea of maintaining a pattern that they can play seems to me should not be in the picture.

We should not encourage the banks to play that pattern as they do, and the corporations as well as the banks. The corporations play it as much as the banks do, and the bill is no longer a money market instrument at all. It is merely an instrument that will defeat all the certificates, and the banks don't deal in them, and the bottom of the pattern should be the certificate.

I suggested today that I could see no reason why, in the case of certificates that the Fed may buy, we may not find a way of exchanging them for bills which would reduce the Fed's earnings and reduce the Treasury's cost of borrowing. But, so far as buying the certificates as we have been doing at such a premium that it encourages the rollover by corporations into banks, and banks in turn roll them over into the Fed, we should discourage that by letting the certificate rate go up if it is necessary to stop that speculation. Now, that, on the short end of the pattern, would not cost the Treasury any more money. It would tend, in our opinion, to reduce speculation.

Those were the principal discussions that we had.

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MR. BELL: That half percent preferential rate is a function of the Federal Reserve Banks. Will you put that in your memo so that we can also have that, together with your support of the certificates?

H.M.JR: I am at a disadvantage. I haven't had a chance to talk with any of these three men. So, if you want to give me the benefit of whether you agree or not, I will be glad to study it next week.

MR. BELL: We set aside yesterday to do our homework, and yesterday was kind of disturbing to all of us.

MR. SPRUELL: We agree in general approach to the problem, in thinking that that time of change has arrived. That the Government's needs for financing are substantially reduced before the next drive would ordinarily be required, and at the same time, inflationary dangers of continued large scale bank financing are increasing all the time, and we think in those circumstances that the time for some substantial changes, rather than for further multiplication of requests, and rules, and regulations, is probably here.

As Harriner has said, we start from the premise of maintaining the long-term rate, and then work down to what we do at the short end of the line to try to improve this situation and to reduce the inducements to speculative bank subscriptions.

Now, we differ on some of the details on how that may be accomplished.

H.M.JR: Well, let's see it in writing. Glad to have seen you.

July 6, 1945
5:30 P.M.

HMJr: Hello.

Operator: Fred Vinson.

HMJr: Fred?

Mr. Fred Vinson: Yes, Henry.

HMJr: I just read the news on the ticker and I want to be among the first to offer you my very heartiest congratulations.

V: Well, Henry, that is one of the sweetest things that I can hear.

HMJr: And I want to assure you when you come back that I stand ready to give you any and all assistance that you'd like.

V: Well, that is awfully sweet, and between you and me I'm not going.

HMJr: You're not -- you're not going.

V: No, I'm not going.

HMJr: But the President told me you were.

V: I know, but he changed his plans.

HMJr: What happened?

V: He wants me to stay here.

HMJr: What happened?

V: Well, it was just a question of the work here.

HMJr: I see.

V: And my head told me all the time that I ought to stay, because this is a terrific -- there is just a massstrom of cases...

HMJr: Yeah. I don't hear you very well.

V: I say my head always made me know that I ought to stay, because of the many issues that are presented every minute of the day, but I did want to go because I felt I would love to be in on this meeting...

HMJr: Yeah.

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- 2 -

V: But I'm not going.

HMJr: Well, that is something that I can't pass judgment about, but if you are here I think that is good -- hello?

V: Yes.

HMJr: For the Treasury's sake, and as you have free time I'll make myself available and tell you about this very complex work.

V: Well, that is mighty fine and I'll avail myself of it, fellow.

HMJr: So if you will let me know anytime you are ready, I will make myself available and I think you will be surprised at the ramifications of this job.

V: Well, I know what it is - I mean in a general way - of course, I don't know in detail.

HMJr: Yeah.

V: But I certainly will be getting in touch with you.

HMJr: Well, I'll be waiting to hear from you, and if it had to be anybody, I'm glad it's you.

V: Well, now that is just awfully sweet, Henry.

HMJr: Because I feel that you would come nearer to carrying on the work in the spirit which I have than anybody I know.

V: Well, thank you a lot, fellow. I'll be seeing you.

HMJr: Right.

V: Bye.

July 6, 1945 121
6:01 P.M.

HMJr: Hello.
Mr. Robert Brand: Hello.
HMJr: Mr. Brand?
B: Yes.
HMJr: I got your very nice letter and I'm going away tomorrow morning for a couple of days up in the country.
B: Yes.
HMJr: So I'm afraid I'm not going to be able to see you.
B: Yes.
HMJr: So I just wanted to call up to say goodbye.
B: Well, I'm very sorry. I'm very sorry at the turn of events, but you will enjoy a rest anyhow.
HMJr: I know I will.
B: But from our point of view I'm exceedingly sorry.
HMJr: Well, I am too, but I'll try to be helpful on the outside.
B: Yes, well, thanks very much. I hope sometime I'll have an opportunity to see you again.
HMJr: It was no fault of mine that Mr. Churchill's telegram was never answered.
B: I see. I know of that.
HMJr: You know that.
B: Yes, I'm sure of that.
HMJr: And my answer was filed a long time ago over at the State Department.
B: Yes.
HMJr: I filed my answer. My answer was about three sentences.
B: Yes.

- 2 -

HMJr: Which, as I said, it seemed to me very simple. We should simply carry out the agreement between Mr. Churchill and Mr. Roosevelt. -- of Quebec, that was my answer.
B: Yes, well, I'm most grateful for you anyhow.
HMJr: Anyway, I'll be around at least, I guess, four or five weeks.
B: Yes.
HMJr: Until Mr. Truman gets back.
B: Yes, I see. Well, I wish you luck anyhow.
HMJr: Give all of my friends my best regards in England.
B: I will.
HMJr: Right.
B: Right. Thank you so much.
HMJr: Good night.
B: Good bye.

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July 6, 1945
6:03 P.M.

HMJr: Hello.
Operator: Mr. Acheson.
HMJr: Hello.
Mr. Dean Acheson: Hello, Henry.
HMJr: Dean, I got your call of yesterday and I'm answering it 24 hours later.
A: Well, I thought that you would not want to have me pursue you, but I did want to get word to you that you were much in my thoughts and that when you felt like it, I should love to come and put my feet up on the table and talk with you.
HMJr: Well, I think that I'm now almost a private citizen. I can talk very freely and very interestingly.
A: (Laughs)
HMJr: I gather that I will be here for at least another five weeks.
A: Yes.
HMJr: So I will have plenty of time and I don't propose to work too hard.
A: Good for you.
HMJr: So I'll be in touch with you next week, and if you don't hear from me you give me a ring.
A: I shall and I'd love to see you.
HMJr: I'm taking Joan up country tomorrow for a couple of days. Her mother can't go, but we are going up to the country for a couple of days.
A: Oh, yes.
HMJr: I'll be back Tuesday.
A: Oh, that's fine. Is Elinor better?
HMJr: Elinor is better and this news of my resignation has been the best news she's had.

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- 2 -

A: Well, I know how glad she is that you are not going to go on struggling with this.
HMJr: That's right. It's going to be wonderful to be outside, I think I'm going to become a radio commentator.
A: (Laughs) Well, I'll take you in preference to Sumner Wells.
HMJr: Well, that is quite a compliment. But just think how nice everybody will be to me.
A: Oh, yeah.
HMJr: They'll say, "My god, Morgenthau is going on Sunday, we'll have to be in touch with him Friday."
A: (Laughs) Well, I want very much to see you, and you know my sentiments - it's the same.
HMJr: By the way, did Will Clayton go or didn't he go?
A: Will, I understand, went to Chicago at 1:30 this afternoon.
HMJr: No, I mean did he go to the Big Three?
A: I understand he is going, but he'll be back in town here Monday.
HMJr: Yeah, but then I saw he wasn't on the list.
A: Well, maybe it is changed.
HMJr: I mean he wasn't on the list to go with the President.
A: No, he's not going with the President. He's going later.
HMJr: Right. O. K. I'll be seeing you.
A: Fine, Henry.
HMJr: Save your dirtiest story for me.
A: You bet.
HMJr: All right, bye.

July 6, 1945
6:03 P.M.

HMJr: Hello.

Secretary Wallace: Hello, Henry.

HMJr: How are you?

W: Oh, fine. I just wanted to let you know that I'd like to have a good talk with you one of these days.

HMJr: Well, I expect I'll be around here for four or five weeks more and I don't expect to work too hard.

W: Well, that's fine. (Laughs)

HMJr: So I'll be around, so anytime you've got free time you'll find me here with my feet on my desk and a copy of funny paper in my hand.

W: Why, I thought you might be studying up on farming.

HMJr: Well, I think I'm a pretty good farmer. (Laughs)

W: (Laughs) I see, you don't need to study that any more.

HMJr: No. Well, I'll be here.

W: Well, that's swell, I'll just....

HMJr: It's a great feeling. I'm beginning to be younger a day every year - I mean a year every day.

W: Year every day, well, don't get too infantile.

HMJr: No, that's dangerous too. (Laughs) Well, I'll be around, and I'm not ---- Scoles was over today telling me all about the 5th War Loan, and I told him to put it in writing so they can hand it on to Fred Vinson. So come around any time.

W: All right, sir. I just want you to know how much I think of you.

HMJr: Well, that's nice. Well, I tell you, Mr. Truman didn't seem to be certain in his mind, and I can't work under an atmosphere like that. Either he knew his mind or he didn't. So I made up his mind for him.

W: I see.

- 2 -

HMJr: That was the whole story. I mean, after twelve years I'm not on trial.

W: Yeah. All right, sir, I'll be seeing you in the near future.

HMJr: Thank you.

W: Good, Henry.

HMJr: Bye.

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July 6, 1945

Mr. Herbert Gaston
The Secretary

I don't see any reason why I shouldn't go ahead
now with the publication of the book, The Morgenthau Plan.
I wish you would speak to Dave Loth about it. *Done*

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July 6, 1945

Mr. Ted Gamble
The Secretary

I'm sorry to bother you, but one of the machines in
Mrs. Morgenthau's room has sprung a leak and water runs out
of it quite heavily. I wonder if we could get hold of a
mechanic and have it fixed. I'd appreciate it. *Done*

COPY

MEMORANDUM

SECRET
June 27, 1946

129

To: Judge Vinson - for discussion with the President

From: W. L. Clayton, Assistant Secretary of State

Subject: Foreign Financial Needs

1. In accordance with our conversation of June 25 there are attached memoranda relating to several aspects of foreign financial needs and policies:

- a. International relief and rehabilitation needs - a memorandum outlining the problem and suggesting the further use of UNRRA.
- b. The financing of reconstruction and development with annexes relating to transitional financial aid to Great Britain and credits to the U.S.S.R.
- c. German financing.

There is also attached for your convenience a summary table of Phase II and postwar relief, rehabilitation, reconstruction and developmental needs.

2. The international financial problem may be divided into three areas:

- a. Northwestern Europe - This area is adequately able to finance its own relief and rehabilitation and merely requires private, Export-Import Bank or Bretton Woods Bank assistance in major reconstruction.
- b. Germany (and possibly Austria) - This area should over time be self-sufficient but may require a revolving fund or interim financing of imports until exports get going in sufficient volume to pay for the imports. There are two main problems: the question of zones and the question of whether the United States military should assume full financial responsibility for the United States' share or only responsibility relating directly to German needs. The War Department has argued that imports of machinery or food necessary to produce coal and other products for export for rehabilitation of adjacent countries are not a proper charge against the United States War Department appropriations. The Department feels strongly that every effort must be made to treat Germany as an economic unit with free movement of

goods

- 2 -

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goods inter-zonally, with a division of financial responsibility between the four participating powers on some agreed percentage basis; and that the War Department must bear all United States financial responsibility.

c. Italy, Eastern Europe and eventually China - These countries constitute a financial deficit area in which it is most improbable that eventual full repayment for relief and rehabilitation supplies may be obtained. Prudence suggests that advances in this area for meeting such deficits be made on an out-and-out grant basis from the outset with a definite limitation on total amount and total time period during which such relief will be made available.

For all areas except Germany, including other parts of the world such as Latin America, there will be, as indicated in the attached memorandum, a large and continuing need for reconstruction and development financing which can and should be handled through ordinary public and private investment channels, including an expanded Export-Import Bank and the Bretton Woods Bank.

3. It is apparent that a decision must be taken within the next ten days on the possibility of using UNRRA for further international relief and rehabilitation needs, including the Italian problem. If it is not deemed feasible politically to use UNRRA, alternative financing, such as Title II to the Export-Import Bank or separate legislation, must be pressed. Title II to the Export-Import Bank legislation would give the Foreign Economic Administrator \$1,200,000,000 for expenditures or advances on such terms as he may consider in the national interest. This is intended to provide for financing without substantial repayment and would presumably cover Italy and Western Europe and possibly other operations, such as Saudi Arabia.

Title II would be hitched to the Export-Import Bank legislation solely to provide for raising the funds by a public debt operation rather than by the ordinary authorization and appropriation route. In my opinion, this is its sole merit, as even if it is separately administered, it will tend to degrade Export-Import Bank operations and set up categories of bad and good loans which will only prove troublesome in the future. If it is not to be practicable to obtain Export-Import Bank legislation before fall, there appears to be no reason why Title II must be tacked on to the Export-Import Bank bill as in the fall there will be ample time (though all of it will probably be too late) for the more usual procedures. Moreover, the addition of Title II may well jeopardize the regular Export-Import Bank legislation.

4. With respect

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- 3 -

4. With respect to reconstruction and development, it is clearly essential that we press forward with the regular Export-Import Bank bills as rapidly as possible. I hope that it will be possible to complete action on this legislation prior to the recess of the Congress.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE
July 6, 1945

TO Secretary Morgenthau
FROM Frank Coe *FC*

Subject: Foreign Financial Needs.

Collado furnished us these basic memoranda underlying Clayton's conversation with you.

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COPY

July 3, 1945

To: Mr. Coo, Treasury Department
 From: Mr. Collado, State Department
 Subject: Foreign Financial Needs

With the approval of Mr. Clayton,
 I enclose copies of certain memoranda which
 formed the basis of Mr. Clayton's discussion
 with Secretary Morgenthau the other day.

CFD:BJC:jn

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Copy

SECRET

International Relief and Rehabilitation
 Needs - Use of UNRRA

The Problem

1. Relief and rehabilitation needs until the harvests of 1946 in Europe and some time thereafter in China, for which no real prospects of eventual repayment exist, include:

	1945	1946	Totals
	(In Millions of Dollars)		
Greece	380	210	590
Yugoslavia	285	250	535
Albania	20	25	45
Italy	50	450	500
Czechoslovakia	215	255	470
Poland	280	360	640
China	0	800	800*
Displaced Persons			180
Other			125
			<u>3805</u>

* Includes some 1947

** Against which UNRRA now has \$1,800 million sure (including \$50 million for Italy) and possibly \$250 million additional.

2. Military relief and lend-lease deliveries will not and should not be extended to cover any of the above needs; nor would it be desirable for reconstruction loans and other bank credits extended by the Export-Import Bank and the International Bank for Reconstruction and Development to be used for such purposes.

3. UNRRA's present funds will provide, on bases previously approved by its Council, for Europe and displaced persons through about April 1946 with only \$50 million for Italy and \$200 million for China. Between \$1.5 and 2 billion of new money is accordingly required.

4. These needs must certainly be met as otherwise famine, epidemics, unrest, and probably the overturn of a number of European governments will occur during the next winter and early spring.

Recommended

COPY

July 3, 1945

To: Mr. Coe, Treasury Department
 From: Mr. Collado, State Department
 Subject: Foreign Financial Needs

With the approval of Mr. Clayton,
 I enclose copies of certain memoranda which
 formed the basis of Mr. Clayton's discussion
 with Secretary Morgenthau the other day.

OFD:EGC:ja

Copy

SECRET

International Relief and Rehabilitation
 Needs - Use of UNRRA

The Problem

1. Relief and rehabilitation needs until the harvests of 1946 in Europe and some time thereafter in China, for which no real prospects of eventual repayment exist, include:

	1945	1946	Totals
	(In Millions of Dollars)		
Greece	320	210	530
Yugoslavia	285	250	535
Albania	20	25	45
Italy	50	450	500
Czechoslovakia	215	255	470
Poland	280	380	660
China	0	800	800*
Displaced Persons			180
Other			125
			<u>3805</u>

* Includes some 1947
 ** Against which UNRRA now has \$1,600 million sure (including 350 million for Italy) and possibly \$250 million additional.

2. Military relief and lend-lease deliveries will not and should not be extended to cover any of the above needs; nor would it be desirable for reconstruction loans and other bank credits extended by the Export-Import Bank and the International Bank for Reconstruction and Development to be used for such purposes.

3. UNRRA's present funds will provide, on bases previously approved by its Council, for Europe and displaced persons through about April 1946 with only 350 million for Italy and 200 million for China. Between \$1.5 and 2 billion of new money is accordingly required.

4. These needs must certainly be met as otherwise famine, epidemics, unrest, and probably the overturn of a number of European governments will occur during the next winter and early spring.

Recommended

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Recommended Action

1. The United States, in conjunction with the U.K., Canada and perhaps other nations, should recommend at the August Council meeting of UNRRA a doubling of the present UNRRA quotas which would provide an additional \$1.8 billion dollars of which \$1,350 million would be contributed by the United States.

2. UNRRA operations should be extended to cover Italy's needs.

3. UNRRA should plan to operate in Eastern Europe and with respect to displaced persons through 1948, with special emphasis to the period prior to the 1946 harvests. UNRRA operations in China and perhaps in adjacent areas will of course continue for some considerable additional period - perhaps twelve to eighteen months following the expulsion of Japan from the Asiatic mainland.

4. Argentina, Turkey and the neutrals should be admitted to contributing membership of some sort.

5. Since the distribution among countries of financial quotas is not closely related to the existence of exportable surpluses of foodstuffs and other materials, two appeals should be made to the contributors:

a. That the limit on "free" currency contribution should be increased above 10%.

b. That countries with large stocks of supplies attempt to furnish more than their statistical quota based on the Atlantic City national income criterion.

Considerations

1. UNRRA is in poor repute with the peoples of the world, with the British Parliament and with the American public and Congress. It has failed so far to act vigorously and to accomplish much. This is in part due to a failure of internal organization and personnel; to a much greater extent, however, this is due to the unwillingness and inability of the United States and the U.K. governments and military to make it possible for UNRRA to operate. Perhaps military considerations made this inevitable; these considerations will not apply with equal force in the future in Europe.

2. UNRRA

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3. UNRRA is the first important United Nations organization and its success or failure is of great significance in the development of international co-operation and in public support of international action. To set up a separate American relief administration would cast a great shadow of doubt not only on UNRRA but on the Bretton Woods institutions, other economic organizations planned, and the International Security Organization.

3. It is important to determine to what extent UNRRA funds, contributed largely by the U.S., U.K., and Canada, shall be made available for relief in Poland and other Soviet-dominated areas. The overall financial requirements depend in considerable measure on such a determination. It appears clear that the existing UNRRA program will go forward in these areas so long as existing funds last, and that it would be unwise to attempt to change this program or to cut off future supplies to these areas so long as a true need exists.

4. The extension of special grants or credits to Italy and China would certainly leave a large European requirement for which UNRRA appears to be the only practicable medium. If additional UNRRA funds must be obtained in any event, there is no reason to separate out for individual treatment two countries for which public support is likely to be strong.

5. Argentina, Sweden, Switzerland, Turkey and possibly some other nations may be prepared to contribute in proportion if admitted to UNRRA. It appears sensible to admit them on some basis.

June 26, 1945.

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The Financing of Reconstruction and Development
Basic Foreign Financial Policies of the United States

The basic objectives and scope of foreign financial policy, which have been adequately discussed elsewhere, contemplates:

1. The carrying out of a lend-lease policy adequate for the fullest prosecution of the war against the common enemy.
2. Full participation in relief and rehabilitation measures.
3. International cooperation in monetary and exchange management through the International Monetary Fund, supplemented by bilateral arrangements with the British and perhaps certain other nations.
4. Public and private dollar investment in reconstruction and development abroad during the next decade to the extent of \$25 to 30 billion.

Such a program coupled with an adequate policy of full employment within the United States, and other elements of an international program of expanding world economic activity and trade can have most satisfactory and useful results. In the absence of relatively stable full employment at home and a sensible commercial policy it may well end in frustration.

The present memorandum will deal only with point 4 - public and private dollar investment in reconstruction and development abroad.

Reconstruction

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Reconstruction and Development Needs

	In Millions of Dollars	Totals
<u>Eastern Europe</u>		
United Kingdom	2000 - 3000	
Belgium	200 - 400	
Netherlands and NWI	1000 - 1500	
Denmark	100 - 150	
France	1000 - 2000	
Italy	250 - 500	
Norway	400 - 500	4950 - 8050
<u>Eastern and Southeastern Europe</u>		
U.S.S.R.	6000 - 6000	
Greece	100 - 150	
Czechoslovakia	400 - 500	
Poland	?	
Jugoslavia	100 - 200	
Albania	-	6600 - 6850
<u>Europe - Economic Development</u> (public and private financing)		2500 - 3500
<u>Africa, Near and Middle East</u>		
Public investments	1000 - 1500	
Private investments	300 - 500	1300 - 2000
<u>Latin America</u>		
Public investments	2000 - 2350	
Private investments	1000 - 1150	3000 - 3500
<u>Far East</u>		
China		
India		3500 - 4500
Other		
GRAND TOTAL		<u>20850 - 28400</u>

There are attached separate memoranda relating to transitional financial aid to Great Britain and credits to the U.S.S.R. included in the above table.

Sources of

- 3 -

Sources of Required Dollar Fund for Reconstruction and Development

Private Foreign Investment - At least \$10 billion in 10 years - largely "direct" investment.

Export-Import Bank - \$5 to 10 billion over 10 years. The \$3.5 billion now being requested includes only \$1 billion for U.S.S.R. and does not include any amount for U.K.

International Bank for Reconstruction and Development - Initially about \$9 billion, most of which will be in dollar credits although the financial responsibility is spread over the member governments.

Only a small part of this may be expected to be forthcoming during 1946.

Legislation Required

Export-Import bank - Bill in House and Senate to increase lending ability to \$3.5 billion.

Bretton Woods Institutions - Bill in Senate Committee.

Repeal of Johnson Act - In Senate and House Committees.

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Credits to the U.S.S.R.

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1. The U.S.S.R. has requested a \$6 billion credit at 2 1/4% with amortization concluding in the thirtieth year, to be used for purchase of industrial equipment.
 2. The Department believes that credits to the U.S.S.R. can serve as a useful instrument in our overall relations with that country. It does not believe, however, that a loan of as much as \$6 billion should be made available all at once, but rather that an initial loan of say \$1 billion might be negotiated in the near future if political conditions are favorable. Subsequent loans of similar amounts might be made at intervals of six to eight months by the Export-Import Bank and later by the Bretton Woods Bank.
 3. Legislative arrangements should be made to pay the Export-Import Bank in a position to begin negotiations with the Soviets for the first \$1 billion credit. The Spence and Wagner bills make such provisions.
 4. The special rate of interest which the Soviets have requested - 2 1/4% - should not be granted. The rate should be fixed to take into account the rates charged by the Export-Import Bank on other long-term loans and also the rates which the Bretton Woods bank is likely to charge.
 5. Control might be exercised to assure that the funds lent the Soviets were expended on U.S. reconstruction goods, but the detailed checks which the Export-Import Bank usually exercises over expenditures of loans would be impractical to try to enforce. Russia's gold stocks and production provided adequate assurance that she will be able to service the loan.
 6. Arrangements for U.S. purchases of strategic materials from the U.S.S.R. should not be made a part of the loan contract; at least, difficulties which might arise in the way of completing such arrangements should not be allowed to stand in the way of the granting of the credit.
 7. Moreover, the Soviets should be given to understand that our interest in granting credits to the U.S.S.R. is premised upon our desire (a) to aid the U.S.S.R. in its recovery from the devastation wrought by the German invasion; (b) to lay foundations for a healthy expansion of mutually beneficial foreign trade.
- It should be made clear to the Soviets that the aspect of additional employment in this country which would result from Soviet purchases is very marginal from our point of view.

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TRANSITIONAL FINANCIAL AID TO GREAT BRITAIN

The British financial problem is admittedly the greatest present barrier to rapid progress towards free multilateral payments and relaxation of barriers to trade. It threatens not only delay but, indeed, the ultimate success of our economic foreign program. It is, therefore, definitely to our interest to give Britain the financial help required to bridge the transition to peacetime equilibrium.

It would be quite unwise, however, to consider making Britain an outright gift of the required several billion dollars, as has been recently suggested by certain critics of Bretton Woods. It would be unwise even to supply the funds as a credit without laying down conditions that would insure a sound advance towards our post-war objectives.

On the other hand, it will be difficult to persuade the British to accept dollar credits rather than work out their financial problems within the Sterling Area by the devices of blocked balances, exchange control, exchange pooling, bilateral clearing arrangements and forced exports in liquidation of sterling balances. Hence the terms of the credit we offer Britain and the conditions we lay down for granting it must be devised very carefully, with a view to Britain's position as well as to ours.

I believe we should offer Britain a dollar credit of as much as \$2 or \$3 billion as required, repayable over 30 years, but with an option on the part of the British to make repayments at earlier dates. The amount granted must be sufficient to meet Britain's adverse dollar balance under multilateral current payments, as laid out in the section on conditions below.

In view of British reluctance to borrow, and the fact that they are able to finance themselves to a very substantial extent by blocked sterling at a fraction of 1 percent, we must be prepared to grant them credit at the lowest possible rates. A rate of $2 \frac{3}{8}$ percent, such as we have used on Lend-Lease agreements under Lend-Lease would, in my judgment, be high enough, and possibly we should go as low as 2 percent. The British will want even lower rates. Interest charges would, of course, apply only on balances actually outstanding.

British reluctance to incur dollar indebtedness could be appreciably reduced, and possible stifling effects of service and repayment at later times be avoided, by provisions that if

Britain's

- 2 -

Britain's balance of payments became unfavorable, because of a slump in world demand, she would not be considered in default. The possibility of the U.S. accepting limited amounts of sterling as repayment under certain circumstances might be considered.

I would propose the following conditions for the granting of the above financial aid:

1. Upon the granting of the credit, the Sterling Area dollar pool arrangements are to be terminated and sterling proceeds thereafter acquired on current account by non-residents of the United Kingdom are to be made convertible into dollars, at the option of the holder, for current transactions.
2. A substantial funding of the abnormal sterling balances which have arisen from the war should be required. In the case of India, Egypt and certain other areas, substantial writing down of these balances is justified and to the best interest of all concerned. European and Latin American balances should, on the other hand, be funded to a larger extent. It need not be required that all balances be funded, and Britain might be left free to repay agreed portions thereof by exports during the transition years, so long as sterling proceeds of current trade are kept convertible into dollars.
3. Elimination of Empire preferences, probably as one term in a new reciprocal trade agreement reached under the strengthened act, or as part of a multilateral trade convention. The British will resist this most strenuously. Perhaps a substantial reduction of preferences is all we can hope.
4. Britain should continue domestic import controls over non-essentials to reduce the transitional strain upon her balance of payments and hence the amount of financial aid required. She will undoubtedly wish to do this in any case.
5. Canada, and perhaps other countries whose international financial position will be strong at the end of the war, should also grant transitional financial aid to Britain. India, and possibly Egypt, might be asked to make their contribution take the form of sharp reductions of their sterling balances.

The above

- 3 -

The above proposals will be recognized as a compromise between full-fledged freedom of payments and strict controls. Aside from the elimination of Empire preferences, the main effect would be to secure substantial compliance with conditions laid down in the Bretton Woods Agreements very shortly after the war rather than at the end of a transition period of five years or more. It is nevertheless of the utmost importance to accelerate Britain's reconversion to multilateralism in this way, both because of the danger that bilateralism and restrictionism might otherwise become firmly imbedded in British policy during the transition, and because the American business public will demand early evidence that Britain is going to go along with us in our post-war trade policy if they are to continue to support it.

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German Finance

1. It is the expectation of the United States Government that the Control Council for Germany will begin to function quickly in accordance with existing Allied agreements and that redeployment of Allied Forces in conformity to agreed zonal boundaries can be carried through without delay. It is expected that the present combined command (SMAFP) will be discontinued on July 1, 1945 or shortly thereafter.
2. Formulation of the principles governing the procurement and financing of essential German imports should be an immediate task of the Control Council. If possible, an agreed supply program for Germany as a whole should be put into effect as soon as redeployment into zones has been completed. Such a program should include provision for equitable inter-zonal distribution of supplies available within Germany so as to minimize the net deficit for, and imports into, Germany as a whole. The sum necessary to pay for imports into Germany should be a first charge on all German exports from current production or stocks on hand. In the event, and to the extent, that the proceeds of exports are insufficient to pay for approved minimum imports, the necessary arrangements for interim financing should be made by the Allied countries concerned on a basis to be negotiated. Reimbursement for any net outlays made in connection with the provision of supplies for Germany should be sought from subsequent German exports.
3. The United States Government is not prepared to continue the present combined military procurement and supply program and machinery beyond October 1945 loadings.
4. Arrangements should be made effective August 1, 1945 for making records of all distribution of supplies into the three western zones. The three occupying powers, the United States, U.K. and France, would be billed for supplies imported into Germany distributed to their respective zones after August 1. The amounts for which the three governments would thus become individually responsible as well as the amount arising out of deliveries to Germany prior to August 1, 1945 would of course be a first charge on German exports.
5. Each occupying power should, in the view of the United States Government, assume procurement and financial responsibilities

for the

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for the supplies required in its zones with November loadings unless prior to that time the Control Council has established in effective operation a supply mechanism along the lines of paragraph 2.

6. Since the Commander-in-Chief of the United States Army Forces in Germany in his dual capacity as United States member of the Control Council and Commander of the zone of occupation is entrusted with full responsibility for carrying out all objectives of United States policy in Germany, it is the Department's view that the War Department should assume procurement and initial financing responsibilities with respect to imports not only for the consumption of occupying forces, displaced persons, and such minimum consumption by German civilians as is necessary to prevent disease and unrest, but also all imports into Germany for which the United States Government assumes responsibility. In the view of this Department, moreover, the War Department's responsibility should extend to the United States' share of any combined financing which may be undertaken in concert with the occupying powers.

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Dollar Financial Requirements and Resources
Phase Two and Post-War Relief, Rehabilitation, and Reconstruction

(Billions of Dollars)

	Military Relief ("Plan A")	Lend-Lease (through Fiscal 1946)	OECEA Present Funds $\frac{1}{2}$	Additional Relief and Rehabilitation (no prospects of repayment) $\frac{1}{2}$	Reconstruction and Development - 10 years (Credits and private equity investment)	Totals
<u>Western Europe</u>						
U.K.	-----	2500 - 2800	-----	-----	2000 - 3000	
Belgium)	Aug. loadings -	300 $\frac{1}{2}$	-----	-----	300 - 400	
Netherlands and SWI)	Cash	300 $\frac{1}{2}$	-----	-----	1000 - 1500	
Denmark)	reimbursement	-----	-----	-----	100 - 150	
France	-----	1500 $\frac{1}{2}$	-----	-----	1000 - 2000	
Italy	Aug. loadings	100 $\frac{1}{2}$	50	450	250 - 500	
Norway	Aug. loadings - cash reimbursement	30	-----	-----	400 - 500	4950-5050 $\frac{1}{2}$
<u>Eastern and Southwestern Europe</u>						
U.S.S.R.	-----	500 - 1000 $\frac{1}{2}$	-----	-----	6000 - 6000	
Greece	-----	-----	300	150	100 - 150	
Czechoslovakia	-----	-----	200	100	400 - 500	
Poland	-----	-----	270	70	7 - 7	
Yugoslavia	-----	-----	250	100	100 - 200	
Albania	-----	-----	20	20	-----	(6000-6050) $\frac{1}{2}$
<u>Europe - Economic Development (public and private financing)</u>						
						2500-3500 $\frac{1}{2}$
<u>Africa, Near and Middle East</u>						
		10	-----	-----	1000 - 1500 public 300 - 500 private	1300-2000
<u>Latin America</u>						
		-----	-----	-----	2000 - 2500 public 1000 - 1150 private	3000-3500

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	(Billions of Dollars)				Totals
	Military Relief (Plan A*)	Lend-Lease (through Fiscal 1946)	UNRRA Present Funds 1/	Additional Relief and Rehabilitation (no prospects of repayment) 2/	Reconstruction and Development - 10 years (Credits and private equity investment)
Far East	---	300 3/	200	100	3500 - 4500
China	---	---	---	---	7
India	---	---	---	---	7
Other	---	---	---	---	7
Displaced Persons, etc.	---	---	120	165	21500 - 28000
Grand Total	---	5900 - 6500	- 1700	- 2020	

Notes: 1/ Program for deliveries through December 31, 1945. About \$300 - \$400 million of total for Belgium, The Netherlands, and France to be picked up by Export-Import Bank.

2/ FMA budget.

3/ Subject to change with military situation.

4/ Approximate figures. Funds will run out with March 1946 deliveries. \$1,000 million of UNRRA funds are sure; \$1,050 million possible. Additional demands are approximate and subject to some scaling down.

5/ European country figures - 3 to 5 year reconstruction period. Economic development - latter half of decade.

6/ Included in U.S.

7/ Sources: Private Foreign Investment \$10 billion
Export-Import Bank 5-10 billion
International Bank 9 billion

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THE SECRETARY OF STATE
WASHINGTON

July 6, 1945

Dear Henry:

It was thoughtful and kind of you to write me as you did in your very generous letter of the 2nd.

Best wishes.

Sincerely yours,

James F. Byrnes

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

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MEMORANDUM FOR THE SECRETARY.

July 6, 1945.

Mail Report

A week which found the Treasury receiving a great deal of routine mail brought in a very small number of fan letters of the type listed and quoted for this report.

By all odds, the most amusing bond mail letter was the apparently serious complaint of a paterfamilias who wrote that he thought it outrageous to use a quotation praising "every single man and woman", that after all, the married ones had a harder time buying bonds and deserved credit too. The 7th Drive has about disappeared from the mail; the 6th Drive is not yet gaining momentum. There are complaints along the usual lines, but they are few in quantity and not particularly quotable as to quality.

The tax evaders drive still holds the lead, so far as bulk is concerned in the tax mail. Proportionately, however, it has fallen off greatly from past weeks, being just about half the volume of the receipts listed

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Memorandum for the Secretary.

July 6, 1945.

in the most recent report. On the subject of taxes, outside the drive, there is the same scattering of question, comment, and suggestion, with no new topic emerging as worth quoting.

A large number of outdated checks is being received each day. There are inquiries about Foreign Funds, and the usual undercurrent of criticism of various types of help to other countries.

The Bretton Woods Proposals have been practically ignored, with only one comment during the past week.

The recording of mail for the report closes at noon Friday, and the Secretary's resignation, announced late Thursday, was therefore not reflected except in a few personal telegrams received Friday morning.

White House mail followed the same pattern as the Treasury, being low in quantity and too scattered to permit of any particular grouping under subject headings.

Samuel E. Forbush

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General Comments

Irene M. Finken, Los Angeles, California. Hearing over the radio that the Navy needed binoculars, I forwarded mine on to Washington to be used. I received as compensation \$1.00. Now as my glasses have been returned to me, I am returning the check so that it can be again returned to the Treasury. I realize that a dollar means very little nowadays but please credit it to the Treasury. I could not make money out of my country.

James P. Hickok, President, Missouri Bankers Association, St. Louis, Missouri. * * * I cannot forbear an expression of appreciation of the text of your letter of June 9. I am in complete sympathy with the position you have taken and, as the enclosed letter indicates, we shall do all in our power to lend our full cooperation to your efforts. Please accept renewed assurance of our appreciation of the fine service which you are rendering.

Diosdado Sonido, Merion, Pennsylvania. Now that the Philippine Commonwealth Government has been restored to function as before, and the Japanese resistance in Luzon is ended, I wish to ask you, Sir, how soon will you remove the Executive Order No. 8389. You must bear in mind, Sir, that those people there who survived with intense and untold sufferings badly need enormous help. They fought for the common cause of this war and now they deserve to live once again the kind of life they had enjoyed before. I thank you to hear from you.

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Clarence U. Beach, Los Angeles, California. I am this day in receipt of your check covering the face and accrued interest on my Adjusted Service Bonds of World War I. I also note with interest the attached sheet which I am returning for your further and, I hope, deeper consideration. This is all very well until you come to the line against "inflation". It just so happens that on this same day the radio was blaring forth the news (happy news for the Congressmen and Cabinet Members) of the coming 50% increase in the salaries of Congressmen and a substantial increase in the pay of the Cabinet Members. * * * It seems I recall salty tears being shed by the same element on the mere mention of payment of the aforementioned Adjusted Compensation Bonds. The cries that went up to the very heavens that the country would be ruined by such a wave of inflation the like of which has never been seen. Now the cry is to "hold the line of the Little Steel Formula" to prevent the same ruinous inflation such as the country has still never seen. Now just why should a little more pay for me (Mr. Average American) constitute this much-dreaded inflation when a 50% increase in the pay of our Congressmen (whose salaries we pay -- not to mention their mileage to and from; their extra compensation for each and every committee on which they sit; their various extra expenses in their travels around Washington; etc., etc.), and in the salaries of Cabinet Members, whose salaries we also pay out of our meager wages? * * * Increases to these people seem to have no relation to this dread national scourge -- in fact, it is never mentioned in these connections.

G. E. Lane, President, First National Bank, Hecla, South Dakota. Reference is made to your circular letter of May 21, and that of June 9, in which banks are directed to furnish reports of currency payments, which in their judgment might involve the withholding

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of income by those liable. While it is the wish of our bank to be entirely cooperative in the matter so far as conditions seem pertinent, this question has come up, and we would appreciate your consideration and further instructions. The bank here is located in a somewhat more than normal livestock area, and one of our larger customers has developed a very extensive merchandising business in the buying and selling of livestock, his business extending far into the territory of other banks in this area. * * * Owing to the fact that a very large volume of currency is paid out over-the-counter to livestock clients from other areas, we are unable to determine whether or not they would be considered as possible tax evaders, or whether they are taking the currency to avoid purchase of bank exchange here, or to carry our client's check to their own bank where they would be charged collection float. Hence, in paying out the volume of currency to this class of clients without any basis of determining their intentions as to the use of the currency, we are handicapped to a considerable extent in furnishing the reports to the Federal Reserve Bank, which your office requires; and in addition to this, on the basis that a bank's business is that of a confidential nature, are we not acting somewhat unprofessionally and creating a contingent liability to our customer in disclosing information which your office suggests, inasmuch as we think our customer would have recourse on the bank, should his client become informed of the situation and were attacked by the Federal income tax authorities, or otherwise, and possibly commence legal action; and under such possibility, under what heading could we defend ourselves? * * *

Henry J. Abrahams, Omaha, Nebraska. Enclosed please find endorsed to you Checks #7-081188 and 7-048635 which I beg you accept as my contribution to our war efforts. I also wish to tender my congratulations to you for your successful Seventh War Loan Drive. Our late President seemed to have possessed an uncanny ability to select for this most important post a man that rates 100% plus.

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Mrs. M. A. Asseo, Los Angeles, California. It is with a great deal of pleasure as well as gratitude that I write to commend you for your very fine efforts in fighting the black market. Unfortunately, no one man can do it all. If the energy to fight the OPA were used to fight the black market, the rising tide of inflation would not be upon us now. Let us put forth even more power to fight this horror that threatens all of us.

The following letter was addressed to -- U. S. Government, Washington, D. C., Attention: Secretary Morgenthau -- by Mrs. Isaac Bendows, Hazleton, Pennsylvania. "This letter is written in desperation - so forgive me and please try to help me! Where, oh where, can I buy some pillow cases? I have tried to abide by all the rules and regulations of my Government. I have made it my business not to deal in black market goods; not to use the phone unnecessarily, not to travel unnecessarily. * * * I am chairman of a committee of women who man a stamp savings booth in one of the department stores here, four afternoons a week! * * * My son is in the service - now in New Guinea. Is not a conscientious citizen entitled to some sort of consideration in the matter of pillow cases - a necessity, not a luxury? * * * Perhaps you could see your way clear to permitting me to purchase a dozen (or half dozen) 45 x 36 pillow cases - as a sort of reward for selling thousands and thousands and thousands of dollars worth of bonds. * * *"

Robert H. Williamson, Agent, The Franklin Fire Insurance Company, New Philadelphia, Ohio. An Assistant Secretary of the Treasury is quoted as saying, "No negotiations have been started, none are considered, etc." This refers to payment of the Czarist Russian bonds. As a simple matter of justice, when title is acquired by another to property, any claim against it must be satisfied. These bonds were sold in this country in 1918 to pay for material for use by Russia against

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Germany. Why should the United States not help its citizens to collect the interest and principal? * * *

Hilda Newberry, Los Angeles, California. I would like to commend you on your fight against the black market. I do hope you will continue fighting for the renewal of the Price Control Act to its original form. We must prevent inflation.

R. H. Spink, Chicago, Illinois. Whatever are you thinking of to cancel Britain's war debt to us! We are getting so we hate the very name of Britain, the way they impose on us. It is inconceivable that we give them not only our boys' lives, but all our money to help carry on the next generation! We are taxed to the limit now and of course they won't be able to get on as long as they know we will give them our all. British are like that, and not even a thank you. * * *

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Favorable Comments on Bonds

H. Eugene Dickhuth, Financial Editorial Department, New York Herald Tribune. While I was on a trip through the Pittsburgh coal fields I discovered to my surprise that payroll deductions for War Bonds in various mining towns of the neighborhood are running 15%, in one instance even 22%. The 15% figure I wired to the paper and it appeared on June 20. It concerned the Buckeye Coal Company, an affiliate of Youngstown Sheet. The 22% figure was given to me by George Love, president of Consolidated Coal Company, Pittsburgh. In checking with the War Finance Chairman for the sixteen western counties of Pennsylvania, I found that the figures are most unusual for most other industries, but were striking for the coal industry. It seems to me that a Treasury survey of payroll deductions by industry groupings might do some good, pointing out the greatest savings and it might serve as an incentive to other industries. Incidentally, I also heard from Robert McClintic of Koppers, who is the War Finance Chairman referred to, that redemptions in these two particular coal towns are negligible. * * *

Ing. Enrique de Montalvo, President Nacional Committee of Mexico, Mexico, D.F. My dear Sec. Mr. Morgenthau: With pleasure I congratulate you for your great Successes in the Seventh War Bond Drive in the United States. It must feel you proud and satisfied and happy as everybody knows that thanks to your prestige, skill and experience it have been a big Success. You can be sure you are the best Secretary of Treasury the United States have had in many years and it is only a true and no more. * * *

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Unfavorable Comments on Bonds

Congressman Samuel A. Weiss -- 338 District of Pennsylvania. On Monday, May 14, 1945, an Army show was held at Forbes Field, Pittsburgh, Pennsylvania. During the show a rocket gun was fired and small fragments of metal injured two of my constituents; namely, the Misses Mary and Irene Krenitsky, 305 South Fourth Street, Duquesne, Pennsylvania. A piece of metal became imbedded in the face of Mary, above her right eye, and Irene was struck in the neck with a piece of metal. Both were taken to the Montefiore Hospital, Pittsburgh, Pennsylvania, where these fragments were removed and each received an injection as a precaution against infection. They were discharged from the Hospital the same evening and they returned to their home. I am informed that no official representing the Seventh War Loan Committee or Army contacted the Misses Krenitsky, and they feel it is an injustice that they be required to pay this medical bill and not be recompensed for their injuries. * * *

One of the U. S. bondholders - postmarked Pleasantville, New York. We hear over the radio that the Treasury Department has expressed a disappointment over the fact that the "E" Bond sales have fallen behind expectation. The fact is, Mr. Secretary, the common people, of whom I am one, are pestered to death with other taxes - several kinds. In Westchester County, if you don't know it, a little five or six room dwelling house has a tax of between \$275 and \$300 on it today. The Treasury Department too is apt to ignore everything except bond sales. * * * I think the people of the U.S.A. have done a good and patriotic job, and the Treasury Department should be the last to criticize. Many people, like myself, buy bonds who never expect to live even to cash in on them to get interest -- they bought them out of patriotic impulse and hold

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then without interest or any prospect of getting any interest -- in fact, we don't want interest. We are just that hard-bolled. So, have a heart, Mr. Secretary, and believe us when we say we are doing all we can and should not be pressed to the point where the straw breaks the camel's back. Many wages are low but money is taken out for bonds every week. I know one man doing this who has had but one suit of clothes for a year. He works for a railroad which doesn't pay princely salaries. He has to go to bed when his suit gets pressed. Think it all over, please.

G. M. Sprowls, Akron, Ohio. * * * At the various times I have been solicited to buy War Savings Bonds, it has been explained to me very clearly that, if the bonds are made out in co-owner form, either of the co-owners could claim complete ownership and the bonds would not be subject to Inheritance Tax. Was a misrepresentation made to me at the time I was solicited for purchase of bonds? I would be very glad to have you clear up this question for me because I know thousands of persons in the country have been buying bonds and have had them made out to husband or wife with the expectation that if either husband or wife should die, the bonds would become the property of the other co-owner without having to go through the estate and without the payment of Inheritance Tax. I further believe that if this is a fact, some publicity should be given to it. * * * With the demand for purchase of more and more war Savings Bonds, if they are not subject to Inheritance Tax and do go directly to the co-owner, when made out to husband or wife, then I surely think it should be announced in such a way that the public will know this is a fact. Likewise, if they are subject to Inheritance Tax, I think the public should be acquainted with this fact because otherwise they would be sold under false pretenses. * * *

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Frank E. Smith, Pittsburgh, Pennsylvania. * * * The company shown at the top of this letterhead (Miners & Manufacturers Lumber Company) has been operated as a corporation until December 31, 1944. On that date the charter was cancelled and the company has since been operated under the same name with Frank E. Smith as sole owner. * * * When the time came to cancel the charter mentioned above, the corporation held about \$5,500 in War Bonds. * * * The bonds were delivered to The Pittsburgh Federal Reserve Bank by The First National Bank of Pittsburgh to have them transferred to the new owner, on January 24, 1945. There was some delay getting the papers in order as The Federal Reserve Bank seems to require too many things that we did not consider important in order to make the transfer. However, we finally got them all the papers they required and the bonds were sent to Chicago the early part of May. They have been there ever since and I am unable to get any satisfaction from The First National Bank of Pittsburgh, and as far as I know, they are unable to get any definite advice from Federal Reserve. * * * One thing sure, such things do not make you any too keen to buy NEW BONDS when you consider that your old ones, or part of them, have been out of your possession for nearly 6 months.

Ray J. Desimone, Del Paso Heights, California. It was with keen interest and approval that I heard the Treasury Department program of Friday evening last. However, knowing that I shall not be in the minority, I wish to protest loud and long against your intended policy of having the likeness of our late President Roosevelt appear only on the two hundred dollar E Bond during the coming Eighth War Loan Drive. It is impossible for me to purchase a bond of such denomination as the above. Despite all the attractive opportunities and offers elsewhere, I have remained in the teaching profession ever since Pearl Harbor. * * * My family, consisting of a wife and two small children, and I are buying our home. Once again, may I offer a fervent

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thank-you for, and to, the F.B.I. On a teacher's salary, we are just about able to make ends meet, what with general high prices in effect. * * * However, if I may be allowed to use an almost trite, but self-evident expression -- Roosevelt was the common man's President. * * * I know he would prefer that his likeness be imprinted upon a bond which would be within the reach of everyone, namely, the "little" but all-important, \$25 War Bond. * * *

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- 11 -Favorable Comments on Taxation

Ben and Ella Walt, Los Angeles, California. This is to express our appreciation of the fine work you are doing in fighting the black market.

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Unfavorable Comments on Taxation

Mr. Ralph C. Stone, Gorham, Maine. I have read a Bill entitled H.R. 2948 exempting annuities not exceeding \$1,440 from income tax payment has been reported by the House of Representatives Civil Service Committee. It is explained that Railroad Retirement Annuities, not exceeding \$1,440, are exempt from income tax payment, and it is argued that Civil Service Annuities are to be exempt from taxation -- then the annuities of everybody else in the United States up to \$1,440 should be exempt. Tax legislation exempting some by special favor from paying their share of the tax burden and making others pay that much more is injustice. With reference to this Bill a school teacher said to me, "Why should the Government tax my annuity and not tax Civil Service and Railroad Retirement annuities?" * * *

E. D. Moses, Bluffton, South Carolina. This is not quite good enough! Why should it be "weeks, maybe months" before a sly thing like this can be investigated? (Elliott Roosevelt-Hartford loan) The truth is out and the day for white-washing has long since past. Only by the merest chance did the American people learn that a member of the Cabinet acted as go-between to settle a \$200,000 debt for \$4,000. It is the public's business when that happens, and no longer solely that of the United States Treasury, no matter where the chips fall. It nauseates us -- those of us who believe in plain garden variety honesty and decency. But we suggest the Treasury Department swallow the pill and get it over with, and then we think resignations are in order....the resignation of everyone involved in this odoriferous mess.

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Ralph Waysse, Insurance Agency, New York City. Back in 1942 I convinced my son, Franklin A. Waysse, that inasmuch as his draft was being deferred on account of his work, it would not be too much for him to invest part of his income, aside from War Bonds, in so-called Treasury Note-Tax Series bonds. These bonds have been purchased in November 1942 and they will expire on September 1, 1945. My son's understanding was that the bonds will be used in payment of his income tax when the interest will be credited. However, contrary to expectations, he was drafted later on, and all this time the income he received while in service was insufficient to pay any income taxes. It is quite possible that his 1945 income will provide for such taxes, which, however, will not have to be paid until sometime after he is discharged, at any rate, not before March 1946. I was recently instructed by my son to take care of these Tax Bonds and use them for my own income tax payments. He does not realize that no interest will be credited to anyone else cashing these bonds. I sincerely believe that your Department did not intend to deprive our boys in service of a benefit they would obtain through these bonds had they continued working as civilians. As the matter now stands, those boys are being "punished" because they will not get any interest that would otherwise have been credited. * * *

Report of Correspondence Received in the
Secretary's Correspondence Division
June 29 to July 6, 1945, Inclusive

	TOTALS
BONDS:	131
Promotional ideas and materials for the Seventh Drive	10
Promotional ideas and materials for the Eighth Drive	2
Thanks for "Here's Your Infantry"	8
Roosevelt memorial bond:	1
Favorable	0
Unfavorable	1
Rumors that bonds will be invalidated	0
Complaints about delays in receiving bonds:	12
Service men	7
Others	5
Complaints about delays in receiving interest	3
Other complaints:	3
Banks should be permitted to invest in Treasury 1 1/2% bonds, or small ones will have to liquidate	1
During Army show in Pittsburgh 2 girls were hit by metal from rocket and required hospital treatment.	1
No 7th Loan official has communicated with them	1
Bank refused to cash bond 61 days old, saying it had to be 2 months old. Writer missed seeing her nephew before he left for Pacific.	1
General suggestions	19
Award bond bars of different colors to purchasers of different denominations	1
Hitler's armored train can be exhibited to sell bonds	1
Issue a memorial bond for Roosevelt. Writer wants to buy \$100 memorial bond	1
Payroll deductions of 1 1/2% and even 2 1/2% in Pittsburgh	1
Real cross should be used for advertising bond sales	1
Do not disband "Here's Your Infantry" show in smaller towns	1
Slogan for Roosevelt Memorial bond	1
Establish annuities through sale of bonds	1
Extend Adjusted Service bonds into annuities	1
Establish a bond lottery	1
With each bond sale allow name of man overness to be submitted to Treasury, and then by lottery permit 1 of every 10,000 to come home on 60-day leave	1
Issue a \$25 bond in honor of Roosevelt - not a \$200 one which is out of reach of little man	1
No Roosevelt picture on bonds	1
Understood bonds to be tax free	6
Miscellaneous	6

	TOTALS
Routine matters:	73
Inquiries about Adjusted Service Bonds	17
Bonds for redemption	14
Subscriptions	3
Problems of inheritance, reissuance, replacement, etc.	39

TAXES:	60
Requests for refunds	5
Tax evaders drive:	33
Applications for jobs	11
Reports of evaders	16
Suggestions and comment:	6
Congratulations on your work	3
Check Hartford-Roosevelt Loan	0
Call in large currency	2
Start the drive by cleaning your own house - especially Treasury personnel in New York	1
General questions, protests, etc.	22
Two letters to Internal Revenue in Baltimore about refund for client's 1943 taxes are unanswered	1
Taxes of single people should be lowered	1
Further taxes should be levied on stock profits to curb speculation and inflation	1
States should not issue car licenses until evidence of purchase of use stamp is presented	1
All annuities, pensions, etc., should be taxed alike	2
Place tax on horse races and similar amusements	1
Income tax returns should be kept in strictest confidence	1
Keep taxes at present high rates	2
No receipt for car use stamp	2
How much was collected from auto use stamp last year	1
This is our first good year financially and we could pay off loan on farm. Must we pay high taxes and be prevented from doing so?	1
Miscellaneous	8

MISCELLANEOUS PROTESTS:	15
Greece is being discriminated against in that food and clothing can be shipped to France and Italy but not to Greece	2
Veteran in employ of Treasury is refused opportunity to transfer to Veterans Administration where chances of advancement are better	1

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TOTALS

Congressional raise of \$2500 is unnecessary	1	
Treasury is sponsoring pressure groups in advertising name of Petrillo on its radio program	1	
Customs on gifts from family in Australia are unreasonably high	1	
OPA restrictions on food are a hardship	1	
Four billion captured German securities should be kept as spoils of war	1	
Nazi treasures should be used to reimburse holders of defaulted German bonds	1	
Further lend-lease to Britain is unwarranted	1	
U. S. should help its citizens collect on Russian bonds of 1916 now defaulted	1	
Clock manufacturing company can't even get a letter into Switzerland, while clocks are being imported by others	1	
French rate of exchange discriminates against American troops	1	
"Whatever are you thinking of to cancel Britain's war debt to us?"	1	
Check stolen - no action taken to regain	1	
OTHER RECEIPTS:		95
Reporting of currency transactions:	6	
Favorable	2	
Unfavorable	0	
Comment (without opinion)	4	
Checks for rewriting	1	55
Charge for cashing checks	1	
Donations to war effort	4	
Bretton Woods Proposals	1	
Currency problems, mutilated money, etc.	10	
Inquiries about foreign funds control	3	
Other - unclassified	15	

Report on White House Correspondence
June 29 to July 5, 1945, incl.

BONDS		12
War Loan suggestions	10	
Requests for replacement of lost bonds	2	
TAXES		26
Requests for income tax refunds	7	
Questions, complaints about income tax returns	2	
Tax plans	10	
Asks exemption of pensions from taxes	2	
Application for job as Treasury Investigator-	1	
Opposes increase in capital-gains tax	2	
Complaint about treatment by Internal Revenue officers	1	
Unfavorable comments on present tax system	1	
GENERAL		23
Suggests MH memorial dime be minted before January 30, and that date be made National holiday	1	
Unfavorable comments on MH memorial dime	1	
Unfavorable comment on sale of alcoholic beverages	4	
Requests for value of foreign funds	2	
Inquiries about ownership of buried treasure	1	
Restline personnel matters	4	
Unfavorable comments on Bretton Woods Plan	1	
Request for Salary Stabilization Unit approval of increase in pay	1	
General comments	8	

FEDERAL RESERVE BANK
of New York

July 6, 1965

CONFIDENTIAL

Dear Mr. White:

I am enclosing our compilation for the week ended June 27, 1965, analyzing dollar payments and receipts in official British, French, Canadian, and Australian accounts at the Federal Reserve Bank of New York.

Very truly yours,

H. L. Sanford,
Assistant Vice President.

The Honorable Harry D. White,
Assistant Secretary of the Treasury,
Washington 25, D. C.

Enclosures 2

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D
TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

July 8, 1945

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended June 27, 1945, 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.

W.P.

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

Week Ended June 27, 1945

Strictly Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)					BANK OF FRANCE (CAISSE CENTRALE)							
	DEBITS				Total Credits	CREDITS				Net Incr. (+) or Decr. (-) in \$ Funds (d)	Total Debits (e)	Total Credits (e)	Net Incr. (+) or Decr. (-) in \$ Funds (d)
War Years (a)	Total Debits	Gov't Expenditures (a)	Transfers to Official Accounts (b)	Other Debits		Proceeds of Sales of Gold	Proceeds of Sales of Securities (Official) (b)	Transfers Official Australian Account	Other Credits (c)				
First	1,793.2	603.6	30.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3 (c)	1,095.3 (d)	+ 229.0
Second	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	39.9	8.8	- 30.1
Third	1,235.6	904.8	7.7	223.1	1,361.2	21.8	5.5	97.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth	754.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
Fifth	1,197.7	300.4	61.4	835.9	1,359.6	-	-	253.0	1,116.6	+ 171.9	-	-	-
1944													
September	151.0	19.9	50.4	80.7	56.5	-	-	1.0	55.5	- 94.5	-	-	-
October	127.9	31.0	7.4	99.5	54.7	-	-	1.0	53.7	- 73.2	-	-	-
November	74.2	45.4	2.9	25.9	22.1	-	-	1.0	21.1	+ 17.9	-	-	-
December	80.4	21.9	-	58.5	91.6	-	-	-	91.6	+ 11.2	26.7	6.3	- 50.2
1945													
January	148.9	98.7	11.3	18.9	54.2	-	-	-	54.2	- 94.7	27.4	6.2	- 21.2
February	43.4	16.7	4.9	19.8	30.5	-	-	-	30.5	+ 39.1	86.8	0.8	- 86.0
March	79.2	40.3	6.2	32.7	75.3	-	-	-	75.3	- 1.9	2.7	1.9	- 0.8
April	66.6	25.9	11.1	29.6	62.6	-	-	-	62.6	- 4.0	22.1	1.1	- 21.0
May	78.6	39.3	2.6	36.5	79.3	-	-	-	79.3	+ 0.7	19.7	2.3	- 17.4
June													
July													
August													
Week Ended													
June 6, 1945	10.5	4.1	-	6.4	9.9	-	-	-	9.9	- 0.6	54.1	55.9	+ 41.2
June 13, 1945	6.4	1.6	-	4.8	58.5	-	-	-	58.5	+ 24.1	1.1	0.2	+ 3.1
June 20, 1945	6.8	1.0	-	1.8	11.1	-	-	-	11.1	+ 4.7	0.6	1.0	- 1.6
June 27, 1945	7.1	1.7	-	3.4	8.4	-	-	-	8.4 (1)	+ 1.3	40.5 (1)	42.1 (1)	+ 0.6

Average Weekly Expenditures Since Outbreak of War
 France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.3 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (h) Transactions for account of Caisse Central de La France Ostre-Mer included for first time in week ended December 6, 1944.
- (i) Includes \$8.4 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.
- (j) Includes \$40.0 million paid to French-American Banking Corp. from account of Trésorier Payeur Général aux États-Unis by order of the French Treasury.
- (k) Includes \$48.5 million representing advance payments on sale of gold.

Reports and Analysis Division

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

Week Ended

June 27, 1945.

Strictly
Confidential

PERIOD	BANK OF CANADA (and Canadian Government)							COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)							
	DEBITS			CREDITS				DEBITS			CREDITS				
	Total	Transfers to Official British A/C	Others	Total	Proceeds of Gold Sales	Transfers from Official British A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$ millions	Total	Transfers to Official British A/C	Other	Total	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in \$ millions
War Years (a)	323.0	16.6	306.4	204.7	413.7	20.9	38.7	32.4	+ 181.7	31.2	16.7	55.5	62.9	18.3	+ 9.0
First	460.4	-	460.4	462.0	246.2	3.4	323.9	88.5	+ 1.6	72.2	57.4	69.8	17.2	95.0	- 5.0
Second	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 80.5	107.2	155.1	43.9	200.4	-	200.4
Third	729.6	-	729.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	253.0	45.6	287.7	-	287.7
Fourth	849.7	1.0	848.7	958.5	38.1	61.4	-	899.0	+ 283.3	298.6	-	-	-	-	-
Fifth															
1944															
September	74.5	0.1	74.4	91.8	-	30.4	-	41.4	+ 17.3	5.8	1.0	4.8	7.3	-	7.3
October	24.1	-	24.1	84.2	-	7.4	-	76.8	+ 80.1	20.3	1.0	19.3	21.0	-	21.0
November	38.8	-	38.8	53.7	-	2.9	-	35.8	+ 14.9	3.4	1.0	2.4	5.8	-	5.8
December	21.5	0.7	20.8	32.7	-	-	-	20.8	+ 11.8	1.4	-	1.4	19.8	-	19.8
1945															
January	35.1	-	35.1	91.6	30.0	31.3	-	30.3	+ 56.5	27.4	-	27.4	5.6	-	5.6
February	27.8	-	27.8	101.9	-	4.9	-	97.0	+ 76.1	1.8	-	1.8	4.2	-	4.2
March	23.5	-	23.5	62.4	-	6.2	-	56.2	+ 38.9	3.3	-	3.3	2.0	-	2.0
April	26.7	0.5	27.2	70.8	-	11.1	-	59.7	+ 62.3	1.1	-	1.1	1.1	-	1.1
May	86.4	-	86.4	106.3	-	2.6	-	101.7	+ 19.9	10.1	-	10.1	8.3	-	8.3
June															
July															
August															
Week Ended															
June 4, 1945	1.5	-	1.5	32.1	-	-	-	32.1	+ 30.6	2.1	-	2.1	1.6	-	1.6
June 11, 1945	3.0	-	3.0	12.5	-	-	-	12.5	+ 9.5	0.5	-	0.5	0.4	-	0.4
June 20, 1945	1.5	-	1.5	15.0	-	-	-	15.0	+ 13.9	-	-	-	0.3	-	0.3
June 27, 1945	4.4	-	4.4	50.1	-	-	-	50.1	+ 55.7	1.6	-	1.6	0.3	-	0.3

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war	16.1 million.
Sixth year of war (through June 27 1945)	8.6 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 5, 1944.
- (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
- (c) Includes \$ 2.8 million deposited by War Supplies, Ltd. and \$ 36.1 million received from New York accounts of Canadian chartered banks.
- (d) Reflects net change on all dollar holdings payable on demand or maturing in one year. also 110.1 million transferred from account at this bank of Banco de Mexico.

July 7, 1945
9:20 A.M.

HMJr: Hello.
 Mrs. Edward Heller: Henry.
 HMJr: Yes.
 H: Ellie Heller speaking.
 HMJr: Where are you talking from?
 H: I'm talking from my home at the moment.
 HMJr: Where is that?
 H: On Woodland Drive, N.W.
 HMJr: I see.
 H: Ed asked me to phone you, but before I even get into that I want to tell you how unhappy I am about your resignation.
 HMJr: Well...
 H: I've worked for you for four years now.
 HMJr: I know.
 H: And I thought you might like to know that the whole War Finance is very, very upset personally about your leaving.
 HMJr: It's nice to know that.
 H: Ed had to fly out to the West Coast today, and he asked me if I would phone you.
 HMJr: Yes.
 H: First to see if you would release Mr. Lesser to the Surplus Property Board. They'd like to appoint him there General Counsel.
 HMJr: Lesser?
 H: Lesser.
 HMJr: Oh, yes, we can put it up to Lesser and let him decide. We've just given him a very important job.

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 H: Is that going to be long?
 HMJr: The job he has?
 H: Yes.
 HMJr: Oh, yes. Sure, but my policy here is always let these people decide for themselves.
 H: Yes. Well, will you mention it to him.
 HMJr: Well, I'll tell Mr. O'Connell to mention it to him.
 H: Oh, well, that's fine.
 HMJr: The other thing is Ed asked me to ask you if he couldn't borrow from the Treasury for about six weeks or two months Marjorie Scriggs from the Boston office to do some radio work for them.
 H: Well, I'll put that up to Gamble.
 HMJr: Yes, and sometime when I see Ed, would you tell him that I just couldn't understand that from the time he came here until now I haven't seen him, heard of him, from either him or you. I mean I know that you have been here, you know that Elinor has been desperately ill, and I did for Ed what I wouldn't do for my own self or children about his own confinement. And from the day then until now I haven't heard from you or Ed, and you know Elinor has been sick, desperately sick.
 H: That is certainly true, Henry.
 HMJr: And you lived here - Ed has been here and not even a question about Elinor's health or anything else.
 H: Henry, I'm very sorry about that. It was just a matter of not wanting to...
 HMJr: Well, I felt very, very badly, because when I went to Mr. Davies and asked ... I did a thing for Ed that I've never done in the 12 years I've been here for myself.
 H: Well, Henry, I wish you would understand - it was a matter of not wanting to bother you.

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HMJr: Well, I've waited until either you or Ed called up. I'd much rather tell it to Ed than to you, but both Elinor and I were so hurt, that I figured the first time you called up - or Ed called up, I'd tell him.

H: Yes, well, you are right to do it certainly.

HMJr: Yeah. It's just that I couldn't understand it, and I believe in being direct.

H: Oh, you are absolutely right.

HMJr: Yeah, no, we were both very much hurt.

H: Is she here now?

HMJr: Oh, yes, Elinor has been here for a month.

H: Is it too late for me to ask if I may come and see her?

HMJr: No, it isn't too late, but just now she is so sick she can't see anybody. She had...

H: Is she worse again?

HMJr: She had another attack about two weeks ago.

H: Oh, I didn't know...I'm awfully sorry.

HMJr: But her sister is there with her now. But this week has been a good week and nothing has happened. Anyway, I got it off my chest and that is that.

H: Well, I'm very glad you have, and it isn't lack of appreciation, I assure you...

HMJr: Well, O. K.

H: All right.

HMJr: Bye.

July 7, 1945
9:50 a.m.

GROUP

Present: Mr. Gaston
Mr. White
Mr. Bartelt
Mr. Coo
Mr. Haas
Mr. Luxford
Mr. Fussell
Mr. Gamble
Mrs. Klotz

H.M.JR: I just thought I would tell you people what I'm doing. I'm leaving this morning after calling on General Eisenhower. The principal thing I'm doing is delivering him the Morgenthau Plan, with the permission of the President. I wish that you three fellows would take a little time the next couple of days in looking at the thing, because I'm definitely going to give it out. I told the President that he could do it. For the first time he said, "I am in accord."

MR. GASTON: Mr. Secretary you asked me to get in touch with Dave Loth, and I did. He has some changes to make, and he wants an appointment to see you about it.

H.M.JR: Well, you people have just got to be a little charitable with me.

MR. WHITE: What we are doing, Mr. Secretary, is taking care to see that any additional technical information or other information that David ought to know is made available, and then he will refer to it.

H.M.JR: Well, I spent a lot of time on it but after all since then the European coal situation looms so big and I think we have to take that into the reckoning.

MR. WHITE: And the cartel thing, and there are

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a lot of things which are not clear about the democratic forces which are in there.

MR. GASTON: Well, he was all prepared to check with Harry and Lux and others on those facts and corrections, but he did want to talk to you about publication plans.

H.M.JR: Well, I am ready to talk, and I thought that when I came back, I don't see why next week I couldn't just take a half day with the help of you and I thought that Schmidt might help too.

MR. GASTON: There wasn't any new commitment so far as Cass Canfield was concerned, was there?

H.M.JR: No, it is the only commitment. If they want to handle it, it is theirs. The only thing so far as Loth is concerned was that when we got almost up to publication, Loth said he wanted the literary agent to see somebody about his compensation. Well, if he raises that, his literary agent can see Morris Ernst, my lawyer, and they can fix it up between Morris Ernst and Cass Canfield. Now I'm not sure Canfield is going to take it, because Canfield said, "Eight months ago it was news." But if he doesn't want it, he will send it back. Somebody came back with Mrs. Herbert Lehman, a Lieutenant Colonel. I forget his name. He spent three hours with it. He is with AMG. He told Mrs. Barnes that everything we know in the Treasury--that everything is going wrong.

MR. GASTON: There will be no difficulty, Mr. Secretary, about getting a publisher if Cass Canfield doesn't want it. There are plenty of others we can get as publishers. Also, I think the thing can be considerably sweetened up and also advanced. The cause you are interested in can be advanced if some one or two popular magazine articles will use part of the material in the book, and I think they will stimulate the sale of the book.

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H.M.JR: Well, I imagine Canfield will give me a ring Monday or Tuesday, and, if he doesn't, I will call him. But I would like the help now of all of you who are interested in seeing such a book see daylight. I think that particularly next week would be good as far as you gentlemen are concerned. You are not so busy on Bretton Woods?

MR. LUXFORD: The debate may start Wednesday.

H.M.JR: Now I told Wagner that he would have a copy of the "Dear Alben" letter.

MRS. KLOTZ: That is the one you signed.

H.M.JR: Just to show you, I wrote a letter to Bob Wagner and signed it "Daddy." (Laughter) So Mrs. McHugh said, "How he has aged over night." I called up Fred Vinson yesterday afternoon, and told him I was very happy about his appointment. I told him that, of all the people that might come in here and sit here, I was happiest it was he. I told him I stood ready to give him all the time he had during the next five weeks. Mr. Truman said it would be five weeks or longer, which makes me think it will be six weeks. As far as I am concerned, I need every day possible to do this thing.

Now the other thing that I have in mind that I would like you people to think over is this: I am sorry Bell isn't here, but I will delegate you (Mr. Gaston) to tell him. I would very, very much like to get out another Morgenthau Plan, which is the one I sent to President Roosevelt and then I sent it to President Truman. It is with regard to putting the Treasury as top dog in the fiscal monetary picture at home and abroad. I would very much like to have you people think about it and, if any of you have not seen it, please ask for it. Mrs. Klotz will see that you get a copy of it. Bell has hung on to it and has been very loathe to let it out of his hands. You are very familiar with it, Mr. Fussell.

MR. FUSSELL: Yes, sir.

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H.M.JR: And I think that for those of us who have worked together that represents the best thought of the Treasury. I think it would be helpful to those of you who stay here, and I would like to do it. Are any of you familiar with what it is?

MR. HAAS: Yes, sir.

MR. GASTON: I haven't seen it.

H.M.JR: What do you think, Eddie.

MR. BARTELT: I think it is very good, Mr. Secretary. Of course, some parts of it are quite controversial. Of course, I checked back on the record involving the appointment of the Secretary to the Federal Reserve Board. I don't know whether you took that out or not. That was rather controversial.

H.M.JR: I think we took that out.

MR. BARTELT: I have a copy of it, and I will be glad to make it available.

H.M.JR: Well, it is a plan for the Treasury, and I would like to say it is the combined opinion and give it out. I don't know how to do it--whether I should go up on the Hill and deliver it to a committee, or whether I should have a press conference and say, "Here is what I think the Treasury should do to really be effective domestically and internationally."

The other thought I had was to have a program looking forward to taxes. I would like to give that out.

MR. GASTON: Has this plan been sent to the President?

H.M.JR: Yes--one to Roosevelt and one to Truman. Is that right?

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MR. BARTELT: Yes, sir.

H.M.JR: It will be good for the Treasury. It will be good for me. If anybody else has got any plans which they think that the Treasury should be doing, here is a chance to use me while I have still got a springboard to call a conference together to give it out. So I'm open to propositions.

MR. WHITE: Well, you might broaden that. I don't remember specifically what is in it, but you might broaden it to think of the potentialities of issuing a report with recommendations on all possible aspects. It is sort of a farewell address with recommendations, taking up a lot of things. It might be quite a document.

H.M.JR: Well, we have got one thing which we felt was recommended. That is a report on what we have done, which is the works. That is past. We might take White's suggestion and say, "Here is what we have accomplished."

MR. WHITE: I am not much in favor of your indicating, before you leave, what is done. I don't think this is the appropriate time for it, but rather what, in the light of your experience and thinking here, are your recommendations personally as to what can be done most effectively along the lines of what you have just said. Now, that might be expanded. There might be a lot of areas about financing and black markets and taxes.

H.M.JR: Will you put your mind on it, Harry?

MR. WHITE: Yes, sir.

MR. BARTELT: This plan would have set up five financing committees, including a committee on agriculture financing, of which the Secretary of the Treasury would have been chairman.

MR. WHITE: Well that is one suggestion and one recommendation, but there may be other areas and other fields--what he might recommend, for example, for Internal Revenue out in the field. In other words,

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we would distill the experience which he has and the thinking which the staff has done and say, "These are the things toward which you are to direct attention."

MR. BARTELT: This would also give him control of the budget.

H.M.JR: Would you people think very hard on it? Mr. Truman said five weeks, and then he said two weeks with the Big Three and there is a week going and a week coming.

MR. WHITE: Is he going by plane?

MR. GASTON: No. He has other calls which would take a week I should think.

(Discussion off the record.)

H.M.JR: I think that during the next couple of weeks we might do some very hard thinking, all of you, on possibly getting together in the future.

MR. BARTELT: Mr Secretary, you have probably given consideration to this, but I was wondering whether you would want to give us any ideas with respect to the Secretary's report for this year.

H.M.JR: You mean for the calendar year?

MR. BARTELT: The fiscal year ending June 30, 1946.

MR. GASTON: You see, the year is ended. The report goes to Congress on January first or sometime in January of next year.

H.M.JR: What is in your mind, Eddie?

MR. BARTELT: I don't have anything special in my own mind, but I thought you might want to give some consideration to it and give us some thoughts.

H.M.JR: Would that be over my name?

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MR. BARTELT: No. I suppose your successor might submit it to Congress, but you might want to give us some thoughts as to what might be covered.

H.M.JR: My horseback opinion right now would be that I would rather do my reporting in the next couple of weeks while I have control of the situation. I will be back Tuesday.

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July 7, 1945

Herbert Gaston

Secretary Morgenthau

I wish you would think it over and talk it over with a few people in the office, the idea of my giving out next week my plan for reorganizing the Treasury. There were two, the first one I gave to Roosevelt right after his last election, and then there was one I gave to Truman. It seems to me that I can now come out publically on how I thought the Treasury really should have been run - and how it would have been run if I had had a free hand. Think it over and talk to me when I get back. If you please.

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July 7, 1945

Dan Bell

Secretary Morgenthau

I wonder if you can find out from Waley-Eaton and Mr. Folger, the investment banker, where they got the tip from that there was going to be a change in the Treasury. I think it would be very interesting if you could take a little time to run that down. Thank you.

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July 7, 1945

Charles Bell

Secretary Morgenthau

When I move all of my files, I take it we are going to have to take a lot of the filing cases and it will be an awful mess. I wonder whether we couldn't ask Fred Vinson whether we couldn't move the files in the actual filing cases they are in and borrow them and keep them in the cases until I can get other filing cases to take their place. The understanding might be that I can keep them for six months or a year. Think that over and talk to me about it.

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JUL 7 1945

Dear Bob:

You asked me a few days ago why the Post Office cannot sell traveler's checks in the same manner that banks do.

We in the Treasury do not see any particular reason why the Post Office shouldn't sell traveler's checks except that, of course, you are not authorized by law to do so. It is possible that you could change the procedure under which money orders are issued and cashed so that you would get the same effect as traveler's checks. You also sell postal notes and these might also be changed to embody features of the traveler's checks.

If you want the Treasury to help you out on the matter, I suggest that you confer with Ben Bell and Joe O'Connell.

Sincerely yours,

Morgan H. Morgenthau, Jr.

Honorable Robert E. Hannegan
Postmaster General
Post Office Department
Washington, D. C.

DVB:ew

SPECIAL
TREASURY DEPARTMENT
 INTER OFFICE COMMUNICATION

DATE June 27, 1945

TO Dan Bell
 FROM Secretary Morgenthau

Robert Hannegan wants to know why the Post Office cannot sell traveler's checks the way banks do. Would you look into it and let me know?



TREASURY DEPARTMENT
 FISCAL SERVICE
 WASHINGTON

June 28, 1945

MEMORANDUM TO MR. BELL:

There is briefly outlined below information relative to Postal Money Orders and Postal Notes:

POSTAL MONEY ORDERS

1. The maximum amount for which a single money order may be issued is, by law, \$100.00, but there is no restriction as to the number of domestic money orders which may be issued in one day to the same remitter.
2. The fees for issuing domestic money orders are as follows:

From \$0.01 to \$2.50	6 cents.
From \$2.51 to \$5.00	8 cents.
From \$5.01 to \$10.00	11 cents.
From \$10.01 to \$20.00	13 cents.
From \$20.01 to \$40.00	15 cents.
From \$40.01 to \$60.00	18 cents.
From \$60.01 to \$80.00	20 cents.
From \$80.01 to \$100.00	22 cents.
3. An original domestic money order shall be paid at its full face value if presented at the office on which drawn or at the office of issue at any time within the period of its validity, which is one year from the last day of the month in which issued.
4. For the first thirty days after issue, any domestic money order issued in the continental United States (except Alaska) and drawn on an office located therein, may be paid for its face value, less the fee prescribed by law (same amount as that charged for the issuance of the order) at an office other than that of issue or that on which drawn, provided the office at which presented is located within the continental United States.
5. More than one indorsement on a money order is prohibited by law; but there is no objection to signatures affixed thereto for the purpose of identification or to guarantee the signature of payee or indorsee; and postmasters are encouraged to secure written assurance

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of this kind when in doubt as to the identity of the applicant for payment. Even if an order bears two or more indorsements it may yet be paid to the first indorser on due presentation thereof properly receipted by him, provided it is regular in all other respects. The indorsements inconsistent with such payment may be stricken out. The stamp impressions which banks ordinarily place upon orders left with or sent to them for collection are not regarded as indorsements transferring ownership of the orders, or within the meaning of the statute which forbids more than one indorsement.

POSTAL NOTES

1. Amount of note cannot exceed \$10.00.
2. There is no limitation as to the number of notes that may be sold to a purchaser at one time.
3. Fee for issuing note is 5¢, regardless of the amount of the note.
4. Notes are valid for two calendar months from the date of their issue.
5. Notes may be cashed at any post office at full face value.
6. After two calendar months, the notes may be paid by the Postmaster General or refund may be obtained in case of loss.
7. Notes are not negotiable or transferrable through indorsement.
8. No application is required in the purchase of notes. The purchaser writes in the name and address of the payee on the face, as well as his own name and address on the back of the note.
9. Payees shall sign the postal notes before they are paid and payment shall be made only upon proper identification of the payees.

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JUL 7 1945

Dear Judge Hand:

It was very good of you to take the time, at my request, to talk to Commissioner Homan and Mr. O'Connell on Monday last. Your willingness to give us the benefit of your sage counsel is, as it has been in the past, a source of great satisfaction to me. The privilege will not be abused.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Learned Hand
Judge, United States Circuit Court
U. S. Court House
New York, New York

JSD:Gib
7-2-45191
JUL 7 1945

Dear Mr. Standford:

The Chairman of the Interdepartmental War Savings Bond Committee has informed me that the National Housing Agency has recently been presented the Treasury "T" Flag in recognition of its having achieved the standard of excellence in the purchase of War Bonds through pay-roll savings.

I understand that 93 percent of your 13,809 employees in the Office of the Administrator, Federal Housing Administration, Federal Home Loan Bank Administration, and the Federal Public Housing Authority are investing 10.2 percent of their gross pay regularly in War Bonds through the Pay-roll Savings System. I understand also that these employees have purchased many additional extra bonds for cash in the various War Loan Drives.

First, I want to thank you for the personal interest which you have taken in promoting the Pay-roll Savings System in the various constituent agencies of the National Housing Agency; secondly, I want to congratulate you and the officers and employees for their fine achievement; and thirdly, I want to welcome the National Housing Agency to a place on the Hall of Honor.

With best wishes, I am

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable John H. Standford, Jr.
Administrator
National Housing Agency
1600 I Street
Washington 25, D. C.

EJH:artelt:bbw 6/30/45

NATIONAL HOUSING AGENCY

Agency	Head of Agency	Employees on roll	Employees participating	Percent participating	Gross pay roll	Amount allotted	Percent of pay allotted
Office of Administrator	J. E. Blanford Administrator	625	572	91.5	\$ 167,683	\$ 17,322	10.3
Federal Housing Administration	A. H. Ferguson Commissioner	2,913	2,732	93.8	761,331	76,141	10.0
Federal Home Loan Bank Adm.	John H. Fahy Commissioner	2,285	2,062	91.8	511,744	52,103	10.2
Federal Public Housing Authority	F. M. Klutznick Commissioner	8,026	7,472	93.0	1,876,288	196,503	10.4
Total		13,809	12,838	92.9	3,317,046	342,068	10.2

As of June 26, 1945

Revised

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July 7, 1945

Dear Oscar:

Thanks very much for your note of July 6. I will always look back with real pleasure on my association with you from the very first day you came to the Treasury.

I hope from now on I will be able to see more of you than I have in the last couple of years.

Sincerely,

(Signed) Henry Sargantson, Jr.

Mr. Oscar Cox,
Deputy Administrator,
Foreign Economic Administration,
Washington, D. C.

12"

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TO: Dear Secretary Morgenthau

I was certainly sorry
to hear about your resignation
It will be a real loss
to the country

July 6, 1945 OSC

George Cox 9-2284

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July 7, 1945

My dear Felix:

It was very nice to receive your
letter of July 2, and I appreciate
your sending me an extract of the
speech by Lord Balfour which I have
read with great interest.

Sincerely,
(Signed) Henry

Honorable Felix Frankfurter,
New Milford, Connecticut.

Miss H. G. Ford, Conn.

Supreme Court of the United States
Washington, D. C.

July 21/45

CHAMBER OF
JUSTICE FELIX FRANKFURTER

Dear Henry:

The enclosed remarks are from a speech made by Lord Balfour a quarter century ago. Seldom has time so vindicated an utterance - and made it even more applicable after twenty five years than at the time of its delivery.

It was a pleasure to see you the other day. ^{learn}
Congratulations on your ^{7th}
success. Our best regards to your
Ever Sincerely
F. F.

Extract from a speech delivered by Lord Balfour at Albert Hall
on July 12th, 1920

"So far as the Arabs are concerned - a great, an interesting, and an attractive race - I hope they will remember that while this assembly and all Jews that it represents through the world desire under the aegis of Great Britain to establish this home for the Jewish people, the Great Powers, and among all the Great Powers most especially Great Britain, has freed them, the Arab race, from the tyranny of their brutal conqueror, who had kept them under his heel for these many centuries. I hope they will remember it is we who have established the independent Arab sovereignty of the Sejar. I hope they will remember that it is we who desire in Mesopotamia to prepare the way for the future of a self-governing, autonomous Arab State, and I hope that, remembering all that, they will not grudge that small notch - for it is no more geographically, whatever it may be historically - that small notch in what are now Arab territories being given to the people who for all these hundreds of years have been separated from it - but surely have a title to develop on their own lines in the land of their forefathers, which ought to appeal to the sympathy of the Arab people as it, I am convinced, appeals to the great mass of my own Christian fellow-countrymen.

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July 7
1945

SUMMARY OF FORM 57 ON BRUNO V. BITKER

NAME: Bruno V. Bitker

ADDRESS: 3340 North Windemere Court
Milwaukee, Wisconsin

AGE: 46 years

MARITAL
STATUS: Married

MILITARY
PREFERENCE: Veteran of First World War, but no preference
established.

DRAFT CLASSI-
FICATION: 4-D

EDUCATION: Cornell University, 1916 to 1919
Wisconsin University, 1915 to 1916
LL.B. 1921

EMPLOYMENT: November 1943 to July 1944 - Resigned.
District Director OPA - CAF-14 - \$6500

June 1942 to November 1943
Principal Attorney, P-6 - \$5600

December 1941 to June 1942
Assistant Rationing Officer in State Rationing
Office, OPA, Milwaukee

September 1941 to December 1941
Special Assistant to Director of OPX in Washington
\$1.00 Year

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EMPLOYMENT: May 1938 to December 1941
Member of Advisory Board, Farm Security Adm.,
Milwaukee

July 1938 to December 1938
Special Advisor to State Banking Commission
of Wisconsin

January 1938 to December 1942
Private Law Practice

December 1937 to August 1938
Special Counselor to Governor of Wisconsin,
\$35.00 to \$50.00 a day

1931 to Present
Member of Sewerage Commission of Milwaukee.
No compensation

1921 to 1937
Private General Law Practice.

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JUL 7 1945

My dear Mr. Secretary:

I understand that the Office of Surplus Property and Procurement Division activities in the Atlanta, Chicago, Denver and Kansas City regions are being supervised by regional directors of Procurement in the first three areas named and that the Regional Director at Kansas City is now on your rolls but has requested a transfer to the Procurement Division. No doubt you have under consideration individuals for appointment as regional directors for the Office of Surplus Property in these regions and I would like to have our men relieved of the responsibility for supervising the Surplus Property activities by July 31.

Please let me have the name of your representative who will be prepared to discuss the completion of the segregation of Surplus activities from the Procurement Division in order that the final determinations may be made before the end of this month. I have designated my Administrative Assistant, Mr. Charles S. Bell, to represent me in this regard.

Sincerely yours,

Walter H. Morgenthau, Jr.

Honorable Henry A. Wallace
Secretary of Commerce
Washington, D. C.

CPM:ck:hh
7-5-45



FISCAL ASSISTANT SECRETARY

TREASURY DEPARTMENT
FISCAL SERVICE
Washington



July 7, 1945

TO THE SECRETARY:

In response to your oral request, I am sending you herewith the weekly report relating to payments to veterans.

VETERANS PAYMENTS
UNDER
G. I. BILL OF RIGHTS

	<u>Week ended June 29, 1945</u>		<u>Cumulative</u>	
	<u>Number of recipients</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Unemployment benefits a/	39,256	\$700,357	893,241	\$17,883,979
Self-employed.. b/	2,493	231,213	31,854	3,282,596
Students' subsistence allowances ... c/	318	37,656	12,771	800,717
Tuition and fees for students d/	1,100	113,929	6,056	686,817
Total	43,167	\$1,083,155	943,922	\$22,654,109

- a/ \$20 a week; four weeks' allowance for each month of active service, not to exceed 52 weeks.
b/ Difference between monthly earnings and \$100.
c/ \$50 a month without dependents; \$75 with dependents.
d/ Limited to \$500 per annum.

W. B. Darnett

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THE WHITE HOUSE
WASHINGTON

July 9, 1945

MEMORANDUM FOR THE
SECRETARY OF THE TREASURY:

I am enclosing for your information a copy of the President's memorandum regarding the sending of radio messages and papers for his approval and signature during his absence from Washington.

It will be appreciated if you will be good enough to indicate on any messages to be sent by radio, whether they should be sent plain, restricted or Secret and Confidential.

M. C. Latta
M. C. Latta
EXECUTIVE CLERK

Enclosure

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THE WHITE HOUSE
WASHINGTON

July 6, 1945

MEMORANDUM FOR THE MEMBERS OF THE CABINET AND
HEADS OF INDEPENDENT AGENCIES

During my absence from Washington, urgent messages for me may be sent to M. C. Latta, Executive Clerk in my office, who will promptly forward them to me. It is suggested that only the most important of these messages be sent by radio.

It is also suggested that any messages to be sent by radio be as brief as possible.

All other communications requiring my approval or signature should be sent to Mr. Latta to be forwarded by White House pouch.

HARRY S. TRUMAN

7/5/45
Teletype to Mr. Baughman, Agent in Charge,
U.S. Secret Service - New York
For delivery to Lieutenant Kincaid,
Fleet Bennett Field - Coast Guard Air
Station -

For the Secretary - QUOTE

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ONE OF THE PLEASANTEST TASKS I HAVE
EVER HAD TO PERFORM AS SECRETARY OF THE TREASURY
IS TO REPORT TO YOU TONIGHT THE FINAL RESULTS
OF THE SEVENTH WAR LOAN. WE SET OURSELVES, AS
YOU KNOW, AN OVERALL GOAL OF 14 BILLION DOLLARS.
THE PEOPLE OF AMERICA HAVE SUBSCRIBED TO THE
EIGHTY SEVENTH A TOTAL OF BILLION DOLLARS.

WE ASKED FOR SEVEN BILLION DOLLARS IN
INDIVIDUAL SUBSCRIPTIONS. WE HAVE RECEIVED A
TOTAL OF BILLIONS.

FINALLY, AND MOST IMPORTANT OF ALL, WE
SET FOR THE SAFE BARRIERS OF THE COUNTRY THE
DIFFICULT GOAL OF FOUR BILLION DOLLARS IN
B BONDS. THE FINAL FIGURES SHOW THAT B BOND
SALES HAVE AMOUNTED TO BILLIONS.

A

THE WAR BOND PROGRAM HAS BEEN, I THINK,
A MAGNIFICENT DEMONSTRATION OF THE VOLUNTARY

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TEAMWORK OF A FREE PEOPLE. THROUGH THIS PROGRAM, MORE THAN 65 MILLION INDIVIDUAL AMERICANS HAVE ENLISTED IN THE NATIONAL CAUSE -- HAVE ENGAGED IN AN ACT OF FAITH.

IT HAS SEEMED TO ME FROM THE RECORDING THAT THE ESSENCE OF THIS PROGRAM LAY IN ITS VOLUNTARY CHARACTER. WHEN I ASKED THE CONGRESS OF THE UNITED STATES IN JANUARY, 1941, FOR AUTHORIZATION TO BORROW FROM THE GENERAL PUBLIC THROUGH A DEFENSE-SAVING BOND CAMPAIGN, I SAID: "I CAN THINK OF NO OTHER SINGLE WAY IN WHICH SO MANY PEOPLE CAN BECOME PARTNERS OF THEIR GOVERNMENT IN FACING THIS EMERGENCY. IT IS THE PURPOSE OF THE TREASURY TO RAISE MONEY FOR NATIONAL DEFENSE BY METHODS WHICH STRENGTHEN NATIONAL MORALE."

TO ACHIEVE ITS AIMS, THE TREASURY SOUGHT

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TO MAKE THE AMERICAN PEOPLE UNDERSTAND THE EMERGENCY AND THE MAGNITUDE OF THE CRISIS THAT THEY FACED. IT ENDEAVORED TO FORGE, THROUGH UNITED ACTION, THE NATIONAL UNITY NEEDED TO OVERCOME OUR COMMON PROBLEMS.

HOW WELL THIS HAS BEEN DONE THE RECORD WILL ATTEST. I TAKE PARTICULAR PRIDE IN THE KNOWLEDGE THAT IT WAS DONE THROUGHOUT BY WHOLLY DEMOCRATIC MEANS. THERE HAS BEEN NO RESORT AT ANY TIME TO COERCION OR INTIMIDATION OR SOCIAL PRESSURE. INSTEAD, THE METHOD PURSUED WAS TO ORGANIZE STATE BY STATE, COMMUNITY BY COMMUNITY, MILLIONS OF VOLUNTEER WAR BOND WORKERS -- DRAWN FROM THE RANKS OF BUSINESS, OF LABOR UNIONS, OF THE PROFESSIONS, INDEED FROM ALL THE SEGMENTS OF OUR SOCIETY -- AND TO LET THEM CARRY THE

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APPEAL TO THEIR FELLOW-CITIZENS. EVERY AMERICAN HAS BEEN LEFT FREE TO CONTRIBUTE IN ACCORDANCE WITH HIS OWN CONSCIENCE AND HIS OWN CAPABILITIES. IT IS A KIND OF PROGRAM WHICH COULD HAVE BEEN UNDERTAKEN, PERHAPS, IN NO OTHER COUNTRY IN THE WORLD -- A KIND OF PROGRAM PECULIARLY ADAPTED TO THE DEMOCRATIC PATTERN OF AMERICAN LIFE.

SPECIAL PRAISE IS DUE, I THINK, TO THE PART PLAYED IN THE WAR BOND PROGRAM BY THE MEN AND WOMEN IN OUR ARMED SERVICES. THESE AMERICANS HAVE NOT BEEN CONTENT TO BEAR THE BURDEN OF THIS NATION'S FIGHT FOR FREEDOM; THEY HAVE ALSO PLAYED A MAJORITY PART, AS CITIZENS, IN HELPING TO FINANCE THE WAR WEAPONS THEY HAVE Wielded.

THE WAR BOND PROGRAM STANDS, I BELIEVE, AS A POWERFUL BULWARK TO THE ECONOMY OF THIS NATION, BOTH NOW AND IN THE FUTURE. THE SAVINGS

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OF THE AMERICAN PEOPLE, SET ASIDE DURING A TIME WHEN MOST OF OUR PRODUCTIVE ENERGY HAD TO BE DEVOTED TO MAKING MATERIALS OF WAR, PLAYED AN INDISPENSABLE PART IN AVERTING THE DANGER OF INFLATION. THE ECONOMY OF THE UNITED STATES HAS BEEN KEPT SOUND AND SECURE, SO THAT THE MEN WHO HAVE FIGHTED FOR US OVERSEAS CAN RETURN TO A LAND OF OPPORTUNITY. AND IN THE DIFFICULT DAYS OF RECONVERSION WHICH LIE AHEAD, THESE SAVINGS WILL PROVIDE AN INVALUABLE BACKING OF MASS BUYING POWER TO START CIVILIAN PRODUCTION ON ITS WAY.

MY TALK TO YOU THIS EVENING IS, AS YOU KNOW, SOMEWHAT IN THE NATURE OF A VALEDICTORY. I SHOULD LIKE, THEREFORE, TO SAY A FEW WORDS DIRECTLY TO THE MEN AND WOMEN WHO HAVE SO LONG

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AND SO FAITHFULLY AND SO GENEROUSLY GIVEN THEIR TIME, THEIR SKILL AND THEIR ENERGY TO THE WAR BOND PROGRAM. TO THEM BELONGS THE FULL CREDIT FOR WHAT HAS BEEN ACHIEVED. THE SERVICE THEY HAVE RENDERED IS BEYOND MY PRAISE; THE GRATITUDE THEY HAVE EARNED IS BEYOND MY POWER OF EXPRESSION. BUT THEY HAVE FOUND, I KNOW, THE ONLY REWARD THAT THEY HAVE EVER SOUGHT; THE SENSE OF PARTNERSHIP IN A GREAT NATIONAL UNDERTAKING.

I WANT TO PAY SPECIAL THIRDS TO THE MEN AND WOMEN WHO HAVE BEEN THE LEADERS OF THE WAR FINANCE DIVISION. UNDER THE CAPTAINCY OF TED H. CAMPBELL, THEY HAVE WORKED TIMELESSLY AND DEVOTEDLY TO BRING ABOUT THE MAGNIFICENT RECORD OF THE WAR BOND PROGRAM. MY WARM APPRECIATION GOES ALSO TO MY CHIEF FISCAL AID, THE UNDERSECRETARY

- 7 -

OF THE TREASURY, DANIEL W. BELL.

I THANK ALL OF YOU FROM THE BOTTOM OF MY HEART FOR THE COOPERATION YOU HAVE GIVEN TO ME. I KNOW THAT YOUR COOPERATION WILL BE CONTINUED WITH THE SAME DEVOTION AND ZEAL UNDER THE ABLE LEADERSHIP OF MY SUCCESSOR, JUDGE FRED VINSOR. THERE IS STILL A TITANIC TASK BEFORE US.

IN TAKING LEAVE OF YOU, I SHOULD LIKE TO EXPRESS ONE THOUGHT, ONE TESTAMENT OF FAITH. WHATEVER THE TASKS, WHATEVER THE PROBLEMS OF THE FUTURE, I KNOW THAT WE SHALL MEET AND OVERCOME THEM AS WE HAVE IN THE PAST THROUGH THE METHODS OF FREEDOM, THROUGH THE VOLUNTARY UNITY OF FREE MEN.

* * *

212

JUDGE LEARNED HAND'S CHAMBERS

July 9, 1945

My dear Mr. Secretary:

Thank you for your extremely kind letter of the seventh. It was a pleasure to meet Commissioner Nunan and Mr. O'Connell, and I had felt in this instance, as well as before, much complimented that you should care for my opinion. I value greatly the confidence which it implied.

Sincerely yours,

Learned Hand

213

July 9, 1945

The General Willing

From Mr. Cox

Will you kindly send the following cable from Secretary Sargent to the Finance Division, U.S. Group DC, for General:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U.S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Charge to appropriation: TS-387

WLL:rs
7/9/45

214

July 9, 1945

The Mr. Collins

From Mr. Cox

Please send the following cable from Secretary Sargent to Ivar C. Olsen, Financial Attache, American Embassy, The Hague, The Netherlands:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation: TS-387

WLL:rs
7/9/45

215

To: Mr. Cellade

From: Mr. Cox

Please send the following cable from Secretary Hargenthan to Henry J. Tocco, Treasury Representative, American Embassy, Rome, Italy:

By adv. announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation 75-367

WH:cb
7/7/45

216

To: General Hildering

From: Mr. Cox

Will you kindly send the following cable from Secretary Hargenthan to Alb in Dallas:

By adv. announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

WH:cb
7/7/45

217

July 7, 1945

To: Mr. Collado

From: Mr. Cee

Please send the following cable from Secretary Hargenthan to William S. Taylor, Treasury Representative, American Embassy, London, England:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation: TS-307

HR:ghb
7/7/45

218

July 7, 1945

To: Mr. Collado

From: Mr. Cee

Please send the following cable from Secretary Hargenthan to James W. Wood, Financial Attache, American Embassy, Lisbon, Portugal:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation: TS-307

HR:ghb
7/7/45

219

July 1945

To: Mr. Collado

From: Mr. Coo

Please send the following cable from Secretary Hargenthan to Theodore H. Bell, Treasury Representative, American Embassy, Paris, France:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appreciation: TS-367

NHhg
7/7/45

220

July 1945

To: Mr. Collado

From: Mr. Coo

Please send the following cable from Secretary Hargenthan to Charles H. Gledhill, Treasury Representative, American Legation, Cairo, Egypt:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appreciation: TS-367

NHhg
7/7/45

231

Tel Mr. Collado

From Mr. Gee

Please send the following cable from Secretary Hargenthan to James H. Mann, Treasury Representative, American Legation, Bern, Switzerland:

By adv. announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation: 11-387

Mingb
7/7/45

232

Tel Mr. Collado

From Mr. Gee

Please send the following cable from Secretary Hargenthan to Matthew Burke, Treasury Representative, American Embassy, Brussels, Belgium:

By adv. announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation: 11-387

Mingb
7/7/45

323

July 9, 1945

To: Mr. Collado

From: Mr. Cee

Please send the following cable from Secretary Hergenthan to Gardner Patterson, Treasury Representative, American Embassy, Belgrade, Yugoslavist

By way of announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

Appropriation: 25-307

WRH:G
7/7/45

224

DRAFT OF TELEGRAM FROM THE SECRETARY TO ALL SENIOR TREASURY REPRESENTATIVES IN FOREIGN COUNTRIES:

By now, announcement of my resignation as Secretary of the Treasury will have reached you. I shall remain at my post until the President returns from his forthcoming conference in Europe. I shall expect you, as the U. S. Treasury Representative, to continue to function without any interruption, and to discharge fully and conscientiously all responsibilities incident to your assignment.

I would like to take this opportunity to express my appreciation for the services you have rendered this Government in your present position.

O.K.
Mun

UNITED KINGDOM TREASURY DELEGATION

BOX 888
 BENJAMIN FRANKLIN STATION
 WASHINGTON, D.C.

TELEPHONE EXECUTIVE 8888

9th July 1945.

4-4

Dear Coe,

With reference to my letter of 1st June I am now able to send you our figures of gold and dollar holdings as at 31st May 1945 which were as follows:-

	\$ millions	
Gold	1,830	
Less gold liabilities	<u>347</u>	
Net gold		1,483
Dollars	476	
Less dollar liabilities	<u>162</u>	
Net dollars		<u>314</u>
Net gold and dollars		<u>1,797</u>

Yours sincerely,



R.H. Brand.

Mr. Frank Coe,
 Director of Monetary Research,
 Room 3A30,
 U.S. Treasury,
 Washington, D.C.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE July 9, 1945

TO: Secretary Morgenthau
 FROM: Mr. Hagg
 Subject: The Business Situation,
 Week ending July 7, 1945.

Summary

National income: Income payments in May declined less than seasonally and the annual rate of payments rose moderately to \$163.1 billions, thus reversing the decline of the previous 2 months. This annual rate compares with \$162.8 billions in April and with the war-time high of \$164.7 billions in February. All major income components continued above year-earlier levels except salary and wage payments in the commodity-producing industries (chiefly manufacturing) which were 4 percent lower.

Employment: Labor is becoming more plentiful. The number of acute labor shortage areas dropped from 74 on V-E Day to 53 on July 1. Last month 11 areas were dropped from the acute labor shortage classification, including such important war industry centers as San Diego, Buffalo and Newark, New Jersey. The increase in labor unrest which has occurred since V-E Day shows little sign of abating. Among others, the second largest steel mill in the country, located at South Chicago, was temporarily tied up by labor troubles near the end of last week.

Retail trade: Department store sales rose contra-seasonally in June and the FRB adjusted index of sales rose to 204 from 187 in May. The sales pace slackened somewhat in the last week of the month, but sales were still 16 percent above year-earlier levels.

Stock market: The increase in margin requirements to 75 percent was followed by a decline on Thursday of more than 2 percent in average railroad stock prices and smaller declines in industrial and utility stocks. However, a moderate rally on Friday reduced the net decline in the composite Dow-Jones average to less than 1 percent for the week. In the face of election uncertainties, industrial stock prices in London rose steadily last week.

Prices: Featured by a break in rye futures caused by fears of further curbs on speculation, grain futures prices tended lower last week. Prices received by farmers in June averaged 3 percent above the previous month and reached the highest level since 1920. On the other hand, prices paid by farmers were unchanged for the third consecutive month.

- - - -

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Income payments decline less than seasonally

After declining in the previous 2 months, the annual rate of income payments in May rose to \$163.1 billions from \$152.8 billions in April. Due largely to a customary drop in interest and dividend disbursements, total income payments in May fell off moderately, but the decline in aggregate payments was less than seasonal thus causing a renewed advance in the annual rate. (See Chart 1.)

Salary and wage payments in the commodity-producing industries (chiefly manufacturing) showed a further small decline during the month, but salary and wage payments by the distributive industries and the Government increased slightly. All major income components continued to show gains over year-earlier levels except salaries and wages in the commodity-producing industries. The latter were about 4 percent lower, chiefly due to curtailments in the munitions industries.

Critical labor areas decrease

Although critical labor shortages continue in many areas and industries, the number of acute labor shortage areas by July 1 had dropped to 53 from 74 on V-E Day. During June, 11 areas were dropped from the acute labor shortage classification, including such important war industry centers as San Diego, Buffalo, and Newark, New Jersey. Among other significant developments, the Detroit area was dropped during the month to the Group IV classification, indicating a substantial labor surplus in that district as a result of cutbacks in war production.

Steel output cut by strikes

The marked increase in labor restiveness that has been in evidence since V-E Day continued during the past week. Among other plants affected by work stoppages during the period were a continuous strip mill of the Republic Steel Corporation at Cleveland, and the South Chicago Works of the Carnegie-Illinois Steel Corporation, the second largest steel mill in the country.

Primarily due to the Independence Day holiday, steel operations at the beginning of last week were scheduled to drop 3.4 points to 84.1 percent of capacity. However, actual output undoubtedly fell below schedule due to work stoppages. During the current week steel operations are scheduled at 89.0 percent of capacity. (See Chart 2.)

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Tight steel supply situation
hampering reconversion

Interruptions in steel output are particularly unfortunate at the present time since the existing tight steel supply situation, particularly in sheets and strip, has been an outstanding obstacle to reconversion activities. In an effort to spread the available supply of sheets and strip and facilitate reconversion, the WPB last week ordered all users of these items except small consumers to cancel, reduce, or defer any orders which would result in an inventory in excess of 45 days' supply. In addition, the WPB froze third quarter rolling mill order books for certain types of sheet and strip, in order to obtain precise information on the amount of open space on mill schedules for these products. As soon as this is determined the books of sheet and strip producers will be reopened for accepting orders.

Resumption of civilian goods output
relatively slow

In contrast to some earlier optimistic predictions over the outlook for civilian goods production, numerous observers have been expressing disappointment recently over the slowness with which actual reconversion is progressing. In addition to the continuing heavy war demands and materials shortages, other troublesome factors have been pricing problems, labor immobility and jurisdictional disputes between labor unions.

While some vacuum cleaners and electric irons are now beginning to appear in stores, and washing machines and mechanical refrigerators are expected to appear between August and October, a recent press survey of information from trade and Government sources disclosed that major household appliances will be disappointingly scarce for at least another 12 months. The Ford Motor Company recently resumed passenger car production and at the middle of last week was reported to be turning out 8 cars per day. However, at the end of last month Henry Ford II stated that unless the Ford production quota for the last half of 1945 can be increased sharply the company would have to lay off from 50,000 to 60,000 employees.

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Department store sales rose contra-seasonally
in June

Lagging tendencies which developed in department store sales in April and May disappeared last month as trade rose contra-seasonally, and the FRB adjusted index of sales advanced to 204 from 167 in May. The sales pace slackened somewhat in the last week in June but the gain over year-earlier levels was still 16 percent. (See Chart 1.) This compares with a cumulative sales gain of 12 percent for the first half of 1945.

Sales gains in June were fairly uniform throughout the country, with no Federal Reserve district showing an increase of less than 13 percent or more than 21 percent. The retail sales pace appears to have been well maintained last week, with Dun and Bradstreet reporting nation-wide sales gains of from 15 percent to 25 percent above the corresponding period last year.

Stock prices decline as margin requirements
are increased

Following the unsettlement of the previous week, stock prices steadied in the early part of last week and then sold off again on Thursday following the announcement that margin requirements had been raised to 15 percent. Although the probability of a boost in margin requirements had been widely discussed for some time, additional selling is reported to have come into the market on the fear that further moves to curb speculation were in prospect.

Railroad stocks declined over 2 percent on Thursday while industrial and utility stocks showed smaller losses. Trading, however, was relatively light. (See Chart 2.) At the close of the week the Dow-Jones average of 55 stocks was but fractionally below week-earlier levels. Some commentators attributed part of the selling on Thursday to uncertainty over the outcome of the British elections. However, it should be noted that industrial stock prices in London rose steadily last week and showed a net gain of about 2 percent for the period.

Commodity futures lower

The immediate trend of prices, as reflected in the Dow-Jones futures index, has shown some further weakness,

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largely because of recent indications that the Administration is taking an active interest in controlling speculative activity. (See Chart 5.)

Rye again declined sharply last week, and on Friday all rye futures broke 5 cents a bushel, the legal limit, on rumors of further action to bring rye speculation under control. Other grains, except corn, also showed noticeable weakness. Legislation calling for a Congressional investigation of rye market operations was introduced in the House last Friday by Representative Keefe of Wisconsin. It was revealed during the week that more drastic curbs on speculation in rye had been proposed by the Commodity Exchange Authority, including an initial margin requirement of 33-1/3 percent, establishment of a daily trading limit and an open interest limit for any individual trader, and discontinuance of trading in the current-month future except for actual hedging and for closing out previous trades.

Cotton held firm during the week, in advance of the Government acreage report today. Private figures have indicated that the acreage estimate may be bullish, in view of unfavorable wet weather which has interfered with planting and cultivation of the crop in the Mississippi Valley states. A recent BAE review of the cotton situation mentions that a heavy boll weevil survival this spring has created the threat of severe damage to the crop this season if the summer should be cool and damp.

Civilian goods prices 50 percent above pre-war

The BLS all-commodity index remained unchanged in the week ended June 30 at 105.9 percent of the 1925 base level. It is 1.7 percent higher than in the same week last year.

The all-commodity index does not adequately measure price movements as they affect the civilian economy, partly because many of its price quotations are held at nominal levels since the goods are no longer being produced, while other quotations represent commodities that are used almost entirely in war production. A new BLS index of prices of civilian goods, now available on a confidential basis, provides a better measure of the wartime price rise at wholesale markets, in terms of its impact on civilians. (See Chart 6.)

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The new index includes 125 commodities (in contrast to the 889 used in the all-commodity index) and is made up of those which continue to be produced in fairly large quantities, and which are used only by that part of the population not in the armed services. A number of consumer goods not in the general index have been added, including such items as beer and whiskey, certain fresh vegetables, and rayon fabrics.

It will be noted that the wholesale price index of civilian goods as of May this year showed a rise of 50 percent above the August 1919 pre-war level, as compared with a rise of 41 percent in the published general price index. The spread between the two widened substantially after the early part of 1942, when general price ceilings were first imposed. One reason for this is that farm products and foods, which are weighted more heavily in the new index, went up more rapidly than other commodities in 1942.

Farm prices at new wartime high

Prices received by farmers in June averaged 3 percent higher than a month earlier, and reached a new wartime high 131 percent above the August 1919 pre-war level. (See Chart 7.) The farm price index is the highest since 1920. The index of prices paid by farmers for goods purchased (plus interest and taxes) remained unchanged in June for the third consecutive month, hence farm prices reached 119 percent of parity, which had not been equalled since June 1943.

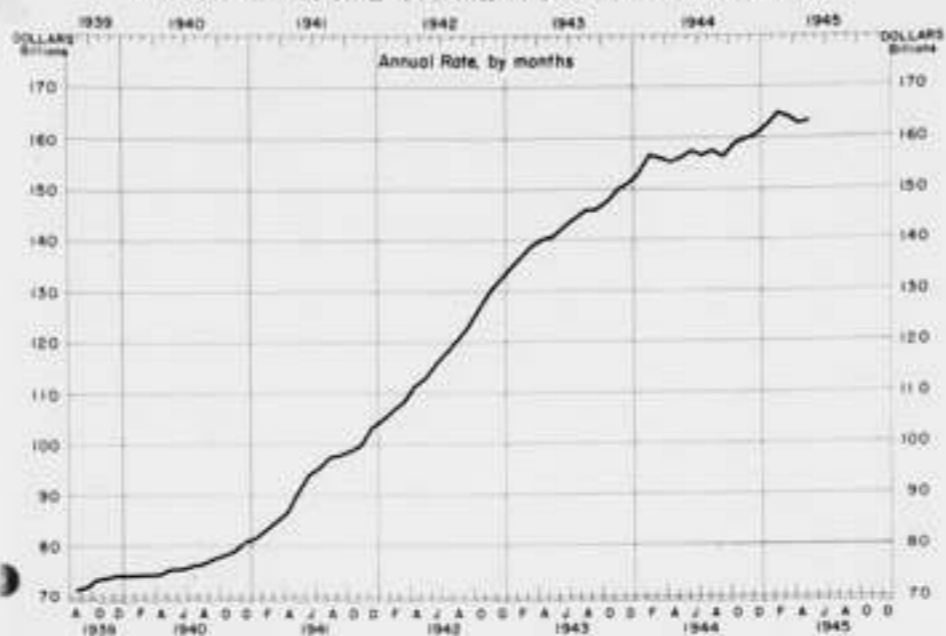
A marked advance in prices of truck crops, following a sharp decline in May, was chiefly responsible for the rise in the index. (See lower section of Chart 7.) The poultry and egg index was seasonally higher, and fruit prices rose noticeably. Prices for both oranges and lemons showed advances, and apples were 6 percent higher. In contrast to the substantial advance in crop prices, the index for livestock and livestock products rose only 1 percent from May to June.

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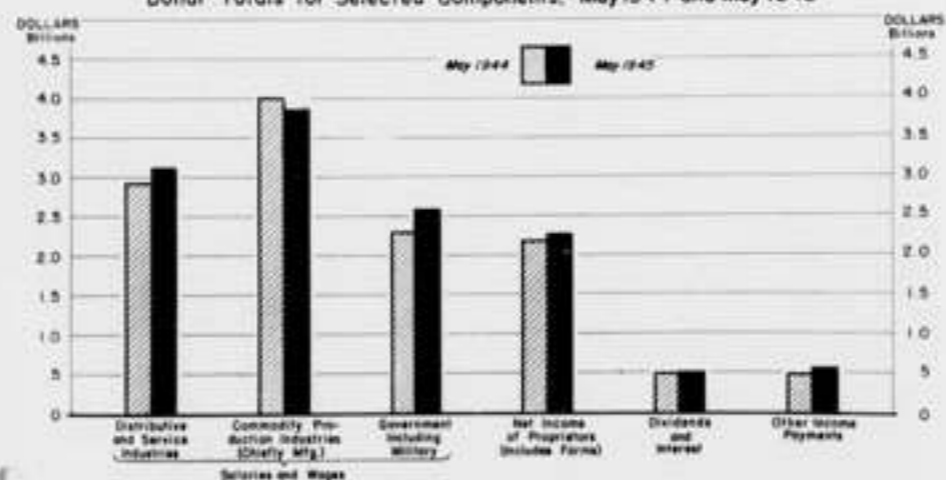
CHART 1

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NATIONAL INCOME PAYMENTS AND COMPONENTS



Dollar Totals for Selected Components, May 1944 and May 1945



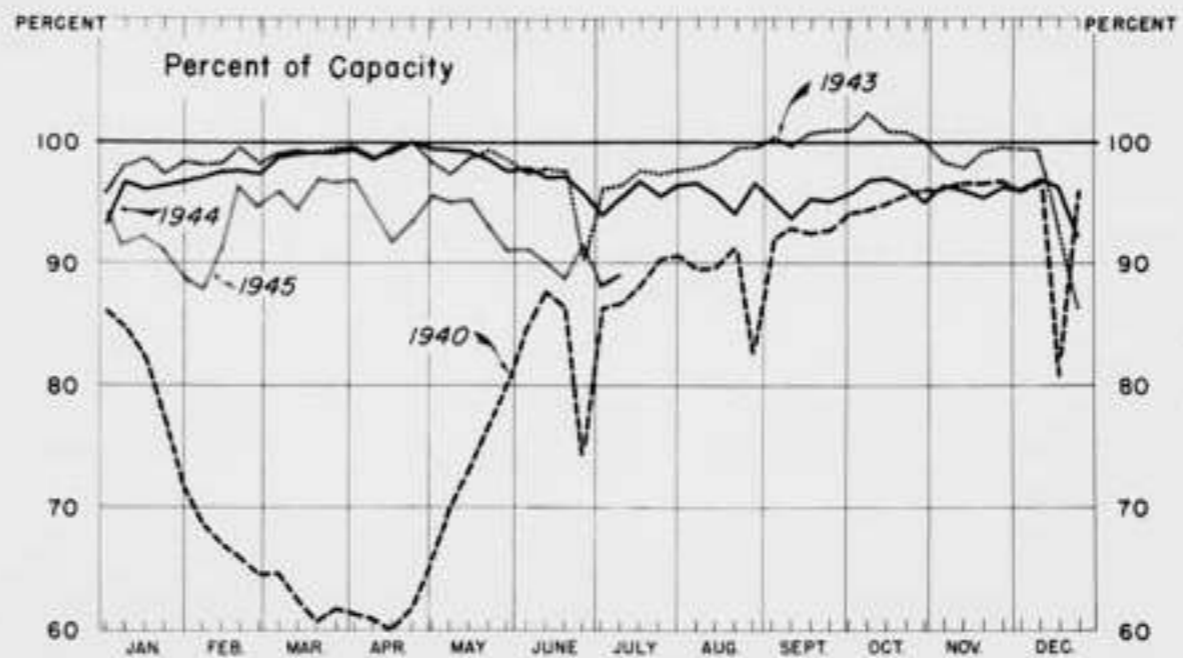
Office of the Secretary of the Treasury
Bureau of Research and Statistics

Source: Department of Commerce

C-485-a

12"

STEEL INGOT PRODUCTION



Source: American Iron and Steel Institute

Office of the Secretary of the Treasury
Bureau of Research and Statistics

C-532-A

CHART 2

Chart 3

DEPARTMENT STORE SALES
1935-'39 = 100, Unadjusted

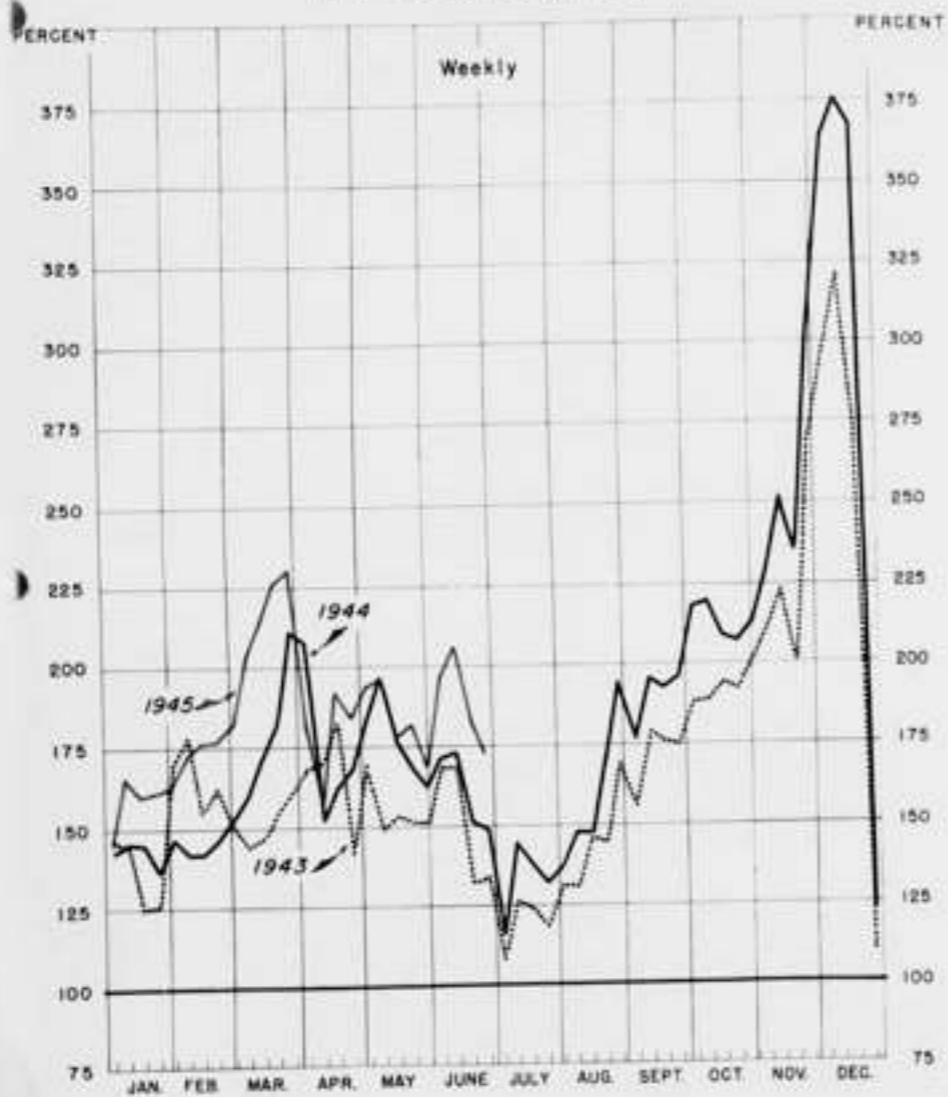
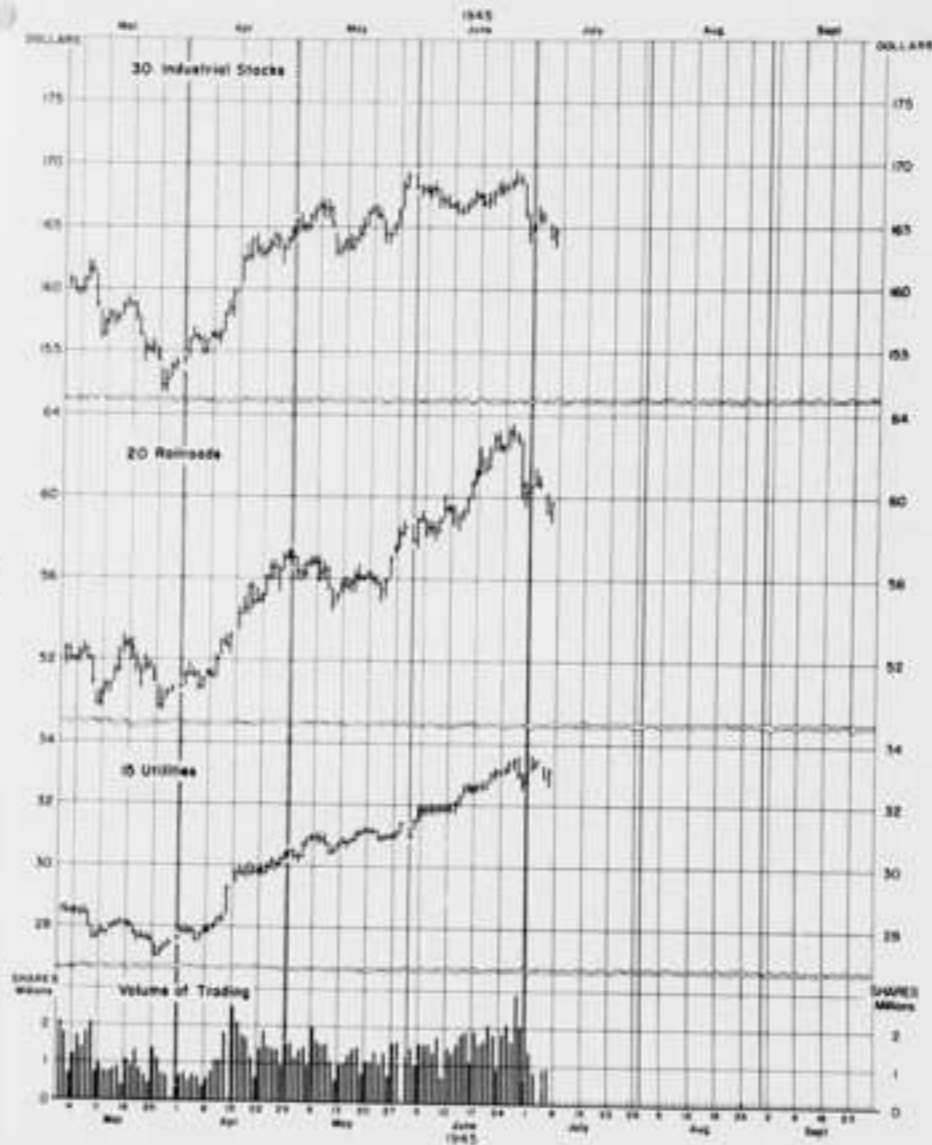
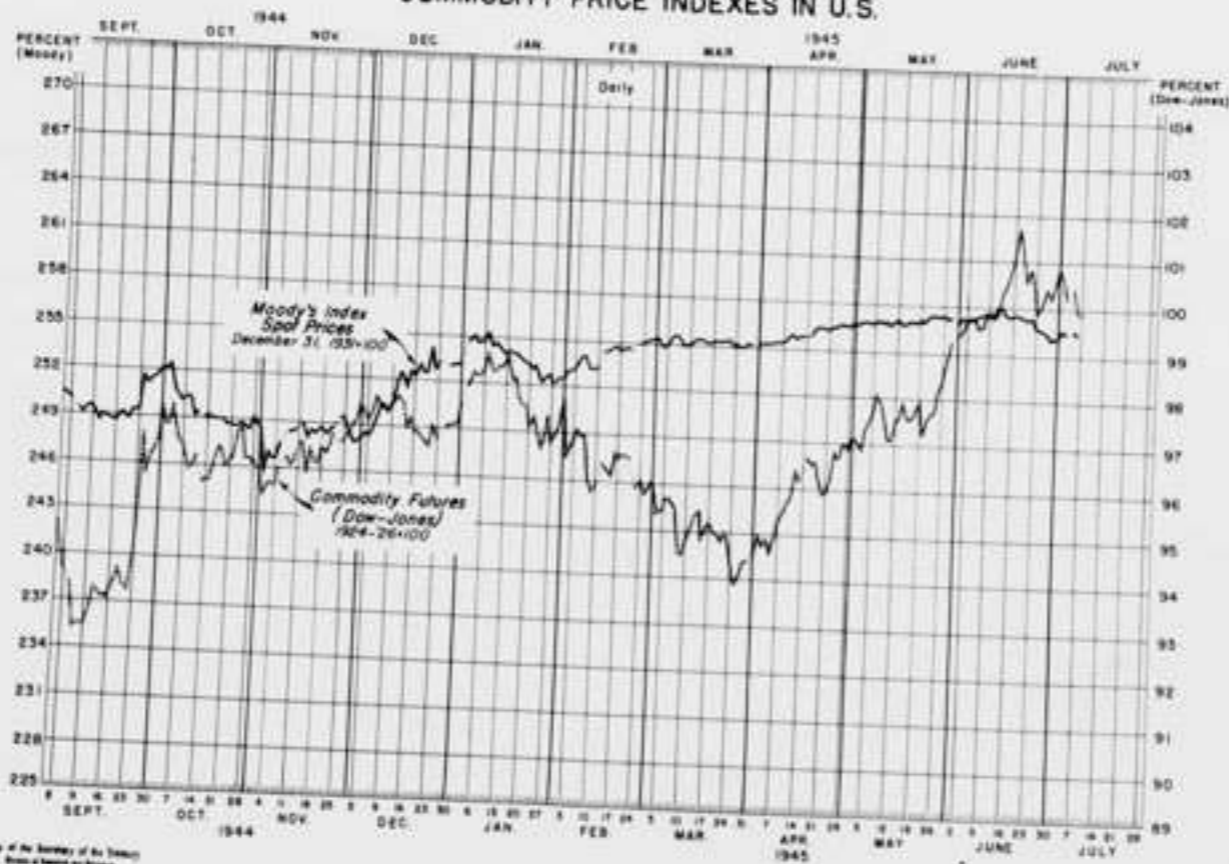


Chart 4

STOCK PRICES, DOW-JONES AVERAGES
Daily



COMMODITY PRICE INDEXES IN U.S.

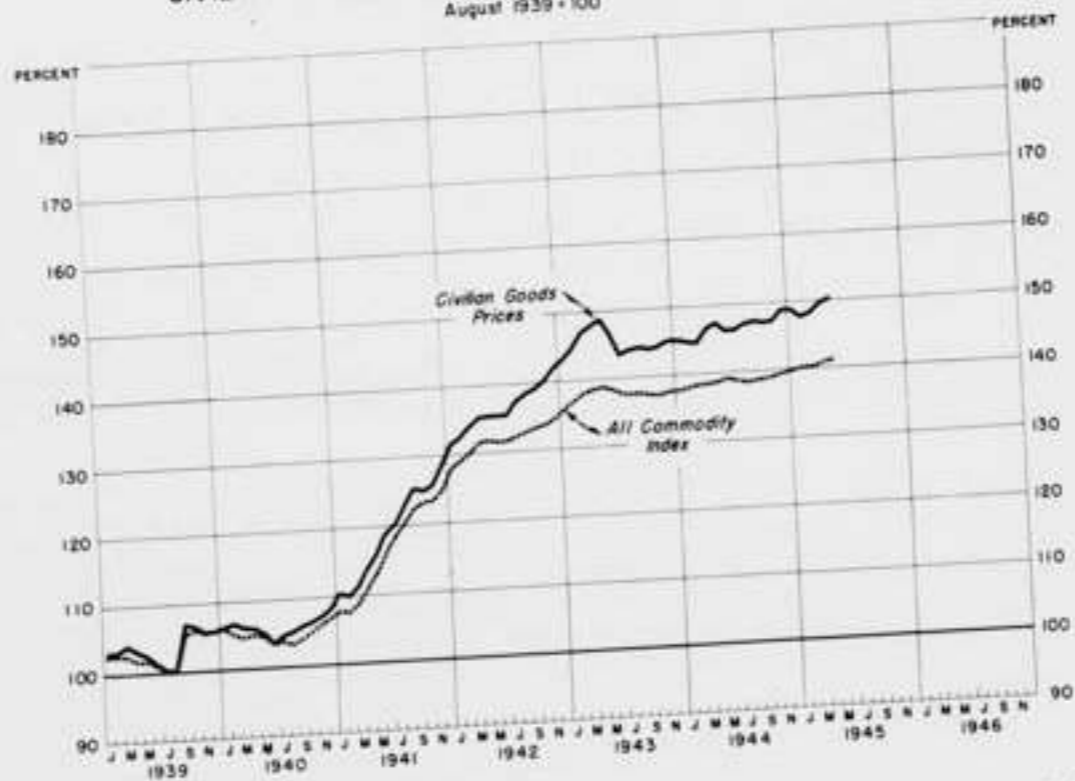


Office of the Secretary of the Treasury
Division of Economic Warfare

9-188-4

Chart 5 234

CIVILIAN GOODS PRICES AND ALL COMMODITY INDEX August 1939 = 100



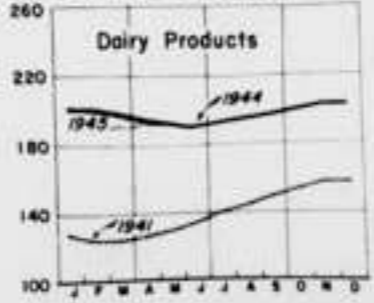
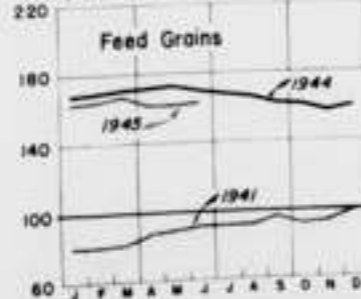
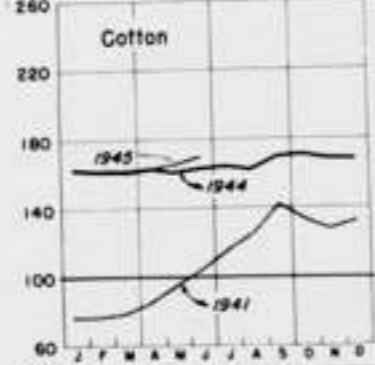
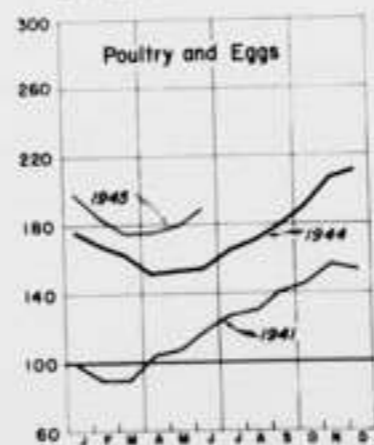
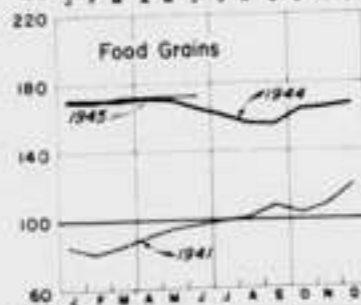
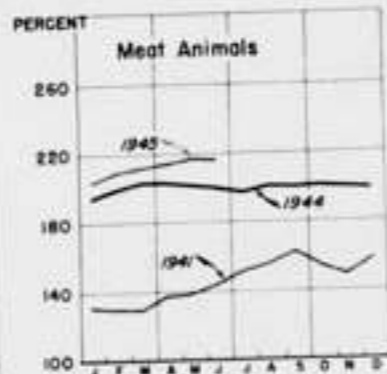
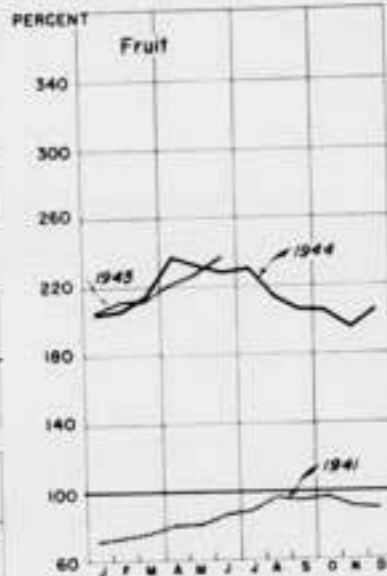
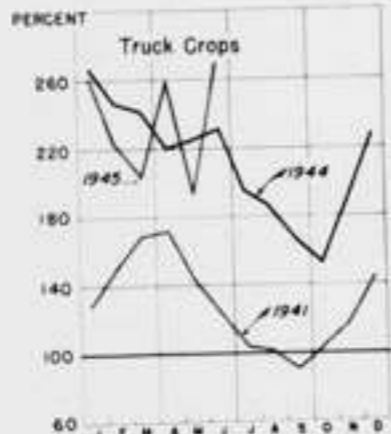
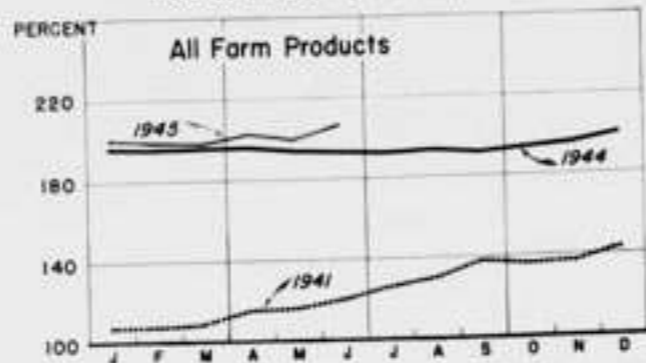
Office of the Secretary of the Treasury
Bureau of Economic Warfare

F-19

Chart 6-287

AVERAGE PRICES RECEIVED BY FARMERS

Indexes, August 1909 = July 1914 = 100



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