File: 1st Vol with Diaries

Morgenthau

Farm Credit Diary

2nd Deck
Row 22

[Farm Credit Administration

April 27, 1933 - Nov. 16, 1933]

Reviewed 3/25/65 by FDRL staff

April 27, 1933

10:30 - Congressman Pou of North Carolina called on me. He says he has been in the House for 32 years and that Mr. Hoover, out of recognition for his services, located the R. A. C. C. Bank at Columbia, Mo. He pled with me to keep the bank there, out of recognition for his services. He said, "I am a rubber stamp on the Hill and I am proud of it."

10:45 - W. H. Settle, President of the Indiana Farm Bureau called. He is a director of Farmers National. He told me that he thought the salaries in Farmers National, particularly Mr. Milnor's, should be reduced. I told him I thought that was up to the Board of Directors. I also informed him about the recent visit of Farmers National officials and that they made a preliminary reduction of 30% in their budget. Mr. Settle said he thought that was fine and it was the first he had heard about it.

11:00 - Former Governor Carlton of Tampa, Florida, called. He impressed me very much. He said any time I wanted any information about Florida he would be glad to give it to me. He hoped that in appraising the land for mortgages that we would give credit for the orange groves in addition to the land which, he tells me, is not done now.

11:30 - Ed. O'Neal of the American Farm Bureau Federation called, and wants me to place his son who is being graduated from the Columbia Law School this spring. I introduced O'Neal to Oliphant and assured him that if his son stood well at college that we could give him a job as a law clerk.

12:15 - Oliphant and I called on Congressman Woodrum, Chairman of the Sub-committee on Appropriations of the House. He said very confidentially that the Committee had approved our appropriation as submitted although there had been some questions about the $10,000 salaries.

We then went to the Appropriation rooms and Congressman Buchanan, the Chairman, came out and shook hands with us and told us that everything was all right.

1:00 - Was a luncheon guest of Senator Arthur Capper, who wanted me to meet Mr. Roy Roberts of the Kansas City Star, who is the managing editor. Senator Capper also had Senators Patterson and Clark of Missouri and Senator McGill of Kansas. Mr. Roberts told me that he looked forward with real favor on the farm mortgage end of the farm relief bill, but was quite worried about the farm relief end of it. I told Bennett Clark about the negro who had been fired from the Crop Loan office at St. Louis on March 18th, and the next day had been put to work by the R.A.C.C. He told me he would investigate this at once and let me know.

2:30 - Frank Peck brought in Mr. Harry Beale who is the Manager of the R.A.C.C. Bank at Columbus, Ohio. Mr. Beale was introduced to me by H. E. Babcock who has known him for 15 years and recommends him very highly. I urged Mr. Beale to come with us on trial as assistant to Mr. Peck as I pointed out to him that the future of the cooperatives in this country would be settled in our office during the next six months. Mr. Beale is going to come with us starting next Monday and work five days, returning every Friday night to Columbus. I called up Hovey of the R.F.C. and asked him to lend Mr. Beale to us for an indefinite period. He cheerfully granted this request.

3:00 - Was visited by John Brandt of the Land O'Lakes Creameries. Mr. Brandt tells me that in the last ten days, the price of butter, skim-milk powder and turkeys have all gone up and that the farmers are generally feeling much better. He says he feels that there is an excellent chance that the farm relief bill will do to Roosevelt what the Farm Board did to Hoover. Brandt is disgusted with the farm leaders' attitude towards the relief bill as he feels that they are just a lot of "me-too's".

The next visitor was James Stone, ex-chairman of the Farm Board who came in to say good-bye. Outwardly, he seemed very friendly.

Evening - Elinor and I made a formal call on the Canadian Legation who had a reception in honor of Prime Minister Bennett. Bennett said he would like to talk to me about the wheat situation. On leaving, I told the Canadian Minister, Mr. Herridge, that I would be delighted to discuss wheat at any time but felt that it was up to the Secretary of Agriculture. Mr. Herridge said, "The Prime Minister likes you very much and wants to talk to you."

At 9:30 we went to a reception at the White House in honor of the Canadian Prime Minister. Sydney Thompson gave a recital.

April 28, 1933

Senator Smith called on me this morning and brought along a Mr. Traxler for whom he is very anxious to get a position. Traxler was campaign manager for Roosevelt in South Carolina. He also has been a promoter of real estate in Florida and Texas. Senator Smith seems extremely low and constantly refers to the fact that he was treated better under Hoover than he is under Roosevelt. He said, "Mark you, Morgenthau, if they do not change their method of distributing patronage the President will soon have a revolution on his hands." Smith objects to having to get every appointment okayed by Farley.

Senator Lonergan of Connecticut called on me. The Connecticut Life Insurance Company informed him that they believe it is to their disadvantage to have the home mortgage bill appraise city homes at 80% and have the farm mortgage bill do their appraising on a 50% basis. I explained to him that the city homes were appraised on today's basis while the farm would be appraised on a normal or fair basis which practically puts the city and the farm on the same basis of appraisal. Lonergan and the Life Insurance people have sold Wallace on the idea that the farm appraisal should be raised. I finally told Senator Lonergan that Wallace should stick to his farm relief, and I would attend to Farm Credit, and that was what Roosevelt brought me down for. I spent over half an hour

with Lonergan and when he left I think I convinced him that the position I was taking was a fair one and really in the interests of the insurance companies.

10:30 - Mr. Goss, member of the Executive Committee of the Grange, brought in Mr. Shumway and Mr. Adams of the North Pacific Grain Coop. It seems that they have about 35,000,000 bushels of wheat on hand. The 1933 wheat crop to be made looks as if it would be only 50% of normal. The banks in Portland who have loans on this wheat have issued orders that they must sell the same within the next 30 days. They informed me that already their sales have driven the price down 7 or 8¢ in this area. This procedure seems very stupid to me. I called up Mr. Harrison, Assistant to Governor Meyer of the Federal Reserve and asked him to see this group this afternoon and see if between the Federal Reserve and the Farm Board we cannot do something to help this group.

10:45 - Mr. Hearst, President of the Iowa Farm Bureau, called on me. I took this opportunity to ask him what he knew about Lt. Gov. Kreschel. He tells me that Kreschel has been a livestock auctioneer of questionable reputation.

11:30 - Congressman Burnham of California called in regard to getting the Land Banks to make loans in Imperial Valley. He tells me that Mr. Ellis, President of the Land Bank at Berkley, California, has always been unfriendly to the Imperial Valley.

12:00 - Pictures taken at the Department of Agriculture.

2:30 - Mr. Roper, Secretary of the National Democratic Committee, called and left a letter with me from Jim Farley, asking that we advise him of every appointment we make. I turned him over to Forbes Morgan and asked him to comply with Jim Farley's request. I asked Mr. Roper if any other Department had a man to look after appointments and he said the only one who had was Secretary Dern. He said Mr. Wallace told him to keep in touch with his secretary, Mr. Hall, and Mr. Roper refused to because Hall is a Republican appointed by Secretary Hyde. As near as I can make out, with the exception of Secretary Dern, no other department is equipped to handle political appointments the way we are. Secretary Ickes raised the question why we should have to deal with Farley who is simply another member of the Cabinet.

3:00 - Met the delegation from Texas who is here meeting with the Wool Committee. They came to a satisfactory agreement, and we will permit the wool growers who are borrowing from R.A.C.C. to warehouse their wool with the Texas warehousemen.

3:30 - Senator Walsh of Massachusetts called on me very much excited about what we are doing with wool in Boston. He thought we had a political organization there and that he could have the appointment of several people. Fortunately Colonel Embach was in the office, and we took 45 minutes to explain what we were doing to Senator Walsh. He left entirely satisfied.

Alexander Legge of International Harvester called on me to wish me good luck and his cooperation.

April 29, 1933

Mr. Arthur Sulzberger and Bob visited me in the morning. I came to the office very much excited as the previous evening the Senate had passed the Smith Farm Relief Bill unexpectedly. I felt sure that commodities would rise sharply and wanted to use this opportunity to sell the balance of the grain stabilization wheat. Just as I expected, wheat opened Saturday morning 2-1/2 points above Friday's close. Within 20 minutes I sold the balance of the wheat that we owned.

I thought that this was a good opportunity to give out the story of how much the Farm Board operation in stabilization wheat cost.

Elinor, my father, Bob, Arthur Sulzberger, and I had lunch together. In the afternoon we went out to Fort Myer horseshow, and in the evening I went to the Gridiron Dinner and sat between McAdoo and my father. They introduced my father and myself by saying that my father had been sent as Ambassador to Turkey and how his son was talking turkey to the farmers. McAdoo used this opportunity to talk patronage to me which, of course, I did not relish.

April 30, 1933

Elinor and my father, Bob and I drove out for a picnic lunch. We called on the Klotz's at their apartment in the afternoon, and had the Grant Straus' for supper.

May 1, 1933

Due to a misunderstanding Wallace's secretary had not communicated with me and, therefore, Mr. Wallace waited 15 minutes for me. We walked down together. Wallace suggested that we have a meeting with the President and the leading Democrats who are interested in agriculture. When I asked him what Democrats, he seemed vague. It finally boiled itself down that he wants me to meet with him and the President and see if we can agree on a policy of running his Farm Relief Administration. I asked him if he had ever explained to the President just how he proposed to do it, and he said he never had the opportunity to. I told him that I would be glad to meet with him if he would make the appointment. He suggested that we have a preliminary meeting at which we would try to come to some agreement before seeing the President.

10:00 - Myers, Bestor and I called on Senator McNary and Wolcott who are the two Republican members from the Senate who will sit in on the Farm Relief Bill Joint Conference. McNary seems very intelligent and grasped the various points very rapidly. Wolcott doesn't seem to know much about the bill and seems to be unfriendly to the Federal Land Bank System.

12:00 - I went to the White House doctor to have my eye looked after - nothing much the matter with it.

May 2, 1933

Last night I attended a dinner at the White House given in honor of the two Argentina Ambassadors. Very uninteresting dinner.

Went to the White House at 11 a.m. The two Argentina Ambassadors, Senator Putnam, Raymond Moley, Herbert Feis, Jim Warburg, Jr., Wallace and Tugwell were there. The President outlined his discussion with MacDonald, and said that they had agreed to try to do something with wheat and silver; that the silver producing countries would get together and see if they could not stimulate the use of silver and raise the price, as over 500,000,000 people in this world were on the silver basis. They felt that if these silver producing countries could confer with India that good might come of it. He told them that he was sending my father abroad, but was very hazy in his mind as to what conference my father was attending.

After the Argentina Ambassadors left, a half dozen of the men gathered around the President and I heard him say that he was against having any more gold exported, and that he felt we should let the dollar seek its own level but hoped that the price of the dollar would rise a little bit more. Tugwell seemed quite aggressive and, as usual, rubbed me the wrong way. Wallace sat there with his head hanging down and his mouth open, and if you looked at him with his face so relaxed, his expression was one of complete dejection.

1:00 - Lunched with the President. Had with us a public utility man from Detroit. I had an opportunity to speak to the President about our progress with Russia. I told him that Raymond Moley said that what I was doing was one of the most courageous things that anybody had done so far in Washington. I told the President that if the proposition turned out well I would be a hero, and if it turned out badly, I would have to leave Washington. He turned to me and in a very positive manner said, "Well, of course, you know that I stand back of you in these negotiations, and if you have to leave Washington I will leave with you." He then turned to the gentleman from Detroit and said, "You know Mr. Morgenthau is negotiating a proposition and if it does not turn out well he may have to leave Washington, and I told him if he does there will be two of us who will leave."

I told the President that I would like to introduce additional legislation to perfect the Farm Credit Administration, and that we would like to transfer the $90,000,000 fund that the R.F.C. allocated to the Secretary of Agriculture for Crop Loans. I told him that if we had the unexpended balance in this fund, plus whatever collections would come back, that we could set up local credit corporations this summer and be ready to take care of direct loans for the next season, and that we hoped in this way to make it unnecessary for Congress to again appropriate a large amount of money for seed loans. He told me to go ahead and have this legislation introduced and that I could say that it had the approval of the White House.

Bob and I went over to meet Mr. Calloway of Georgia at Wallace's office. Wallace was ten minutes late and came in from a Cabinet Meeting looking simply exhausted. Calloway wanted to talk about taking 15 million acres of cotton out of production and paying the farmer $10 an acre to plow under his cotton. Calloway said if we did not do this we were facing a 13½ million bale crop, and he prophesied that cotton would go to 4¢.

I then called on Marvin Jones and had a hearing with five members of the Committee on Agriculture who will confer with a similar committee of the Senate on the Farm Mortgage Bill. They gave us exceptionally fine treatment, and I believe that they will accept all of our suggestions that we asked them to make in the Bill.

Stayed home for supper.

Attended a conference at the office of the Secretary of Agriculture with the two Argentina Ambassadors. Rex Tugwell did 95% of the talking for our side. He was very aggressive and positive, and I felt irritated at the Argentina Ambassadors. Ezekiel put his oar in and Wallace sat there and hardly opened his mouth. He constantly referred to Tugwell, and I really felt sorry for Wallace. When we got through discussing wheat I felt that they had gotten nowhere. They then said they would take up the question of the embargo on Argentina cattle on account of the Hoof and Mouth Disease. Tugwell then said, "Those who were only interested in wheat will be excused," - to which I replied, "Thank you for sending me home. I will go at once."

May 3, 1933

Giannini called on me of the Bank of America. He is one of the most forceful and dynamic personalities that I have met in a long time. He told me that R.A.C.C. has been run by his enemies and that he wants to put on our Board in California some member of his bank to look after his interests. He almost took my breath away. I finally told him that we were not putting any representatives of any banks on our Board, that we were trying to serve the farmer and not special interests. I said, "You will have to trust me that I am going to run this outfit fairly and squarely." Giannini said, "I was satisfied with you until I read that you had Eugene Meyer for dinner and then I had my doubts about you as Meyer is allied with the group on the Pacific Coast who are our enemies." I told Mr. Giannini that before changing the setup on the Pacific Coast with new people that I would give him an opportunity to let me know if the people I put in charge were on the level.

Tonight I attended a conference at the White House and I am putting in my diary a memorandum prepared by Gaston of what took place at this meeting:

Present - at beginning: The President, Secretary Wallace, Assistant Secretary Tugwell, Secretary Roper, George Peek, Cummings of the Treasury, Henry Morgenthau, Jr., W. I. Myers, H. E. Babcock, H. E. Gaston, Paul Appleby, secretary to Wallace, M. L. Wilson.

Later arrivals: Secretary Perkins, Attorney General Cummings, Assistant Secretaries of State Feis and Moley, President's Secretaries Howe, McIntyre and Early.

The President, after some jocular conversation, asked Wallace to state the purpose of the meeting.

Wallace - Important question of policy in administration of farm relief bill should be decided by those present, leaders of "the party". Rise in commodity prices on eve of passage of bill made problem in some ways more difficult. Higher prices

mean temporary relief but likely to encourage big crops. Disastrous fall in prices later. Surplus will exist despite rise in prices. There is difference of opinion about leasing program. Indicated he thought farmers should be induced to make a start in cutting down production by "taking out" substantial area from cotton and wheat by leasing. Later outlined method of county quotas of funds to be raised by processing tax, distributed on basis of production. Method of apportioning within county perhaps on basis of tax value of lands.

Roper - Contributed at length thoughts about cotton leasing. Seemed to favor idea. Discussion between Roper and Wallace about possible effectiveness of Smith option plan. Wallace at length suggested meeting should hear from Peek.

The President -"What do you think about this, George?"

Peek - "Well, of course, I disagree." The first effort should be to raise prices, with control of acreage to be left in abeyance. Prices could be raised by processors' tax and agreements with trade. Cutting acreage now would be very unpopular, especially as to wheat, although he believed something should be done about cotton acreage. Went into involved discussion of how administrative control should be set up. Suggested "strong men" such as Alex Legge, Lowden, and others to be commodity directors. Thought campaign of education should be big end of effort. Men should be selected without regard to party politics. Republicans should be chosen in middle west, since that section is really Republican.

Douglas expressed interest in necessary Treasury advances and danger of their not being fully recovered by processing tax.

Wallace talked about commodity conferences at which the Department would merely present "forcibly" facts as it viewed them, leaving decisions to conferees.

Morgenthau, after more than an hour of seemingly fruitless discussion by the above-named, asked the President's leave to make a suggestion, which was that the Secretary of Agriculture be permitted to continue his outline of plans.

The President asked Wallace to continue.

Wallace produced prints of organization chart, showing some 300 or more employees. Wallace continued that Peek was the man "we have in mind" for administrator in general charge. Since he and Peek were not in complete agreement as to policy it was important to get instructions from "party leaders" in this meeting.

Farley, asked by the President for his opinion, thought organization shown on diagram looked "too complicated". Didn't see why there should be such a big organization. Wallace replied it would necessarily be more complicated than shown on chart.

Wallace and Tugwell endeavored to divert discussion back to leasing. Tugwell suggested M. L. Wilson express his view. Wilson supported Wallace-Tugwell view some leasing should be attempted this year as an example and training, even though growing crops be destroyed.

McIntyre - President should be on air with appeal to farmers to cut down acreage. Said people in government had no idea great hold President had on affections of farmers. They'd do what he asked.

The President asked Henry Morgenthau's opinion.

Morgenthau - Strongly opposed McIntyre suggestion. Thought it would be a terrible mistake for the President to take on any such responsibility.

Wallace continued on leasing theme. Production must be cut unless country wanted to continue Republican policy of financing shipments by foreign loans.

Peek suggested dumping could be practised.

Feis defended record of State Department. Easier to talk about dumping than to get away with it. Countries that depend on agricultural exports must make them.

The President invited Morgenthau to express his opinion. "Do you see any difficulties?"

Morgenthau - "Nothing else but." Repeated he had no opinion to express but when the President insisted on obtaining his views said whole evening's discussion had been on basis as if bill were about to be introduced. Bill was actually about to become law. Department of Agriculture should have a plan. It was Department's business to form a plan and administer the bill. He had other matters on his hands. He could not undertake to decide policy.

The President - "The bill is going to be passed and I am going to sign it." Thing now was to decide what to do with it. Morgenthau should have opinion as well as he. To Morgenthau's statement he would not ask meeting such as this to decide policy as to farm loans, President said he might call such a conference on some matter of farm credit policy.

Babcock - Thought powers under bill should be used in cautious way. Would "ease into the thing".

Myers - Believed it would be difficult to get farmers to plow under growing crops for rental representing their costs. Their habit to regard crops well along in growth in light of yield value. Like asking cabinetmaker to break up two out of six chairs because there were too many.

Gaston said any radio appeal by President ought not to be merely to farmers, but should be general appeal to public for cooperation. Making special appeal to farmers to cut acreage on patriotic grounds would be in effect repudiation of the relief bill.

Howe, Roper and others contributed additional remarks and the conference broke up about 11:30.

The general impression created was that Peek's selection as Relief Administrator had been forced on Wallace and he desired to get President and advisers either to approve his ideas and veto Peek's, or to take responsibility for the latter. The meeting didn't arrive at any decision.

I was terribly excited throughout the whole meeting as I felt that Wallace was trying to drag the President in to share the responsibility with him on the Farm Relief Administration. If I had been in Wallace's shoes I would have wanted to hang my head with shame because I did not know how to do my job. We all left the meeting very blue but since then have cheered up considerably.

May 4, 1933

The first thing after I had arrived at the office, Wallace telephoned me to thank me for what I had done to help him. Of course, he took my breath away but for once I was not stupid enough to let on that I did not know what he was thanking me for.

4:00 - Attended my first hearing on Public Buildings. Colonel Grant, the Secretary of this Commission,tried to think of every reason why we should not get the space we needed. I felt he was rather slow-minded and thick-headed. Finally they agreed to give us the space we needed in the old Southern Railway Building and, in fact, gave us about 10,000 more feet than we needed. McReynolds who accompanied me was very helpful. The Department of Agriculture had four people there, and they said they must have room by Monday to set up their farm relief organization, and they were insistent that the Department of Crop Loans be put out of the Department of Agriculture Administration Building. The Committee did not seem very much worried about it and told them that they would have to wait until they moved out the U.S. Customs from our building, and then there would be room for crop loans.

Went home and had lunch with Elinor and Irving and Sissie Lehman. Rested in order to get myself in shape to speak at the

U.S. Chamber of Commerce. Read a speech prepared by Herbert Gaston and answered numerous questions. I felt partly satisfied the way I handled myself but not entirely satisfied.

Was visited in the afternoon by Governor Blood of Utah and two Congressmen whose only interest in calling on me was to ask for jobs.

In the evening I attended a dinner at the Argentina Embassy. On arrival, Rex Tugwell rushed up to me and said, "You can't appreciate how much you did for us at the White House. You certainly were a real friend in need." He really said it as though he meant it.

May 5, 1933

Called on the Comptroller General who asked me to come alone. He seemed quite disturbed about our set-up and felt that we would not be able to pay some of our Division Heads without getting some changes in the law. I am going back at 4:00 p.m. with Myers, Oliphant and McReynolds to try to come to an understanding with him.

Judge Sam Rosenman had lunch with us and told me that he spent fifteen minutes with Ray Moley. Sam said, "To think that Ray Moley used to hang outside of my office six months ago with the hope that I would pass on some of his papers to Governor Roosevelt. This morning he acted as if he was running the Government and that Roosevelt was carrying out Moley's suggestions." Sam seems very much down on Moley and thinks that Tugwell is all right. I tried to disillusion him on Tugwell.

This evening I went to the White House at 7:30 for supper. Miss LeHand asked me to come as the Rosenman's were going to be there. I had fifteen minutes with the President before supper. He mixed cocktails and various people came in. I asked him what the purpose was of the meeting on Wednesday night, and I told him that on Thursday morning Wallace called me up to thank me for what I had done. The President roared and said, "I don't see why Wallace thanked you inasmuch as you kicked

him twice....." The President said he thought the purpose of the meeting was to acquaint the members of the Administration with the difficulties facing the carrying out of the farm relief program. Mr. and Mrs. Breckenridge Long, Mrs. James Roosevelt, Jr., and her sister were there also.

Went to New York on the midnight.

May 6, 1933

Saturday morning I went to the office for a couple of hours, and then took the twelve o'clock train to the farm.

May 7, 1933

Returned to New York tonight, Sunday. Earle Bailie called on me at 9:30, and we decided to sell those stocks on Monday which had gone up largely due to talk on inflation. We felt that the other stocks that I own would continue to do well on their merits independent of what the British pound did. He and I listened to the President's radio talk, and I have never been so thrilled by any radio talk as I was with the one he gave. Returned to Washington on the midnight.

May 8, 1933

Learned through McReynolds that Colonel Grant of the Public Building Commissions was trying to hold me up in getting space. I was very much excited about it. Called up Sen. Connally, Chairman of this Committee. He knew nothing about it so I decided that the best thing was to have it out before the Committee, and I asked Sen. Connally to give me a chance to appear. Colonel Grant has had the reputation of being a martinet and very ruthless.

An amusing episode during the day was when Senator Connally called me up from Rep. Buchanan's office - each have a candidate for the position of Agent at the Houston Land Bank. Sen. Connally said, "I will not stand on my rights and I am perfectly willing that Congressman Buchanan's man should have second place as long as mine has first." Congressman Buchanan got on the wire and said, "Would it be agreeable to you if we flipped a coin as to which man should have first place?" I said okay, but Sen. Connally would not agree. I referred the matter to Jim Farley's office and O'Mahoney, due to Mr. Farley's absence, called up Sen. Connally and told him that they would have to get together. Sen. Connally again called me and said that they had agreed that his man was to have first place and that he would not stand in the way of Buchanan's man having second place. Inasmuch as Mr. Buchanan is chairman of the Committee on Appropriations and Sen. Connally chairman of the Building Committee, I was in a tough spot - but it all worked out for the best.

May 9, 1933

Sen. Smith called on me and told me in great confidence that Frank Lever of South Carolina is getting a petition signed to urge me to appoint Lever in charge of the Southeastern part of the United States. I told Senator Smith not to worry as I could not use Frank Lever as he reeked of liquor. Senator Smith said that he had noticed it, too.

I then went up to the Building Commission and told them that I could not understand how their Commission acted as after they had passed a resolution last Thursday arranging for space to house my organization in 1300 E Street, Colonel Grant took it upon himself to do otherwise. I told the Committee that I was right up against a stone wall and I had to find room for the Federal Land Banks as they would be taking on 200 or 300 men within two weeks, and we had no place to put them. After arguing about it for about half an hour they finally decided that they would move out the Bureau of Customs into a temporary building known as "C" Building. This is just what Colonel Grant didn't want. Sen. Connally ordered Colonel Grant to

move the Bureau of Customs out within ten days and move the Land Bank organization in. After the meeting was over, a number of the people from the Department of Agriculture congratulated me on my success, and they say that this is the first time since Colonel Grant has been in charge that he has had to take a licking and they all said it was about high time as he has been very ruthless about administering public buildings.

Had lunch with the President. He greeted me in German. I asked him what about Schacht, and he swung his arms around and said, "Why, he is terrible. I am in an awful jam with Europe," and jokingly remarked, "I may have to call up the Army and Navy as Great Britain and France respectively disown MacDonald and Herriot. They are a bunch of 'bastards'," he said - referring to European statesmen.

I told the President we were making good progress on our negotiations with Russia, and ought to hear between May 15th and 20th; also told him we had an inquiry from Yugoslavia for 50,000 bales of cotton and that I thought if we could announce our Russian deal along with the Yugoslavian deal that it might take the curse a little bit off the whole proposition, to which he agreed. I told him that we might run into difficulty - that Amtorg was confused as to the deal I was trying to put over and the one that Florsheim of Chicago has tried to put over. Florsheim evidently had contacted the Amtorg a couple of months ago, saying that he represented Mr. Woodin. The President told me very emphatically that he had taken up at a Cabinet Meeting the question of Florsheim negotiating with Amtorg and they had decided that he should not represent the government as the President had heard indirectly that Florsheim expected to make a 10% commission out of the deal. The President further said, "Gosh, if I could only, myself, talk to some one man representing the Russians, I could straighten out this whole question. If you get the opportunity, Henry, you could say that you believe but have no authority to say so, that the President would like to send some person to Moscow as Trade Commissioner in order to break the ice between our two countries and in that way gradually get the people of the United States used to doing business with the Russians." I told the President that I doubted if I would

have the opportunity to talk to anybody representing the Russians as I was dealing through Greenbaum and from Greenbaum to Rosen, and from Rosen to Amtorg.

I showed the President a chart on how the commodities were rising; also another chart with a lot of business statistics. I asked him if he was seeing charts from any other sources, and he said, "No." This seemed most surprising to me. I told him how the people in Wall Street were worried about investigations beginning May 23rd and he said, "That is news to me. I didn't know it." He said, however, that I would be surprised to know how many people, Senators, Congressmen and members of his administration have come to see him and say, "Don't you think that it would be wise to have Congress soft-pedal Pecora's investigation?' The President said, "It is none of my damn business who or what Congress investigates."

I told the President how I thought that his radio speech was even better than his bank radio speech when one considered that the circumstances surrounding his speech were not as unusual. I felt the reception it received was even better and he agreed. It is surprising how keenly interested he was in what I had to say about his radio speech because, after all, today is Tuesday, and there must have been thousands of people who telegraphed him about it, but just the same he loved to hear the nice things which I had to say about his speech. He said, "As soon as I get the authority from Congress to regulate gold, I can use it when and if necessary."

I took the opportunity to show him a two-page memorandum from Dr. Warren in which he was very much interested. He then gave me a pencil memorandum about a telephone conversation he had had from Governor Olsen of Minnesota, in which Olsen told the President that unless something was done soon, he was afraid that in the State of Minnesota they might have a repetition of what happened in the State of Iowa; namely, a demonstration by the farmers against the courts. The President said to me, "What would you think of my giving out a short statement when I sign the farm relief bill asking the holders of mortgages to put off all foreclosures until we had a chance to put into effect the new farm mortgage relief?" I told him I thought it was an excellent idea, and the President then said, "Ask Gaston to write a 200-word statement for me."

McIntyre announced that Mr. Woodin was waiting outside, and the President said, "Let him wait" - to which McIntyre replied, "Should I tell Mr. Woodin to come in in five minutes?" and the President said, "No, I will ring for him when I am ready." He let Mr. Woodin wait ten minutes until we got through.

May 10, 1933

Spoke at the New York Advertising Club. Spent an hour writing my speech at my apartment before I went there and found when I got up to deliver it, I seemed to know it pretty well by heart. I think the talk went very well.

Had supper with my three sisters and their two husbands at my father's house. We spoke to my father by radio over the telephone.

Returned to Washington that night.

May 11, 1933

Wasn't good for anything until after lunch because I had one of my very sick headaches. In the evening went to Mr. and Mrs. Fred Delano's for dinner. Very nice, but dumb.

Mr. Goss telephoned me from Seattle, Washington, that he would take the position to head up the Division of Production Loans, but did not wish us to announce it until June 7th as he was going to have a State Grange Convention at that time. He said he would be with us on the 15th of June.

May 12, 1933

Had a staff meeting. Told them that I would have to run Crop Loans myself until Goss came. I feel that if I do run it for two or three weeks I will really learn what it is all about and undoubtedly it will be helpful.

Had a call from Senator Murphy of Iowa who asked me point blank if I was going to appoint Lt. Gov. Kraschel. I told him that I was not going to appoint him as several farmers from Iowa told me that it would be a very unpopular appointment as they did not consider Mr. Kraschel a first rate man. Senator Murphy seemed very much disappointed, and said that he would have to get him the position of some Collectorship. He then asked me if I would take his State Chairman, who is 72 years old and knows nothing about our work. I told him that I could not. I said, "Sen. Murphy, you have to give me first rate men. I am willing to come back to you three or four times, if necessary, in order to get a good man, but you know perfectly well that if I fall down on my administration because I selected poor men, none of you politicians are going to come to my rescue, and you will all say that Morgenthau should have known better, and should not have accepted these people." He agreed with me, and went out of the room half way satisfied. I made up my mind that I am not going to kid the politicians, and I am going to tell them politely, but firmly, that I cannot accept their candidates. I believe, in the long run, they will respect me more for it.

May 15, 1933

Senator Smith called on me about 9:30 very much excited about our statement that we were going to sell at auction the 19,300 bales of cotton held abroad. He said he had telephone calls from all over as to whether that meant that we were going to sell any more cotton. I told him that we would get out a statement explaining it, and he said it would be entirely satisfactory. He went out of his way to take a crack at Wallace.

10:30 - I met with about 30 representatives of various Life Insurance Companies. Their attitude was, on the whole, cooperative, although one man from Iowa told me that he would only exchange his mortgages for our new certificates provided we accepted his mortgages at face value. With commodity prices up, I question whether the insurance companies are going to rush in and offer us a lot of their mortgages as they now seem quite hopeful that they may be able to work out of their situation without giving any reduction in the principal of the mortgages.

1:00 - Lunched with the President. I said to him, "You know I am really the only 100% Jew in your administration, and as a personal favor I would greatly appreciate it if you would let me check anybody whom you were thinking of appointing as Ambassador to Germany." The President said he would be glad to, although he said, "You are only a 75% Jew." I asked him what he meant by that and he replied, "You are not orthodox." He said that William Phillips, Under Secretary of State, had suggested Adolph Miller of the Federal Reserve Board. I told him that I doubted whether he would be forceful enough to be the man. He then said, "What do you think of Glenn Frank, President of the University of Wisconsin?" I said, "As far as I know, he is all right. Now, I have a suggestion to make." I then gave him the name of Dr. Harry Emerson Fosdick. The President seemed to like the suggestion very much. He said, "That is all right as long as you do not suggest Dr. Holmes or Dr. Wise." I said that I would not. He said, "If you could keep this absolutely under your hat until noon on Tuesday, I will read you a statement which I am going to give out." He then read a most remarkable statement on appealing to the 55 nations of the world to disarm completely. He is giving this statement, knowing that Hitler was supposed to address the Reichstag on Wednesday and hopes to influence him in this manner.

I asked the President how he got along with Dr. Schacht, and he said only fair. I said, "What is the likelihood of war with Germany?" and he said, "A very strong possibility." I said, "Will the U.S. have to go in and defend its treaty rights?" and he said, "We won't have to send any men abroad any way."

I showed him my new charts showing how the price of corn, wheat and cotton had risen as of May 12th on the farm. I also showed him my chart showing the price of gold in New York compared with commodity prices. He said, "I am glad to see that the price of gold is leveling out." I thought this very significant. He also commented on the fact that loans on securities were not rising. He said, "I am glad to see that," which I interpret as meaning that he does not want to see any excess speculation on the stock exchange.

I told him that Goss had accepted a position with me and that Senator Dill was satisfied. The President said, "I thought Goss came from Oregon," and I told him that he came from Washington. He said he was a very good man.

I then told the President that John F. Sinclair called me up at midnight last night, and said he had some very valuable information which he secured in Paris, and would like to give it to the President. He said he would be glad to see him.

I told the President that we would run into considerable difficulty with Russia as it seems that Amtorg had been in contact with Woodin for the last two months, and that my offer was simply a counter proposition. Louis Howe, who was present, acted as though this was news to him, but I felt that the President knew of this contact between Woodin and Amtorg. He told Louis Howe to get in touch with Woodin and Douglas, and that they arrange to see me.

Louis Howe then told the President that he had made an appointment with Cordel Hull and Taussig of the American Molasses Company to see the President, that they have been unable to do so, and that Taussig had left for New York in a huff, saying that undoubtedly somebody had been knocking him to the President, and that was why the President had not seen him. The President said that Taussig is rather stupid and doesn't know his facts any too well. During the course of ten minutes, Louis asked him at least three times whether he would see Hull and Taussig, and finally the President said, "Yes." Louis then said that Senator Hiram Johnson of California is very much interested in getting some legislation passed which would protect the holders in this

country of foreign bonds. The President called up Rep. Samuel Rayburn and discussed it with him at length over the telephone, and asked him to do something about it. Louis Howe said, "Now if you really want to make Hiram Johnson happy, call him up and tell him what you told Cong. Rayburn." The President did this. It was very interesting to watch Louis Howe work, and see how the President took his suggestions.

I told the President that I was delighted that he had instructed Secretary Wallace not to use the processing tax on commodities for the time being. The President said, "Of course, we cannot do it now as it would be contrary to what I have been talking about with the foreign representatives, as if we put a process tax on commodities in this country, it would mean that we would have to increase the tariff on similar commodities to raise them to the price of our domestic market." I told the President that I hoped that now that he had postponed the use of the process tax that he never would use it. He said, "How are you going to pay for the leasing of the land?" I said, "Any method other than the process tax would be less expensive in the long run." He gave me a kind of funny look as much as to say, "I do not agree with you and I am not over pleased with your remark," but I stuck to my guns as I always do with him.

As I left, he said the two Elinors had a very nice ride together this morning. He also said whenever"I take a boat ride and a day off the way I did Sunday, I always have a let down the following day."

Saturday afternoon, late, Wallace called me up very much excited because the Journal of Commerce of New York had had him on the wire about our selling the last of the cotton stabilization cotton. He said he thought that possibly we were wrong and couldn't Oliphant get in touch with his people at once. I told him that we would the first thing Monday morning, that everybody had gone home. Monday, first thing, I called in Oliphant who had not explained to me that in selling this cotton located abroad I would have to cover and buy an equal amount of cotton in the U.S. Oliphant had not thought the thing through to conclusion. He says that the case of A.C.C.A. cotton is different as the title is

still with them, and that they can sell their cotton to Russia, and would not have to turn it over to the U.S.D.A. I took Oliphant aside and let him know that I was displeased, and I finally told him that I look to him and only to him to keep me straight on this kind of transaction. He took it all right, and I am sure that in the future he will be more careful.

May 16, 1933

First thing in the morning I had my picture taken by three news reels.

Senator Thomas of Oklahoma called to inquire about our set-up in his State.

I had a very amusing incident with Senators Connally and Shepherd of Texas. Senator Connally said, "Morgenthau, I went to the mat for you today," and I said, "What happened?" He said, "When we started to move the Bureau of Customs out of your building, they told us that the Secretary of the Treasury had instructed them not to move."Connally said he had it out with the Secretary of the Treasury, and told him that they would have to move. Evidently the Secretary of the Treasury only learned of this decision which is at least ten days old. Connally seemed very much pleased with himself and then turned to me and said, "Now how about giving this man a job?" It seems perfectly ridiculous that a whole Bureau should be moved and fight about 30,000 square feet in order that Senator Connally should get a couple of jobs from me - but that is the way that things are done in Washington. I feel that by strictly attending to my own business and personally following the moving, I am getting results for my department and have been able to put it over people like the Secretary of the Treasury, who evidently are not following things as closely.

Called on the Comptroller General who has prepared an excellent set of inventory blanks that we will send to all the Branch Offices of the R.A.C.C., and I believe the Crop Loan offices. The idea is that these offices will take an inventory on May 27th as of the close of business on May 26th. My idea is to close all of these offices to the public on May 27th in order that they can comply with this inventory by the following Monday, May 29th.

I broadcast for five minutes pointing out that applications should be sent directly to the twelve Regional Land Banks rather than to Washington.

Lunched with Dante Pierce, who is anxious to find out if I really had anything against Lt. Gov. Kraschel. I learned from Pierce that Kraschel has antagonized the Farm Bureau in Iowa through trying to get their appropriation discontinued. He also has antagonized the Farmer Union crowd. It seems that Kraschel ran against U.S. Senator Murphy in the primary, and Kraschel was defeated, and in the last minute during the campaign they got Kraschel to run for Lt. Gov. He evidently did more than any other individual to carry the State Ticket this last election. Therefore, Senator Murphy feels under tremendous obligation to him. Dante Pierce tells me that he has known Kraschel since he was a small boy, and feels he is absolutely on the level. However, after listening to Dante Pierce, I realize that it would be very stupid of me to appoint Kraschel as I would be getting into the midst of a farm organization fight in Iowa. Dante Pierce just hates Wallace and loves George Peek.

Saw Curtis Bailey, a Harvard classmate of the President. He is assistant manager of the R.A.C.C. office at Portland. He made a very good impression on me. He has had a lot of experience with cattle loans, and I think later on I will be able to make use of him.

Had a long talk with John Boettiger of the Chicago Tribune. He told me that over the week-end he had been doing a lot of worrying as he was afraid that he and I were going to have a real fight. I told him that I also had been worrying, and the last thing in the world I wanted to do was to have a row with him. I explained to him that I felt I could not give

the information that he wanted about Farmers National to Congressman Beam, but I appreciated the fact that McCormack, the publisher of the Chicago Tribune, was bringing all kinds of pressure on Boettiger to get the inside story about Farmers National. I told Boettiger the last thing in the world that I wanted to do was to cover up anything crooked in Farmers National, if they were crooked. I told him that I would make him the following proposition: "I am perfectly willing to let you see all of our files on F.N. and give you Mr. Wells to assist you, provided you give me your word of honor that you will divulge nothing in these files unless you find something irregular, and then discuss it with me first." Boettiger agreed to this proposition, and I felt that he could be trusted.

I was largely influenced to coming to this decision as a result of a conversation that I had with Ernest Lindley of the N.Y. Tribune, who is a great friend of Boettiger. Lindley said to me, "Be sure, Henry, that by withholding information on Farmers National you are not putting yourself in a precarious position in case they subsequently should find out that there was something crooked about F.N., and then you would be blamed for concealing this."

Saw Warburton and Hoffman of Crop Loans, and Mrs. Fuller. Mrs. Fuller said, "I have a fine suggestion to make to lay off the people we do not need in the Washington office." She said, "You know these people have all had one notice and due to pressure from the Hill we have reinstated at least 80 of them." She said, "Let us give them notice on the 27th of May that they would be through on the 31st." When I argued with her that I would like to have these people laid off before the 27th, she let the cat out of the bag by saying, "Why if we do that all of the pressure will be on the Secretary of Agriculture." So I told her to give these people notice on the 24th that they were through on the 27th, and they could say in this notice that I had been consulted. Mrs. Fuller must have thought I was awfully stupid, and that she could put a fast one over on me. She has applied to me for a position and, as a result of this episode, I certainly would not want her in my organization.

Went to dinner at Mrs. Wallace's, the wife of the former Ambassador. Sat next to Mrs. Woodrow Wilson. I was quite thrilled as I never had a real chance to talk to her before. She has a very high-pitched, rather unpleasant speaking voice. She is very pleasant to talk to. I said to her, "The President has certainly brought back a lot of the Woodrow Wilson people." She said, "Yes, he has. It is very nice and I do not want to criticize him, but there are a lot of other people that Mr. Wilson had whom he could bring back who are very worthy." She said Wilson used to say that it was so difficult to get good people to join in the depression service as so few could afford to take the positions. Mrs. Wilson is very much interested in our looking for a house, and suggested that we take one back of hers. She said, "We would love to have you as neighbors."

May 17, 1933

Walked down with Babcock. He tells me that he is not going with Hearns Department Store, and that after July 1 he is going to devote himself to the G.L.F. and the A.A. I told him that I hoped he would give the A.A. more time after July 1st and he said he would.

I told him about my arrangement with Boettiger of the Chicago Tribune, inasmuch as Babcock is handling the Farm Board's negotiations with Farmers National. I told Babcock that I wanted Farmers National to pay us the $500,000 or $600,000 that comes due the latter part of May as I felt that it was important on account of all of the people who were watching to see what I was going to do in connection with Farmers National. He said he would see that this was taken care of.

Jesse Jones telephoned me and said the President wanted me to accompany him to see the Secretary of State in regard to selling China one million bales of cotton. We met at the Secretary's office who called in the Chief of the Far East Division and one other man. The expert pointed out that the National Government of China owed various private citizens of the U. S. amounts totaling $150,000, and that their custom

taxes had tripled in recent years, but they used all of this money for current expenses instead of paying off some of their obligations; that Japan was about our largest customer for cotton and might take offense at our Government financing such a large transaction to China. The Secretary pointed out that our Government was approving sales of arms and ammunition by private firms to Japan. He also said that several months ago it was necessary to send our fleet to the Far East in order to keep Japan from taking possession of some of our Islands. I asked for an opportunity to talk with Hull and Jones alone. I told them that I would strongly urge that this transaction be put through at this time as I felt that even if we never got a penny for our cotton that this transaction would put cotton up at least $2.50 to $5.00 a bale; that our carry-over plus our prospective crop looked like 25,500,000 bales. If we exported 1,000,000 it would increase the value of cotton on hand by about $100,000,000. I told them that I hoped that this would go through and stop the Secretary of Agriculture's plan to have the southern cotton growers plow under a proportion of their cotton. Hull and Jones agreed with me.

At 3:30 we saw the President. I took Oliphant along in order to introduce him as I never had an opportunity to have him meet the President since he had been with me. We saw the President for three or four minutes before Dr. Soong, Finance Minister of the National Government of China, and the Chinese Minister to this country arrived. Jones briefly sketched the proposition, and then I repeated to the President my reasons for urging to have this done. For the first time that I made a suggestion which was a criticism of the plans of the Dept. of Ag., the President agreed with me without showing any irritation. Heretofore, he seemed irritated when I criticised the Department plans in regard to farm relief. The Chinese are certainly very intelligent but talked awful English. Just before the meeting broke up, the President turned to Jones and said, "Do not make the Chinese pay too quickly for this transaction and do not make the interest rates too high." He certainly gave the impression that he wanted the Chinese treated liberally. Just before leaving I showed him my chart showing that this week, for the first time, the price of gold has levelled out and that the price of commodities has continued

to rise notwithstanding. The President asked for an explanation of this and I said, "I do not know. It is just an important factor, and I wanted to bring it to your attention." He turned to Jones and said, "Henry shows me a series of charts every Monday, and they are most interesting."

Had lunch with 30 or 40 people in the Board Room - mostly directors of Babcock's G. L. F. Very pleasant affair.

Senator Byrnes called on me very much worried and quite excited. He had been in in the morning and told me that Forbes Morgan had said that the reason we were not giving Ex-Congressman Frank Lever a job was because somebody said he drank to excess. It was very stupid of Forbes Morgan to say this. Senator Byrnes wanted to know who had made this statement. I could not tell him that Senator Smith had said so, so I said I did. I said that Lever had been here for three days and every morning his breath smelled strongly of liquor. Byrnes said, "I cannot understand it. I have known that man for a lifetime and he swears to me that he has not touched a drop in five years." In the afternoon he said that he had an explanation of this. He produced a bottle of Cod Liver Oil and Malt Extract. He said that Lever takes this vile stuff every morning and this must be the reason why his breath smells so. Byrnes says that his secretary notices whenever he has a drink, and that very often he stops around in the afternoon to visit the Vice President who, according to Byrnes, drinks every afternoon, and joins the V.P. in this custom. Byrnes says that "my secretary always notices when I have had a drink. I have asked her about Lever and she says that Lever does not drink." He said that Warburton says that he does not drink. The whole thing seems awfully trivial if it were not for the fact that Byrnes takes it so terribly seriously, and the only thing that I could do was to say that I believed him. He said, "If you give Lever a job and you ever find that he takes a drink during office hours, you can fire him on the spot."

My next caller was Marvin Jones who had gone to see the President at my suggestion as he wants to be appointed Judge in the Customs Court in New York City. He said the President was most kind, and really gave Jones the impression that he would hate to lose him, and asked Jones to think it over. I told Jones that if he left here, it would be a tremendous loss

to me, and I hoped he would certainly not leave and would think it over very carefully. Jones said it was his life ambition to be a judge and this looked like his opportunity.

Dined at the White House. They had those of the correspondents who had formerly been at Albany and who were now here in Washington. Mrs. Roosevelt called across the table to me, "Did you listen to Hitler on the radio?" I said that I did. She said, "Could you understand a word he was talking about?" I said, "I could not." She said, "Oh, I am so glad because neither could Franklin nor I."

May 22, 1933

This morning at 9 o'clock I was at the office of Joe Robinson to meet there with Myers, Senator Smith, Senator Byrnes of S.C., Marvin Jones, Cong., Joe Byrnes and Speaker Rainey. For an hour we discussed the proposed bill prepared by Myers setting up the Farm Credit Administration. Senator Smith objected to the whole plan. He is strongly in favor of continuing Crop Loans. Senator Robinson objected to that part of the bill which made changes in the local farm loan systems. He felt that this was very controversial and if we wanted to get this bill through this year we better leave out that part of Myers' proposal which had to do with changes in the Federal Land Bank System.

At 11:30 had my first Farm Credit Administration staff meeting. It lasted about an hour. The following people were present: Dr. Myers, Mr. Oliphant, Mr. Gaston, Mr. Hoffman, Dr. Warburton, Mr. McReynolds, Mr. Brennan, Mr. Forbes Morgan, Mr. Bestor, Mr. Carson, Mr. Peck, Mrs. Klotz. I believe that the meeting was very useful and I propose to have a similar meeting every day.

Lunched with the President. On coming into his room I was greeted by Louis Howe. I said to Louis, "I want you to help me on something that I am going to ask the President." I then told the President that this was the first time that I was coming to him to ask his help as we were up against a stone

wall trying to get space for the F.C.A. It seems that Colonel Grant had been around and left a memorandum with McIntyre who had given it to the President, and the President in turn had turned it over to Lew Douglas. The President said"I referred this matter to Lew Douglas." He said, "Get in touch with him." I said, "Why, he is so terribly hard to reach as he is so busy. Can't Louis Howe do this as he has been so helpful in getting things done for me?" The President said, "All right, call Lew Douglas," which Louis Howe did. Douglas did not know what he was talking about as he had not received the memorandum. The President said, "Tell Douglas there is no hurry about this," and Louis Howe repeated to Douglas, "This is not urgent." I then explained, quite at length, the urgency of our getting space, and I am interested to see what is going to happen.

The President was a little irritable today with both McIntyre and Louis, and asked them both in turn for Heaven's sakes to let him eat his lunch in peace. He said, "I want 20 minutes to myself and do not want to talk business."

The President said to me, "What did you think of my message to the 55 nations?" and I said, "I hate to say nice things to your face but I really believe that your message changed the whole situation in Europe." He said, "I think I have averted a war. I sent word through the German Ambassador to Hitler that I was going to send a message and that if his message was of the same character as Van Papen that I would not blame France if she went to war." He said, "I think that sending that message to Hitler had a good effect." I said, "What do you think of the announcement in today's papers about England, France, Germany and Italy getting together?" He said, "Nobody seems to know much about it, neither the German nor French Ambassadors who were here this morning, but it looks as though it was all right, as though the four countries were agreeing to what I asked the 55 countries to agree to."

I told him that Irving Lehman was so pleased with the letter that he had received from him. I asked him about my father being a delegate to London and he said, "I am only sending six delegates; two Senators," I think he said, "two Congressmen, Secretary Hull and Mr. Cox." He said, "I have to limit it to six. Your father will be a member of the Advisory Commission."

He then asked me what I had done about his former classmate, Curtis Bailey. I told him that I liked him very much and surely could use him a little later on. He said, "Now, I want to ask you to take care of two other people - Guernsey Cross and Mayor Sague of Poughkeepsie." I simply roared and said, "Good Heavens, why are you punishing me? I thought I had done a good job so far." He laughed and said, "I have got to take care of them somehow," and he then let the matter drop. I asked him what he was going to do with Tom Lynch, and he said he was going to give him some appointment later on.

While this conversation was taking place, Miss LeHand came in with a new dress she bought and put on the jacket and hung the skirt from her waist, and asked the President how he liked it. She said, "Dorothy Rosenman had one like this in black, and I asked her to get one for me in blue." We both admired it. Then Missy went around straightening out some pictures on the wall and left us, and then returned in about twenty minutes. I asked him about John F. Sinclair. He said, "I like him and I think he is able." I told him that I thought of appointing him as one of my Deputies and he said, "I think he is all right." He autographed four of the Inaugural Programs for me and a picture of the farm bill being signed for myself and one for Marvin Jones. He said, "We had a grand time on the river, and I want you and Elinor to go with us some time." I told him about my idea in getting a boat to live on for June and he said, "Do not anchor too close to Washington during the summer on account of the sewerage." He said, "I believe there is a U.S. Fish Hatch a few miles below Mt. Vernon. I suggest that you look into it and possibly you could anchor there."

I showed him my business chart, and he said he was very much interested to see that building was picking up. I drew his special attention to the fact that the price of gold and basic commodities had separated, and he replied, "Yes, but the difference between them for the time being seems to be constant." He said, "I would like to see 'all other loans' increased", and I told him that I understood that the Federal Reserve tomorrow would announce the index for the week, and that it would show a slight increase. When he came to the steel activity chart, he said, "That is going up too fast."

He said, "I see that Samuel Untermeyer has been made counsel for some Jewish American Committee," and he also said, "Too bad, he is not the right man for the job." I expect to pass this word along to Irving Lehman by telephone.

May 23, 1933

Took John Boettiger of the Chicago Tribune to lunch. I consider this conference very important as I have been very much worried what the ethical thing was in regard to giving out information about Farmers National and the Grain Stabilization Corporation; also I did not wish to suppress any information and, lastly, knowing that Colonel McCormack wanted this information I did not want to make an enemy of him and his press. The whole thing was a most delicate negotiation, and I believe I have come out of it extremely well. I explained to Boettiger that his investigation through our records disclosed no dishonesty on the part of the Grain Coops; that it did reveal the fact that the Farm Board in February, 1933, certainly showed bad judgment in extending the $4,000,000 loan of Farmers National for another year just before I took office and contrary to the advice of the Farm Board staff.

I told Boettiger that we were in the midst of a reorganization of Farmers National, that if he published the fact that Farmers National had been run in an unbusinesslike and careless manner, it would jeopardize our $16,000,000 loan. I told him that I was very hopeful that we would be able to put Farmers National on a business basis. Boettiger said that he had been in touch with Senator McNary and that the Senate Committee on Agriculture would shortly publish the results of their investigation of last fall. Boettiger asked me how I would react to a request from Senator McNary that they continue this investigation and bring it up to date. I told him that I would tell Senator McNary that I would be delighted to have him make such an investigation. Boettiger said nobody could ask for anything more. Boettiger then asked if I would be willing to have him write Colonel McCormack that Boettiger had an opportunity to go through our records and had found nothing dishonest. I told him by all means to write such a letter

as I told Boettiger that it ought to strengthen his position with Colonel McCormack.

I think that Boettiger has been fair, and that he feels that I have been more than fair with him. It is my guess that he has been getting a lot of his information from Ed. Markham, who used to be the publicity man for the Farm Board and who now represents the grain trade in Washington.

Last night I took Marvin Jones, Congressman Joe Byrnes, the leader of the House to supper. We then went over to Joe Robinson's room. Senator Jimmy Byrnes, Senator Dill and McAdoo were there, and Cong. Doxey of Mississippi, and Speaker Rainey. They asked to have the bill read page by page, and much to my surprise after about two hours of discussion they agreed to 95% of the bill. Unfortunately, the appropriation end of the bill was not read so it means a delay in having it introduced. They asked me if this was an administration bill, and I said that I had the authority to say it was.

May 25, 1933

Last night Senator Byrnes of S.C., Marvin Jones, O'Brien of the Bill Drafting Commission of the House, Myers, Oliphant and I called on the Director of the Budget to explain to him our farm bill which we had delayed in introducing at his request. I reminded him that a month ago we had told him that we were going to do this if he did not give us $120,000,000, necessary to set up a new organization on a permanent basis, and that undoubtedly Congress next January would come back and ask for another $100,000,000 or $150,000,000 for Crop Loans. Senator Byrnes led the argument very forcibly and very well, and finally Douglas said, "I am satisfied. You can go ahead with the bill." I asked him if he would tell the President this, and he said he would.

I consider this a big victory as Douglas had put me in a most uncomfortable position, as I told the Democratic Leaders in the Senate and in the House that I had the approval of the

President as to the general principles of this bill, and if Douglas had killed it, it would have greatly hurt my prestige.

As I left the office, Miss Johnston, Douglas' secretary, told me that Douglas had disapproved my request for executive positions under the new set-up on May 27th of the F.C.A. This just gives me one more worry.

On arrival home, Jesse Jones called me. He wanted me to get together with him and Secretary Wallace right away. We finally arranged to meet at his office Thursday morning at 9 o'clock.

Elinor and I dined at Frances Perkins' home. Harry Hopkins, Mr. and Mrs. Jewett Shouse were there. Frances Perkins did 70% of the talking, Harry Hopkins, 25%, leaving very little for anybody else. Frances Perkins is certainly very positive in her statements and did so much of the talking herself that I, for one, did not have a good time.

May 26, 1933

Went to Jesse Jones' office this morning. Senator Smith of S.C., Henry Wallace and his counsel, Jerome Frank, were there. Wallace said he thought they should sell some of the Crop Loan or Cooperative Cotton. I told him that we have been unable to get a decision out of him in regard to their Crop Loan cotton, and it would take months to deliver it to him. Frank agreed with me. He said last night they consulted the Solicitor General, and he said it would be illegal for them to sell the Cooperative Cotton. I told him that Oliphant held otherwise. I urged that they buy 1,000,000 bales of cotton for China in the open market. Wallace said, "I have lots of reasons for wanting to see some of the U.S.D.A. cotton sold, but I won't go into it unless you want me to." I then said, "If you hold that it is illegal to sell the Cooperative Cotton, why argue about it?" Finally, Wallace said,"Well, if you do sell the cotton to China I do not want it announced for at least 30 days so that the price of cotton will stay

down and I can go out and conclude my arrangements to lease the land from the cotton growers because if the price of cotton goes up now, it will make it much more difficult for me to lease the land." I said, "Henry, I wonder if you realize what you are doing. You would be withholding information from the farmers and if in a month or two they learn that you knew all the time that this Chinese deal had been concluded the farmers would feel that you had misled them." Quick as a flash he said to me, "I do not care what they think as long as I can lease their land." And I answered, "If you do not care, I do, and I am certainly not going to let the President be put into any such position." He then said, "All right, Mr. Jones, make any kind of a deal that you want, but when you get ready to release the publicity, let me know."

I stayed after Wallace left and said to Jesse Jones, "My advice to you is to release the publicity just as soon as the contract with China is signed, and if you want to use my name, you can do so. It is up to you." He said, "When I get ready to release it I want to say that I had consulted both Wallace and you."

Just before leaving I strongly urged Jesse Jones to sign the contract with China, buy the cotton in the open market, and in this way head off any plans that Wallace might have to lease acreage. Just before leaving, Senator Smith called up Jones and said that Wallace had convinced him while riding over in a taxi that if they bought any cotton it should be the Co-operative Cotton - again showing that Wallace is not straightforward, not intellectually honest, and will not put his cards on the table in face to face conferences. For the first time, I have come to the conclusion that he is not trustworthy and, therefore, a very dangerous person.

May 29, 1933

Appeared before the Sub-committee of the Senate on Banking and Currency on our Credit Reorganization Bill. Stayed about one hour. Subsequently heard from Dr. Meyers that they reported it out favorably. Senator Byrnes of S.C. presided.

12:30 - Jimmy Roosevelt and Mr. Sargeant called on me. Jimmy Roosevelt said, "I am not going to pull a Curtis Dall. Father knows all about this and approves." He said, "I am on a salary with this firm of insurance brokers and my only interest in the matter is if I get them additional business perhaps they will increase my salary by $1,000." It seems to me that he is rather splitting hairs, and I cannot see an awful lot of difference between what he is asking and Curtis Dall's request, except that one is the President's son and the other is a son-in-law, and they are both in the same business and evidently competing against each other. In fact, Jimmy told me that Curtis had no business going into the insurance business, that he was in it first. Jimmy and I had lunch with the President.

I told the President about the troubles that I was having with Lew Douglas. I said that no personal difference between us had arisen, but simply that I felt that as long as I kept within my appropriation and the number of jobs specified, that the responsibility was mine as to whom I appointed and what I paid them. The President said, "What do you want me to do - have your appointments come directly to the White House?" I said, "No, it is perfectly agreeable to have them clear through Douglas as long as he is told by you to let me have the people I need." The President wrote a long-hand note to Douglas and said he would take care of it. I hope he does.

The President said he would like to see the dollar go to 4.25. He also told Bernard Baruch in my presence that he would like to see the price of commodities be based on a 75¢ dollar. He asked me what I thought and I said, "Fine." The President said, "I do not want to see the stock market go up too fast."

The President said, "The first opportunity you have, I wish that you would get over to Arthur Sulzberger that Arthur Krock is making some very important guesses as to news out of Washington and that he is only right 50% of the time." The President said, "I will give you an example. Several weeks ago at a newspaper conference I spoke about new kinds of taxes. The boys asked me what kind and I said I was thinking about 30 different kinds of taxes. The next morning the Times printed the

story in a flat statement that I was considering using the sales tax. More recently, in the case of my message to the 55 nations, this is what happened. I wrote the message Sunday evening on the Sequoia and I showed it to two people, Hull and Phillips. Monday afternoon, the story leaked through one of two sources and neither of these sources was Moley. Phillips had telephoned to New York and asked Frank Pope's opinion of the message, Pope being the lawyer for Morgan." The President said, "What could be more stupid?" He said, "Monday afternoon it was around Washington that I was going to send an important message to Europe, and Arthur Krock that evening wrote an article saying that I was doing something which would guarantee security to France. Tuesday morning at five o'clock a.m. my cables to the 55 nations left. These were in Europe by 11 o'clock. Tuesday morning at eight o'clock the French Ambassador, M. Andre de Laboulaye, picked up the New York Times, read Arthur Krock's story, and sent a dispatch to the French Foreign Office, quoting Krock's story as being so as Krock was close to the Administration." The President of the French Republic had not yet received Roosevelt's message or else had not communicated it to the French Foreign Office. The French Foreign Office gave out a statement which appeared on the streets of Paris in the afternoon of Tuesday congratulating Roosevelt and themselves that Roosevelt was going to guarantee the security of France. A few hours later the French President, having received Roosevelt's message, transmitted the same to the French Foreign Office who gave it out to the press, and Wednesday morning all of the French papers ran editorials how disappointed they were in Roosevelt's message - the French being the only country to do this. Roosevelt blames all of this on Krock's story.

The President said the trouble with Krock is that during the last six months of the Hoover Administration, Krock was amongst the two or three newspaper men that Hoover treated as intimates. As a matter of fact, he was so close to Hoover that Hoover used him to telephone Roosevelt while he was Governor at Albany and also had him telephone to Louis Howe in a case of another matter to be the intermediary between Roosevelt and Hoover. Now, Roosevelt treats all of the newspaper men alike and he thinks that Krock's nose is out of joint.

I will try to get this story over to Sulzberger, but it will be a very difficult and delicate mission.

I told Roosevelt that my father had cabled me hoping that his status in London would be announced. Roosevelt said, "I do not know why it has not been announced. It should have been." He said, "Tell your father if he wants to send me a personal letter he should do so through Warren Robbins who will be returning in a couple of weeks." The President said to me, "Did you get your navy plane all right?" showing that he had personally okayed it. I thanked him for it. I said I would ask again. He was in a grand humor and I enjoyed my luncheon with him tremendously.

June 5, 1933

Lunched with the President. Douglas sent word he could not come as he was held up in a Committee meeting. Therefore, Miss LeHand joined us but when she heard that Douglas was coming any way, she left.

Showed the President my statistical chart. He said, "I hope the stock market will not go up too fast." He also said that if business could continue to improve until the 15th of September, he thinks we will have turned the corner.

Had a lengthy discussion with the President and Douglas about salaries. The President, to my surprise, did most of the talking and Douglas hardly took part in the conversation. I believe that the two of them had agreed on Sunday that I should not have 10 people in the F.C.A. at $10,000 each. As a matter of fact, on returning from the White House, I found a note from the President which read as follows:

"HM, Jr.

"On thinking over the 9 men at $10,000 each - I think it politically unwise and out of line with other 'administrations'.

"Can't you shift a few of them to a less figure - say 3 at $10,000
3 at 9,600
2 or 3 at 9,400?

F.D.R."

The President said that with all these new agencies coming along that if he established the precedent of 10 executives at $10,000 each, he would have difficulty with the other people not to give them the same. We argued for almost three-quarters of an hour. I did my best, but finally agreed on myself and 3 deputies at $10,000, and the rest at $9,800. The final argument centered around the General Counsel. Douglas spoke up and said, if you give Henry's counsel $10,000 you will have to do the same for Frank at the U.S.D.A. He said there has been lots of criticism against Frank. It seemed to me entirely out of Douglas' territory to pass on the counsel for the U.S.D.A. I left fairly well satisfied as I could see the President's point of view.

4:15 p.m. - Myers and I went up to the office of the Secretary of the Senate and met with the Sub-committee on Banking and Currency of which Senator Jimmy Byrnes is Chairman. Senator Steiwer of Oregon and Carey of Wyoming put up a big fight that we should continue the R.A.C.C. I kept repeating over and over again to them that I would not close one of the R.A.C.C. banks until I had something better to take its place.

We had to wait for Jimmy Byrnes to come back from the White House. He had been there on a conference on cotton acreage control. Byrnes said to me, "Senator Bankhead is very keen for this program. I have gone along with him on cotton and he in return has withdrawn his objection to your Credit Bill. As a matter of fact, said Byrnes, Bankhead is going to let me cast his vote." This shows you how legislation can be killed or put across.

June 9, 1933

Friday afternoon about five o'clock Congressman Buchanan called me up and said that Congress was going to adjourn Saturday night and that Douglas had phoned him the figures to include in the deficiency appropriation bill and that

ours was not included. Oliphant, Myers and I tore over to the office of the Director of the Budget and saw his assistant, Mr. Brown. I left Oliphant behind to get the necessary papers out of that office and see them on the way to the White House. About 8 o'clock that night the White House sent them up to the Capitol. I was very much worried because we needed $42,000,000, and I thought Douglas might prove to be difficult to handle, but he was not. As a matter of fact, I never talked to him. Myers and I then left for the Capitol and met Senator Jimmy Byrnes to see what was going to happen to our bill. Looking around for a room to use we finally got located in the office of the Vice President. The V.P. told us we could use the room and we stayed there until 10 o'clock that night doing our lobbying. About every half hour the V.P. would come in and take a drink. He always would bring some Senator with him. We left a little after ten when we found that there was no chance to bring our bill up. Byrnes assured us that our bill would be made unfinished business and would be on the calendar for the next morning.

Ten o'clock next morning Myers and I again took possession of the office of the V.P., and stayed there and had our lunch there and spent the whole day. In the afternoon, the Senate and the House held their conference committee meeting on our bill, and it was fun to watch Byrnes handle them. They struck out an amendment for $500,000 to be loaned in North Dakota and adjacent states to fight grasshoppers. I drew Byrnes' attention to the Dill amendment which carried the 3 Commissioners' salaries at $10,000 each. I told him that I had an agreement with F.D.R. and Douglas that we should pay these men $9800. Byrnes said, "I am not going to pay any cut rate salaries and you can tell the President I said so." All afternoon, Arthur Mullen tried to reach me and I talked to him once. He was very anxious to have the bill changed so that the 7th Director of the Land Banks could be appointed by me in 30 days instead of having to wait one year. His object is to have me remove the President of the Land Bank at Omaha, Mr. Hogan. Mullen was not successful in his lobbying. Had supper with the Myers' and returned to the Senate and sat in the V.P.'s row. About ten o'clock there was a lull and Jimmy Byrnes moved that our bill be passed. In fifteen seconds it was done. It took my breath away it happened so quickly. Myers and I shook hands and congratulated each other. If we had not stayed on the job, I doubt if the bill would ever have gone through.

June 11, 1933

Sunday morning at 7:30 I left by airplane for the farm. Landed at New Hackensack in two hours in a Navy Plane. Captain McMann was my pilot. Elinor had her class reunion. Gorgeous day, place looked beautiful, and I hated to leave it.

On flying back when we went over Bear Mountain I suddenly noticed that my left foot was very cold. I thought that was funny and I looked to see where the air was coming in. I then found that the gasoline tank had sprung a leak and was squirting all over me. I attracted the pilot's attention. Of course, he could not hear me but could see that I was saying the word "gasoline". He repeated the word, slowed the plane down and we headed for the Floyd Bennett Field where the New York Naval Reserve is located. I could not help but think what would happen if the plane caught on fire. I really was quite calm and kept wondering if I would have the nerve to go overboard and if I could remember to count five slowly before I released the parachute. The 20 minutes he took from the time we discovered the gasoline leak until we had arrived at the Floyd Bennett Field passed fairly slowly. I was quite pleased with myself that I did not get rattled. On arrival at Floyd Bennett Field we were able to get a Naval Reserve Plane and continued our trip to Washington, arriving at the field at 8:30 just as the sun went below the horizon.

June 12, 1933

Mr. Crowley, representing the Governor of Wisconsin, arrived upon my invitation; also had the President of the Federal Land Bank of St. Paul, F. H. Klawon, and the Commissioner's Agent, Mr. Jerry P. Riordan. There are 500 banks in Wisconsin, 150 of which are closed and the other 350 under restriction. They have $49,000,000 in farm mortgages. My idea is that it would be just as easy to do business on a wholesale statewide basis as it would be to piddle along doing a few at a time. I arranged for a meeting at Secy. Woodin's office at 3 o'clock.

I.

THE WHITE HOUSE
WASHINGTON

I suggest buying $7 mil a week
of newly mined gold
each week.

Before you get there
I believe at a definite
number of grains in $

Before Jan 1st
Cotton at .10¢
Hog - corn @ .50¢
" wheat .90¢

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32.66 to 32.86 Frid

32.86 to 33.07 Sat

32.83 to 33.07

Tues in London £1/2

" " £1

Wed " " £800.000.

Thurs " " 1,400.000

Frid " " 1,300.000

Sat " " 6,000.000

Those present, at my request, were Mr. Dean G. Acheson, Under Secretary of the Treasury, W. J. Cummings, Executive Assistant to the Secretary, J. F. T. O'Connor, Comptroller of the Currency, Governor Black of the Federal Reserve, Jesse Jones and my gang. I was told that it was the first time that everybody had ever gotten together who had anything to do on the part of the Federal Government with the opening of closed banks. The meeting went very well. I asked Mr. Woodin whether he wanted to buy our bonds if the deal went through, and as I jokingly put it to him, "I am going to blackmail you into doing it because if you do not buy them, we will have to sell our bonds and may ruin your bond market." He said, "We will buy them."

I had to leave the meeting to go to the White House. On my return at 4:30 they were still in conference and had decided to go along with the plan. They all were very enthusiastic and they felt that this was a chance to open the banks on a permanent and constructive basis. By this, the Treasury officials meant that they would insist that the State Banks would come into the National System. I do not know whether this is wise but then I know so little about it that I am willing to take the opinion of the Treasury officials. Woodin designated Cummings to work out the details. If it goes through it will certainly be a feather in my cap.

While at the White House, I saw the President, Louis Howe being present. I first told him about my plan to open up the banks in Wisconsin through our buying the farm mortgages which they held and I asked him if he would not like to announce this himself. He said he would. I think that this put him in a good humor although he looked very tired and his face was drawn with fatigue. I have never seen him look more exhausted. I then told him very apologetically how I had tried to get Senator Byrnes to change the Dill Amendment which specified that I should pay my three Commissioners $10,000, but I had been unsuccessful. Whereupon, much to my surprise, the President put his hand to his mouth as though he was laughing up his sleeve, and let out peels of laughter. Louis Howe put his hand to his nose and snorted loudly. This lasted for several minutes. The

President and Louis let me think that I had put one over on them and they seemed to enjoy it hugely. I said, "Franklin, inasmuch as you are in such a good humor over this incident, would you not like to sign my request for my salaries which has been on your desk for ten days?" He said, "I have lost it and can't find it." I was very insistent and finally he said, "All right, get Missy to look through my basket for me." I went into Missy's room and I said, "The President wants you to look through his basket for him." She said, "Why must I come now. I am drinking a milk shake," and rather disagreeably said, "Why can't it wait? My milk shake will spoil." To which I replied, "Missy, I will buy you ten milk shakes if you come in," and she came with a pout on her mouth. The President said, "Missy, if you can find Henry's paper, he will give you anything that you ask him for." Missy said, "He has already offered me ten milk shakes." A search then started which lasted for about 15 minutes, my egging the President and Missy on. They went through every drawer and every basket and could not find the papers. Just then Steve Early came in and I said, "We are looking for my papers and they can't be found." He said, "I think I saw them on McIntyre's desk," and I said, "Wouldn't you get them for me?" He didn't want to and after asking him three times, he went out in a slight huff and came back immediately with my papers and Wallace's. They evidently had been on McIntyre's desk, who, for reasons only known to himself, had been holding them out. I then dictated to the President what he should write, and he wrote exactly word for word as I dictated to him.

> "Approved for Governor and 3 Deputies, one General Counsel and 4 Commissioners at $10,000 - this in accordance with bill about to be passed.
>
> (signed) Franklin D. Roosevelt."

I was with the President about 40 minutes. I came out thoroughly elated as I consider it a great personal victory for me over Douglas who I think has acted very penny-wise and pound foolish in regard to this whole salary business.

When I came out of the President's office I found Wallace and his whole gang who had had a 4 o'clock appointment and had been waiting half an hour. I said to Wallace, "I would like to see you about this spray residue business. I really think you, personally, should get in on it." He said, "I know what you want, Henry, and I think our people are about ready to concede that we should not put our regulations into effect this year." I am to see him finally about it at 11 a.m., Tuesday. If I can get Wallace to change his ruling on this, it certainly will make every fruit grower in the U.S. very happy. I most likely have to keep in the background as unquestionably, Wallace will not want it to be known that I influenced him in coming to this decision.

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(Governor Morgenthau left Washington, Saturday, June 17th. He left New York on the 19th for Chester, Nova Scotia. He expects to return to Washington on July 3.)

.....

Vacation

June 27, 1933

Elinor, Henry, Cecil Allen, John Fox and I left the Hackmatack Inn at Chester, N.S., at about 2:15 in a five-year-old Ford Touring Car for Digby, 125 miles away. I had received a telegram from Captain Vernou, Naval Aide to the President, that they would have a destroyer call for me on Wednesday at Weymouth. We arrived at the Hotel Pines, Digby, at about 7 o'clock after having had to stop for one hour to have the Ford overhauled. The drive through Annapolis Valley is very beautiful.

The family returned that night to Chester, and I went on to Weymouth which is a very small town on the Sissabou River. I stayed at a small commercial hotel where I had the best room and breakfast including a bowl of wild strawberries for $1.25.

Late that evening I received word that on account of the fog, the destroyer would not be able to come over until Thursday.

June 28, 1933

Today, Wednesday, I decided it would be foolish to wait around at Weymouth so on learning that a train left at ten o'clock for Digby, I boarded it. Mr. Whitney, representing the Canadian National Telegraph Company, introduced himself to me as he had been sent down to Weymouth to meet the President. I subsequently learned that the President had intended coming over himself, but on account of the fog he was delayed so long that he was unable to make it. I left Digby at three o'clock on the C.P.R. Boat, and was met at St. John by Byrnes, the manager of the R.A.C.C. Byrnes drove Mr. Whitney and myself to St. John where we spent the night at the Algonquin Hotel. En route, Mr. Byrnes gave me a lot of valuable information about his operations, particularly in Aroosta County, Maine.

June 29, 1933

It was my good luck that a boat left at ten o'clock for Campobello Island. On the boat I met Mrs. Herridge, wife of the Canadian Minister to the U.S., and Sir Thomas Tait, who was her travelling companion. I had telegraphed to Eleanor Roosevelt that I was coming and was disappointed when nobody met me, but subsequently I learned that the telegram had not been delivered. On arrival at F. D. R.'s house, I found there Miss LeHand and her brother, Louis Howe, Johnny Roosevelt, Marion Dickerman, Nancy Cook and Mrs. James Roosevelt, Jr., and some of her friends. As we were sitting down to lunch at 1:30, they announced that the President would be here in 20 minutes. Mrs. Roosevelt very calmly said, "We will have our lunch." The President did not arrive until four o'clock. I accompanied Mrs. Roosevelt in a small launch, and we sailed out in the harbor to meet the President as he sailed in. It was a thrilling experience.

At Welches Pool, which is the little harbor of Campobello, the President was met by a Reception Committee and then was taken to the Yacht Club where he made a short address. We all then went up to the Roosevelt home where we had tea. The President seemed rather distracted and not at his ease. About six o'clock Mrs. Roosevelt left with Johnny and took along Ambassador Norman Davis who had arrived with the President and took them to the train, not returning until about 9:30 that evening, when she and Marion Dickerman had supper together by themselves.

Either that day or the next, Louis Howe took me aside and said that there was tremendous pressure on the President to agree to have the Government go into a stabilization of currency operation. I gathered from Louis that Norman Davis had been advocating it strongly. Louis said the trouble with this idea is that there are no limits to how much money they might need and he said, "I am against it." He said, "We will be discussing it on the trip back and I wanted to know how you felt about it." Not knowing an awful lot about it, I sort of felt my way but told him in principle I agreed with Howe.

Thursday evening - Eleanor Roosevelt said to her husband, "It seems to me that it is a mistake to have Moley go over to London, and that it is belittling to Hull and must weaken Hull's position." F.D.R. tried to explain to her that this was not so, but he was not very convincing about it. Eleanor Roosevelt followed me to my room and talked to me about 15 minutes. I told her that I had agreed to what she said about Moley. She then made a most startling statement. She said, "I made that statement about Moley for two reasons - one, I wanted to get it over to Franklin and, two, I wanted Missy to hear it as I know she will repeat it to Moley." I said, "I thought Missy didn't like Moley." She said, "She pretends not to but Moley takes her and Grace Tully out to tea and makes a big fuss over them." Eleanor also said, "Now that Missy cannot go out with the newspapermen she is very glad to have Moley take her out." Eleanor said, "You know I see and know what is going on around Franklin, but he seems to be entirely oblivious to all of it."

June 30, 1933

Friday noon - They had all the officers over from the cruiser, and the two destroyers, and had a very nice picnic for them at the beach. Eleanor Roosevelt was roasting frankfurters over open fire and being very natural and an excellent hostess.

Friday evening - The young people all went out for supper. There were only half a dozen of us there. Both evenings before supper F.D.R. would mix cocktails for everybody and was very jolly. Friday evening on account of the cocktail party we were half hour late for dinner, and Eleanor Roosevelt scolded him at supper as though he was a small boy. F.D.R. answered her and said, "You can't scold me this way. It is not my fault and I didn't know what time supper was." I think what really annoyed her was the fact that Franklin, Jr., was given a cocktail to drink.

Sometime during the evening, McIntyre came in and discussed the tentative draft which Hull sent over to Roosevelt for his approval. At that time F.D.R. did not show me the draft although there was reference to it in the newspapers the next day. McIntyre asked how he wanted this proposed statement answered. Roosevelt said, "Send word to Hull to say nothing, do nothing and agree to nothing.

Friday night Franklin, Eleanor Roosevelt, Marion and Nancy, and I sat around and talked for a couple of hours. Louis Howe, lying on a couch half asleep, did not take any part in the discussion. I brought down my charts and the whole discussion was about foreign exchange, gold and world exports. I had just finished reading Garrett's article in the Saturday Evening Post, and I discussed this with the President. I believe I handled myself quite well, and the President is not as well posted on foreign exchange as one would suppose, but he certainly gave us the impression that evening that he wanted to develop prosperity in this country first, and also that he wanted to raise the price of commodities and business generally to the 24th and 25th level.

During these two or three days, F.D.R. seemed very much preoccupied and I suppose that he was trying to come to a decision as to instructions that he would send to London.

July 1, 1933

They sent me up in a Canadian Patrol Boat to try to buy some rum and gin for F.D.R. at the Canadian Liquor Store. It took me one hour to get there only to find that it was Dominion Day, and that the bank and liquor store were closed.

Eleanor, Marion and Nancy left Saturday morning at seven o'clock to drive back to N.Y.

Today at four o'clock we drove down to Welches Pool, got on a destroyer and were ferried across to the Indianapolis. As the cruiser was built to be a flag ship, there were quarters on board for the Admiral and his staff. F.D.R. occupied these quarters. I had a very nice room.

The first night on board Louis Howe, Franklin, Jr., his friend, Rexall Paul, Captain Vernou, Naval Aide, and I dined with the President. The food on board was very good. Next morning I was up ahead of everyone and had breakfast alone. One of the days we lunched with the officers' mess. After lunch, the President told many amusing stories of when he was Assistant Secretary of the Navy. Saturday night, we put on what they call a "Happy Hour," the sailors doing some stunts and then they had four prize fights.

July 2, 1933

This afternoon, Sunday, the President took off his coat, sat down at his desk for a couple of hours, and wrote his message to London on money. I believe that Louis Howe had originally tried to write one for him, but as near as I could tell the President completely rewrote it. He read the whole statement to Louis Howe and me, and with a few slight changes of his own, he sent it as he wrote it the first time. He gave me a copy of it, which he signed. I asked him for the original draft, and then Franklin, Jr., said, "Could I have it?" and he got it.

Sunday night we dined with the Captain and it rained so they had to call off the moving picture show. In the morning they had church services.

July 3, 1933

This morning, Monday, about 9 o'clock we anchored in the Chesapeake Bay three miles off shore from Annapolis. They sent me ashore in a whale boat, and I got completely drenched when a wave broke over the bow. On the whole trip, F.D.R. was perfectly natural, was in a grand humor all the time, and I seldom have seen him tell so many sea stories and seem to enjoy himself so thoroughly.

(End of Vacation)

July 10, 1933

Monday - Lunched with the President. Missy came in and we arranged to go to Olney's Inn on Wednesday night. I asked F.D.R. to suggest any one he wanted, and Missy suggested Admiral Grayson and Mrs. Grayson because it seems that something had happened to Admiral Grayson's daughter, and they felt sorry for the Admiral.

When I came in to have lunch and for fully half an hour, Hearst's lawyer from San Francisco was there talking to F.D.R. He told him that it was McAdoo who got to Hearst during the Chicago Convention, but it was he who had done so at the request of Jim Farley. The man himself impressed me as a very high class person. Roosevelt said after he left that this man is really the one who has the most influence with Hearst. He told F.D.R. that Hearst's son, William Randolph, Jr., was coming to Washington to run the Washington papers and that he would be contacting Roosevelt. Roosevelt said, "What about Hearst's son, George?" and this man said, "Why he is a bad egg. I ought to know. I tried hard enough to work on him but he is hopeless." This man then said, "I want to talk to you about newsprint in which I am selfishly interested as I buy all the paper for Hearst who is the largest buyer of newsprint in the U.S. I think it would be a mistake to put the price of newsprint up too high although Hearst has always stood for a fair price."

I got Roosevelt to sign the Presidential Commissions for Goss, Brennan and Peck. He asked me how they were doing and I told him that I was well pleased with all of them. He said, "That is fine." I showed him my charts, particularly the one new one which shows that England has also been pushing the price of its commodities up the last two months about the same time that we have been doing this. Roosevelt was not aware of this fact.

I spoke to the President about Prof. Viner of Chicago, and he said I should bring him around for tea Tuesday, and have him see Warren and Prof. Rogers of Yale. "I have brought both of these men down to study the money question under Secretary Roper," he said.

I told Roosevelt that I wanted an airplane to take a trip out west, and he wrote a memo to the Secretary of War asking him to give me a plane.

Just before I left Jesse Jones came in and told the President that he only had $500,000,000 left and that he needed $100,000,000 of this for the banks in Michigan. He said, "I will not have enough money for Henry." He finally agreed to let me have $100,000,000 with the understanding that Gov. Black of the Federal Reserve and Dean Acheson, Acting Secretary of the Treasury, and I should get together as soon as possible to decide how I should market my bonds. I suggested that they all have dinner with me Tuesday night. I drove Jesse Jones back to his office.

At 2:30 I had my press conference and gave out the story of what we were going to do in Illinois. We had worked out this program in the morning. Before giving out the publicity, I called Governor Horner and he okayed it. I told him that I might come out there within a couple of weeks and he said, "Be sure and come to the Mansion." He said, "I am bacheloring it and I have twelve empty rooms." I thanked him and told him I would let him know later on.

At three o'clock, I met with Mr. Love, Banking Superintendent of Mississippi, Senator Pat Harrison, Mr. Clark, Carsons, and men from New Orleans. I found Clark very difficult to deal with as he is not only slow but stubborn. Before we got through, I lost my temper with him. I asked them to meet with Goss and Myers, and see if they could work something out. Oliphant is afraid that if we go into Mississippi where the banks have been opened on a shoe string that we may be inadvertently instrumental in closing a lot of the banks when we ask them to write down farm mortgages.

July 30, 1933

Today, Sunday, Elinor and I went to Hyde Park to have lunch with the Roosevelts. The Mollinsons and Amelia Earhart and Putnam and a French woman, who were over for a World Conference, were over for lunch. Had two talks with F.D.R. after lunch. Told him about my trip. He said, "I understand Governor Horner has had a tough time and is too easy going." I told him that Horner had realized that he had been soft the first three months, but had changed. F.D.R. said, "That is fine. I am delighted to hear it." I gave F.D.R. two suggestions. One, that in each state there should be an Executive Council headed by the Governor corresponding to the President's Council in Washington. I also suggested that he bring all of the Governors to Washington and spend three days with them, with the President's Council at his side, and make decisions as he went along. He thought very well of both of these suggestions and said that he would talk it over with Ickes. F.D.R. told me as a deep secret that it was absolutely necessary for him to get Moley out of Washington before Hull returned as Hull would kick up such a terrible fuss. F.D.R. said that after Moley was in London two days he started dealing direct with some of the countries which, naturally made Hull furious. He said, "I am thinking of sending Moley to Hawaii to make a study of conditions there, and in this way get him out of the path of Hull." F.D.R. said Moley has done a number of stupid things.

F.D.R. was most complimentary about my work and told me that he heard from all sides that we were doing a good job.

The President said, "I have appointed a Committee of Dean Acheson, Jesse Jones, Governor Black, the Comptroller of the Currency, and you to pass on Government borrowings outside of the Treasury borrowings." (I subsequently learned that the reason for this was because Peek borrowed $30,000,000 from the New York banks to pay us for the 1,000,000 bales of A.C.C.A. cotton.) F.D.R. said, "I have asked Acheson to look into the Home Loan situation as I know it is bad, but Acheson is too bashful and does not want to do it." He said, "I wish you would sort of look into it." I said, "Franklin, there is no use my looking into it unless you have Jim Farley sitting

in this room and the three of us talk over the whole situation. It is all a matter of patronage. Am I right?" The President nodded his head and said, "Yes, you are."

I found the President not looking well. His complexion was rather gray. F.D.R. also said, "Your father did a very good job in London and showed wonderful patience."

August 1, 1933

Tuesday - at 8:30 p.m. I met with the directors of A.C.C.A. I looked over their statement and found that it showed an estimated earning for this coming year of 1½ million dollars. However, their list of salaries showed an increase. After talking it over with my crowd in one corner I went back and made the following statement to them. "It seems to me that inasmuch as the President and the F.C.A., through Congress, has made it possible to keep you people out of bankruptcy, you people should show your appreciation by offering to pay 4% on the $10,000,000 loaned and take 5% in stock in the Central Cooperative. Furthermore, I wish to state that I am against any salary above $25,000 (Creekmore was down for $50,000)." I said, "Gentlemen, you understand what I am asking," and they all laughed and said, "Yes, we understand English." Creekmore then said that they would meet Wednesday morning and let Peck know what decision they had come to. If they do not comply with my request, I have the right to call $5,000,000 of their loan at once, and I am sure they know it.

August 2, 1933

This morning I had breakfast with Senator McAdoo, and for over five minutes he told me that he hated to be bothered with patronage, and then went into a long harangue on how Miss Perkins had appointed somebody, how Harry Hopkins had appointed somebody without consulting him, and how we were appointing people. He said that we were only appointing

Republicans. I think he is lying and I am going to try and prove it. I told him that we were having an investigation made by the engineers of the Department of Agriculture as to the underground water, and pending that report we could not come to any decision in regard to loans on land with underground water conditions. I told him I would come to California the latter part of August or early in September. He said he would advise his people that he met with me and that I was coming to California shortly.

Roosevelt had sent me a note about a complaint that McAdoo had made against our Berkely Bank. I told him that McAdoo had asked me to authorize him to approve all of our appointments in California. I told the President the first time McAdoo telegragraphed me this I avoided answering the question, and when he telegraphed again I had Gaston answer that I had left town. The President chuckled and said, "I thought you were up to some trick like that when McAdoo showed me your telegram." He said, "That is fine. That is just the way to handle him." He said that McAdoo had asked him for some appointments and he was turning him down, but very politely. I told the President I would try to do likewise.

August 14, 1933

Wallace, Peek, Haas and I called on the President at his request. At F.D.R.'s request, I was invited. The question was whether the rule of the Chicago Grain Exchange which expired today should be continued. This rule set a minimum price for all grain for the last fortnight. Wallace stated the case, and then the President argued that possibly we could discontinue all trading in grain futures. Peek was strongly in favor that the minimum price should be continued. Wallace, much to my surprise, agreed with Peek although only one hour previous in my office he told me that he was in favor of discontinuing a minimum price. I told him in front of the President that I could not understand how he changed his mind within an hour. I argued with the President against setting another minimum price, and urged that they let the price vary 5¢ a day. I told him that I thought that the continuation

of a minimum price was a sign of great weakness and that if we set the minimum price on what, why not cotton, lard and all the other basic agricultural products.

I pointed out to him that there was a large short interest in the dollar in Europe, and that it seemed to me the important question was the price of the dollar as it affected all commodities rather than just single out wheat. The President said, "Next week maybe we will set a minimum price on oil and coal." I argued with him that these commodities were produced 365 days a year, and, as Haas pointed out, could be controlled at the source, while this was not true of wheat. I could see that the President had made up his mind that he did wish to continue the minimum price, but I continued to present my side of the case as well as I knew how. Haas chimed in and was very helpful. Finally, the President said, maybe we would do something within a couple of weeks about the price of the dollar." I said, "That will be entirely different." In summing up, Wallace said, "Now, Mr. President, we will let the Chicago Board of Trade know that it is agreeable to us that they continue the minimum price unless the premium for cash grain as compared to the minimum price of futures should separate so widely that there would be no object in continuing the minimum price." The President did not argue well, and you could see that he wanted his way and was willing to use any argument in order to make his point. Wallace, on the other hand, wanted to agree with the President. Peek gave me the impression of sincerely believing in what he was advocating. I came away from the meeting with a very bad taste in my mouth.

August 16, 1933

Lunched with the President for half an hour. Harold Ickes and Moffett, formerly with Standard Oil, talked to the President about the oil code. It seems that they are not at all satisfied with the code drawn up by N.R.A. The President told them that they should prepare a code and have it over by five o'clock. He said, "I will try to memorize it and will present it as though it was my own in order that there should not seem to be a difference of opinion between N.R.A. and

the Interior Department." Moffett told the President that they ought to have a minimum price of 6¢ for gasoline and $1.12 for crude oil. He said if the demand for fuel oil and bunker oil should increase, the price on gasoline could come down.

I told my story to the President about God thinking he was President Roosevelt, and he chuckled for over two minutes. He just loved the story and when Miss LeHand came in he made me tell it all over again to her.

I told him how we were handling St. Louis from a political angle, and that I had gone over the whole situation with O'Mahoney and Hause, and that they were entirely satisfied. The President said, "It is absolutely all right. Yours are financial institutions and you must have men who qualify." I told him that I was going to California and asked him how I ought to handle McAdoo. He said, "McAdoo has been recommending poor people and after I turn down the second or third man that he wanted, I go ahead and appoint whom I want."

He asked me where my business indexes were, and I told him that I did not think he wanted them any more as he got a report once a week from Dr. Sachs of N.R.A. He seemed kind of disappointed that I had not brought them along. He said, "I am not as worried about business conditions as most people are." He said everything is going along fine with the exception of the price of wheat and corn. He said, "It is too bad that it looks as though these prices would be low during the harvesting period and then would rebound after the farmer had sold the bulk of his crop." He said it was all right about removing the minimum price on wheat because we had nothing to do with it and the exchange made the decision themselves. I felt that from the manner in which he said this that this was a concession to my opinion.

I drew his attention to the fact that sterling was down to 4.41-3/4. I said, "What about it?" He said that he would like to buy in the open market gold for the Treasury at 29¢ an ounce. He said, "I think that this would do the trick, but I do not know how it can be done." I said, "Whose idea is that?" and he said, "Mine." He was most friendly with me.

I showed him Speaker Rainey's letter complaining about my putting Wood Netherland in as General Agent, and after I explained the situation to him he said, "That is all right. Prepare a nice letter for me to sign in answer to Speaker Rainey." I asked him whether I could have Steve Early call up Edgar Hoover of the Justice Department and have him put the Secret Service on to an investigation of the source back of the New York milk strike. The President gave me his okay.

I found him in excellent shape, fit as a fiddle and feeling that he was thoroughly enjoying his job. He told me that this morning he had had an hour with Taylor, President of the U.S. Steel, and Charlie Schwab whom he said, by the way, "I know intimately from the war days." He said, "I scared them the way they never have been frightened before and I told Schwab he better not pay any more million dollar bonuses to their President, Mr. Grace."

I was particularly pleased with this interview because I got complete approval from the President of my method of selecting and appointing officials for the new regional F.C. set-up. I told the President that Senator Trammell of Florida was bringing all kinds of pressure to bear on us to continue to make seed and crop loans this fall in Florida. I told the President that I had assured Congress that we would discontinue seed and crop loans and I felt that now was the time to do it. He said, "Senator Trammell has been trying to see me and I have refused to see him." He said, "You can tell Senator Trammell that I, the President, say that you should stop making seed and crop loans."

I told the President that I saw Bogdonov and that he wanted to buy $75,000,000 of raw materials. The President said, "I saw Jesse Jones this morning who spoke to me about a proposal of selling the Russians $50,000,000 worth of machinery. Is this the same deal?" I said, "No." He said, "Well, you can tell Jesse Jones that over the next few months I would set a limit of $100,000,000 on what we sell Russia," and he said as an offhand suggestion he would sell them half machinery and half raw materials, and ask for a 15-20% down-payment.

September 26, 1933

Lunched with the President and Frances Perkins. The President had seen a committee of farm leaders composed of Ed O'Neil, Huff, Ewing of the National Livestock and three or four others. They left a statement with him, a copy of which they subsequently gave me. The President pointed out that before the 4th of March we had consulted with this group, and that since then Wallace and I had appointed a considerable number of farm leaders and thought it would be good business to continue to consult the farm leaders who had not received appointments, and in this way try and keep them from becoming jealous. (I think that this is a very good point that the President made.)

Frances Perkins then cornered the conversation and said, "I have to say this in front of Henry, but I hope he will keep it a secret." I assured her that I would. She then went into a long tirade against General Johnson. She pointed out that he had an inferiority complex and that he appointed only third rate people; that she found it very difficult to work with him because she would ask him to do something and then find later that he had gone ahead and done it in a different way. She said she found it necessary to send her own agent over to his shop to follow through certain mimeographed instructions that she wanted to have gotten out. She said that Johnson was going ahead and is setting up his permanent organization, although he assured them that he had not. She said that he needed a dozen first rate deputies to work on codes. The President said, "Did you keep Johnson's secretary, Miss Robinson, from flying with him to review the New York parade?" Miss Perkins said, "That is a good example. Before you can say Jack Robin, they were both in the air on their way to N.Y."

The President listened sympathetically to Miss Perkins' criticisms. She said to the President, "You know that you signed an executive order taking out the labor provisions from the oil code." The President said, "I am sure you are wrong." Miss Perkins said, "Oh, no. You signed it and the labor provisions are out and that is just the kind of thing that Johnson is doing all the time." She said, "You get the feeling that the whole N.R.A. is being run with some deep plot and conspiracy." The President said, "Well, Richberg is doing

well," and Miss Perkins said, "Oh, no. He is not. In fact, you never hear or see Richberg over there." Miss Perkins said that if Johnson had handled the Ford matter better, she felt confident that Ford would have come into the N.R.A. She said that the thing Ford objected to was having to give out facts and figures as to his profits because he did not want his competitors to know, but he would have come along on everything else. Miss Perkins left, and then I had 15 or 20 minutes with the President.

I spoke to him about appraising land on the basis of future value of crops as per his note to Senator Murphy of Iowa. The President said, "I fixed the minimum price of cotton. Can't you adjust your appraisal on that basis?" I told him that it would be difficult to know what land would be worth 33 years from now and that we were doing everything possible to be liberal in our appraisals, but that when he got back I wanted to sit down with him and Wallace and Goss and discuss the whole proposition. I showed him how we were increasing each week the number of our loans closed, and he seemed interested and pleased. I told him that if our bonds were guaranteed as to principal and interest and we no longer had to worry about the investing public, we could greatly liberalize our appraisals.

Russia - I asked the President whether in view of all the publicity whether he wished me to go ahead and make any loans to Russia. He did exactly what he did two weeks before. He threw it back in my lap and said, "What do you recommend?" I said, "I think we ought to decide what would be most helpful for the U.S. to sell to Russia rather than try and finance them in buying what they need the most." He said, "What would you think of bringing this whole Russian question into our front parlor instead of back in the kitchen?" I said, "That is fine if you want to do it, but that is up to you."
He said, "Well, I have got a plan in mind," and I said, "What is it?" He replied, "Well, it will take me at least ten minutes to explain and we haven't the time now." He said, "However, send for Skvirsky and tell him that we have the whole Russian question under consideration and that the delay in no way is prejudicial." We had a lot of fun laughing over his mispronouncing of the name Skvirsky, and he insisted on inserting the letter "m", and we both had a good laugh over it.

I told him that I was taking up Tuesday with the Secretary of the Treasury the question of their buying and selling our securities and making them a part of the open market operations. This did not particularly interest him.

I gave him the letter showing that we impounded another two million dollars, making a total of four million dollars impounded out of the appropriation of forty-four million that Congress provided with which to buy cotton and wheat for the Red Cross. This seemed to please him very much. I used this as an opportunity to suggest that they buy one million bales of cotton and one hundred million bales of wheat for the unemployed this winter. He replied rather sharply that the machinery had been set up to do this. (I question this as they have only provided seventy-five million dollars, and that will not go very far.)

I asked him if we were going on this cruise with him on the weekend of October 9th, and he said that they had something to do that Saturday so it might only be for Sunday. He told me that he is going to Chicago Monday to address the Legion Convention which will certainly be a surprise to everybody as so far nobody knows it. He is going to spend half a day at the World's Fair and then return via Detroit, and he is going to invite Henry Ford to ride with him from Chicago to Detroit.

He asked me two or three times where my business charts were. He was particularly interested in the one that shows that for the first time in four or five years our imports exceeded our exports. He said, "This is fine. This is fine. I hope it continues that way and only more so." I said to him, "What did Dr. Warren tell you?" He said, "Well, he wants me to come out with an announcement. The Attorney General has advised me that I cannot buy gold." He said, "I would love to be able to do that. If I can't do that, I may have to change the number of grains of gold in the dollar." I said, "Well, my people think you can buy gold." He said, "If you could, please let me know because I certainly would love to be able to do it."

9-26-33

During the course of the conversation he said, "I never see Henry Wallace but that I ask him how his pig birth control campaign is coming along."

I didn't have time to bring up the fact that he had announced that I was to finance the cotton farmer in advancing him to the extent of 10¢ a lb. on his cotton.

I said to the President, "Frances Perkins tells me that you are going to have a coordinator for credit agencies." He said, "That is right." I said, "Well, I hope it is not going to be Lew Douglas." He said, "I can assure you that it is not." I said, "We have gotten along very well with the committee headed by Acheson and I think it would be unfortunate to bring in an extra person." I subsequently learned from Henry Wallace that the President has a definite person in mind - some New York banker.

Walked down with Henry Wallace today. He said two things of interest - one, that if we had not had the bulge in prices last July he felt that the farmer would have been feeling pretty good today. Second thing he said was that we must keep prices down for the next three months in order to complete our program of acreage reduction. He said, "If prices should go up it will make it impossible for us to complete our program." He also said that for the long-time program we must get into land utilization and permanently take out of production marginal land.

September 27, 1933

Lunched with Bullitt, special assistant Secretary of State. He informed me that he is handling the Russian matter for the State Department and I, therefore, talked very frankly to him. I hope my doing so was all right. Bullitt tells me that negotiations with Russia are far more important than just lending them some money with which they can buy goods. He says they are absolutely broke and that they cannot meet their payments this year, although their total payments which they owe the world do not exceed four hundred fifty million dollars; that there is a 50% chance that Japan will attack

Russia in the Russian Maritime Provinces; that it means everything to Russia to negotiate this loan with the U.S.A. as their only source of credit at present is Germany, and on account of Hitler's stand towards the Russians they are naturally anxious to break off relations with Germany. Furthermore, if they could negotiate a loan from us the Japanese would naturally draw the inference that we would loan Russia money with which to buy airplanes and other war materials. In negotiating previous loans with Germany, Russia practically pledged them their eye teeth. He pointed out the fact, which I already knew, that there are Russian credits in Germany to the extent of five or six million dollars which American bankers might be able to get transferred to this country as an offset to what Germany owes us, and through American bankers do business with Russia direct without the R.F.C. loaning them a nickel. He says that there are a great number of things that the State Department wants to see put into the contract such as that the Russian Soviet Government will guarantee that the Third International will not engage in propaganda in this country; that American ships are given protection in Russian ports. He pointed out that the Hoover Administration had put in the Legations adjoining Russia some of our very strongest men and they have been collecting for years material in case we should recognize Russia. He pointed out that Japan was a serious menace to the U.S., and would have to be watched very closely; that the staff of the State Department were anti-Russian and anti-recognition but that he personally had been for the recognition of Russia for a long time.

He almost swept me off my feet when he said, "Do you know whether the President gave out this morning his statement in regard to Russia?" I did not let on that I did not know what he was talking about, but during the course of the conversation I gathered what the President had in mind was something that he talked to me about some weeks ago - that he would address a letter directly to the President of the Soviet Republic, and invite him to send representatives over here to discuss recognition in Washington. Bullitt pointed out that if Russia accepted they would have to conclude trade agreements with us because if they were unsuccessful in the eyes of the world all doors would be closed to them for credit. I pointed out to people in my own official family that I wanted to go very cautiously in regard to Russia because I would wake up some morning to find that the President had recognized Russia or taken steps towards this.

It seems that the State Dept. was very much disturbed by Jesse Jones' statement in New York last week that he was ready to loan fifty to seventy-five million dollars to Russia, and Bullitt claims that he has seen a copy of a telegram that the Russians sent home in which they stated that they had refused Jesse Jones' offer. Bullitt furthermore intimated that it was the White House which gave out this statement that I was in charge of Russian matters in order to offset Jesse Jones' statement and to let the world know that I was in charge and not J.J. Forbes Morgan also told me last night that he understood that it was the W.H. that had the statement given out that I was in charge of Russia in order to sit on the lid.

Interview with Louis Howe. Saw Louis Howe and talked to him about Russia and he seemed perfectly satisfied. I then spoke to him about having the new coordinator of Federal Credits, Henry Bruere, assistant to Woodin rather than being placed under Lew Douglas. At first Louis did not warm up to my arguments at all. He said it was good organization to have Bruere under Douglas, but I finally convinced him sufficiently that he said, "You should see the President yourself. You do not need anybody else to talk for you, and you can tell him that I think Bruere should be under nobody but be directly responsible to the President." As I left he said, "Henry, when you have been in the Government service as long as I have you will recognize that coordinators come and coordinators go, and that furthermore sometimes it is good business to place so much work on a man that he cannot handle any of it."

October 1, 1933

Called on the President at Hyde Park and showed him a long-hand memo by Herman Oliphant suggesting various ways that the President might, through an Executive Order, have a free gold market in this country. He read the whole memo very carefully. When he got through he said, "I have a method of my own to break the law which I think is much simpler." He said, "I think we can form a separate corporation under the R.F.C. and let this corporation buy the gold and put it up as collateral against money loaned to it by the Treasury."

While we were discussing this, Henry Wallace called up and spoke to him about advancing of money to the cotton growers up to 10¢ a lb. The President suggested loaning them the money at 4%. I could not tell from watching his face whether he approved of what Wallace was saying but he looked over at me and had a naughty twinkle in his eye as much as to say, "Well, I am putting something over on you, Henry," and I am afraid he is because it seems that Wallace has run into a jam over the legal details with the R.F.C. He then put Oscar Johnston on the phone who talked to the President and then to me, and Johnston wanted a decision right away. I spoke to him again at two o'clock from the farm, and told him that I did not want to come to a decision without talking to Oliphant first and suggested that all of us get together Monday morning. He thought this was a good idea. I told him that if there was no other possible way of loaning this money we would do it.

I spoke to the President about Russia and Bullitt. I told him that Bullitt had had me for lunch and had pumped me about Russia. The President said rather excitedly, "Bullitt has absolutely no right to do that. He should work through the Secretary of State and not go over his head the way Moley used to." The President said, "The Secretary of State has brought me three different suggestions for a message to Russia and possibly Bullitt assisted in drafting these." I told the President what I said to Skvirsky and he said I had handled it absolutely right. I found the President in extremely good humor and looking very well.

The same evening Elinor and I went to Nancy Cook's for a picnic where the President, Mrs. Roosevelt and all the newspaper boys were. I spoke to the President for a minute and asked him if I went ahead with this cotton deal had I not better speak to the Secretary of the Treasury about it as it would involve so much money, and in a joking, sarcastic manner, he said, "Yes, I suppose it would be just as good to advise the Secretary of the Treasury."

When I saw Miss LeHand before seeing the President, she said, "I gave the President your message about Henry Bruere and Douglas, and he told me that Bruere is not going to be under Douglas." On seeing the President I said to him, "I hope you are not going to put Bruere under Douglas." He said, "No, I am not. He is far too big to be under Douglas. He is going to be directly under me;"and he further said, "I suppose I will make him a special assistant to the Secretary of the Treasury." I said to him, "Well I am glad to see you have Henry Bruere because I think it will take a lot off your shoulders, but I suppose what you are doing is to parallel Woodin," and he nodded his head, meaning yes. I questioned him quite closely as to whether or not he really meant that he was not going to put Bruere under Douglas and I think he was telling me what he really had in his mind.

Jesse Jones called in person to see me at the Savoy Plaza, and told me that at the beginning of the week he had been of the opinion that this cotton deal should be financed through the R.A.C.C., but recently it has been brought to his attention that by putting this kind of business through the R.A.C.C. it would ruin its credit and also possibly the market of Intermediate Credit Debentures. He, therefore, decided that it was a mistake. (I wonder who sold him this idea.) Most likely Oliphant did through Stanley Reed. He said, "I told Woodin who told the President at one o'clock today that he, Jones, believed that a separate corporation should be set up which would in a way guarantee the private banks against loss on this cotton deal, and that this whole deal should be put through private banks."

He said, "Is it all right if I come to Washington Tuesday because I am very anxious to get the New York banks to take preferred stock of the R.F.C. They are so strong that nobody could question their taking stock and it would offset our having to loan $50,000,000 to the Commercial and Continental Bank of Chicago?"

I then told him that the President wanted me to work with him on gold. After a little while he told me that the Attorney General has just advised them that they could buy gold through a corporation like the suggested cotton corporation, and that is one of the reasons why I believe that Jones has swung away from the idea of having the R.A.C.C. do it and is now in favor of having a cotton corporation created which at the same time could handle the gold matter.

I sounded Jones out to see how he felt about Bruere's coming down and you could see that he does not like it at all. He said, "If the President had made either you or me chairman of this committee we could get results as we know what it is all about." Jesse said, "I told the President that bringing Bruere would only slow matters up." As Jones left, I said, "Well, Jesse, we always got along well together," and he said, "Yes, if people always deal their cards face up and never are devious in their ways, they can always get along." I had difficulty in keeping a straight face because there are two things that Jones fails to do - one, is to deal cards face up and the other is not to be devious.

October 5, 1933

Jesse Jones, Henry Wallace and I called on the President. Jesse Jones arranged the meeting. The President said, "I have a memo from McIntyre saying that none of you wish to handle this cotton deal. I understand that you wish to form another corporation, and it seems to me that we have enough agencies in existence." (Henry Bruere was present.) The President was quite positive and a little bit excited in his statements. I came right back at him rather hard and told him why I thought that we should not be asked to do this. He again said that he did not want any more new agencies created. Jesse Jones then asked him whether he would not read a statement which they had prepared to give out. When he was half way through this statement he stopped and said, "Why wouldn't this corporation be the one that the Secretary of the Treasury said we must have if we are going to buy and sell gold and silver? Let us call this a Commodity Corporation rather than a Cotton Corporation." After some more general discussion, we got up to go and somebody said, "Well, then it is settled," and he said, "No, I want the Attorney General to pass on this first."

I told them that Oliphant and Reed had been working on the question of how the government could buy gold and that we were ready to report. I had a minute with him alone and I said, "Did you see in the Whirligig that Moley is going to make a vicious attack on me?" The President said two or three times rather emphatically, "I don't believe it is so."

October 16, 1933

At 10:10 tonight the President telephoned me at my home and said, "We have got to do something about the price of wheat." He said, "Can't you buy 25 million bushels for Harry Hopkins and see if you can't put the price up?" The President was worried and angry at the interpretation the people were giving to the sale of new government issues.

I called up Harry Hopkins' home and Mrs. Hopkins answered and she told me that he was down at the Department of Agriculture. I got both Wallace and Hopkins there, and they said they would come up to see me. It is rather interesting that the President called me first and Wallace second on this matter. I sent for Frank Peck.

After they arrived it took Hopkins only a couple of minutes to say that he could use 30 million bushels and I said, "Fine." Wallace wanted to know how we were going to do it, and I told him I would lend the money to the Farmers National, and they would buy it for us.

October 17, 1933

Early this morning I got in touch with Milnor and told him to be prepared to act. I got the President on the wire at 8:45 and he said, "Are you ready to go?" and I said, "Yes." He said, "Tell me how," and I did. He said, "That is simply fine," and said, "I want you to hold everything until I have spoken to Will Woodin."

I got the President again about ten o'clock and he said, "Woodin is delighted." He said, "Last Saturday I finally succeeded in selling Will Woodin on the importance of keeping up the price of commodities." At 10:30 the staff and I sat down with phones and, on the advice of Milnor, I put in an order to buy 1 million bushels at the opening. We got this million between 72 and 74¢. I guess it was mighty good that we bought this because we subsequently learned that if we had not the market most likely would have broken to the low limit which for that day was 64-7/8¢.

Harry Hopkins sat with me for the first half hour. He was very much interested and wanted to see how the thing was done. We put in a stop order of 1 million bushels at 74-1/8¢ and the market broke through that and hit the low of 68¢. I was a pretty sick boy when this happened. It seemed to me as though I was trying to hold up not only the commodity markets of the world but also the stock market as everything was sagging.

About eleven o'clock I gave orders to buy up all the cash wheat that was offered that day. This seemed to do the trick. We got 103 cars and the price began to go up a little bit. Milnor began to urge me to give out a statement that I was buying wheat. Gaston argued very hard against my doing so. I finally said to Gaston, "On my own responsibility I have decided to give out a statement. Please call up the Wall Street Journal first and have them put it on the ticker, and then give it to the AP, UP and the International News." Well, the publicity proved to be the right thing. Wheat began to climb and the stock market followed, and finally wheat went up to the ceiling which for the day was 74-7/8 and the stock market also rallied and followed wheat.

We accomplished what the President wanted, and I felt that this was one of the big moments of my life. I let the President know around noon how things were going, and I told him that the firm of Hopkins and Morgenthau were in the wheat business. I said I would be glad to have him in and give him one quarter interest. He said, "Make it one-third." He said, "Squeeze the life out of the shorts and put the price up just as far as you can." He said this with fight in his tone of voice.

October 18, 1933

The market opened around 76¢ and held through most of the day. We continued to buy all the cash wheat that was offered and got (x) number of cars and about 8 minutes before the market closing, I decided to buy one million bushels, and I succeeded in getting the price up 2¢. As the wheat exchange closed at 2:15, and stocks were off about 3 points, I hoped to be able to influence the stock market, but I was not very successful. The President called me on his own initiative about 2:45 and wanted to know what had happened and I told him and he was delighted. He said, "Will Woodin wants to know why you cannot sell some wheat and in that way keep from accumulating too much." I said, "Mr. President, I think Mr. Woodin is wrong and that I might be severely criticized if I sold any wheat and I do not think I should do it." He said, "You are right. Don't do it."

About eleven o'clock Dean Acheson called me up on the telephone. He said, "I am very anxious to talk to you about buying and selling gold." I said, "What is the trouble?" He said, "How can we go into a gold buying proposition now when we are just completing the sale of new government securities? We will be accused of bad feeling with the public." I said, "Well,didn't you cross that bridge and didn't you think it out a couple of weeks ago?" and he said, "Now, Henry, you know we don't think anything out more than one day in advance." He asked, "Could we not put this off for a while?" and I said, "I don't think so. It seems to me that it is one of the two or three most important things to be accomplished in this town." He said, "Well, it is a question of clearing up the legal status now and I am going to try and see Homer Cummings before three o'clock, but after three I have to see the British." I said, "Have you got our legal memo?" and he said, "Why, yes. The President gave it to me last night and told me I have to go ahead and buy gold. " He said, "That is what is worrying me," so I said, "I will drop anything that I am doing any time you want to see me to discuss this matter." He said, "Fine. You will hear from me after I have seen Homer Cummings."

Had lunch with the President on the 9th. He outlined to me very carefully what I should do with Skvirsky, and inasmuch as I am dictating this ten days later, I will simply subsequently tell what happened and not as we acted the play out just the way the President told me at lunch on the 9th that he wanted it.

Tuesday night at 7:30 Bullitt called me up and told me that the President had finally told him to go ahead with the draft of the letter to Kalinin, which had been drafted by the President himself. After great difficulty, I located Mr. Skvirsky in New York through his secretary and asked him to be at my office Wednesday morning at 10:30. He arrived and I said to him, "Mr. Skvirsky, several weeks ago I told you that for the time being all negotiations were off pending consideration by the White House. You asked me if this was a friendly move and I said yes. I will now give it to you. In about five minutes Bullitt from the State Department will come here with a piece of paper unsigned and will show it to you." His face lit up with a big smile. Bullitt made his entry on the stage as arranged by the President himself, sat down, and said to Skvirsky, "I have a piece of paper in my hand unsigned. This document can be made into a invitation for your country to send representatives over here to discuss relationship between our two countries. We wish you to telegraph the contents of this piece of paper by your most confidential code, and learn if it is acceptable to your people. If it is acceptable, will you have your people send a draft of an answer to us and we will let you know in turn if this proposed draft will be acceptable to the President. If both drafts are acceptable, the President will sign this piece of paper, and both letters can be released simultaneously from Moscow and Washington. If they are not acceptable, will you give me your word of honor that there never will be any publicity in regard to this proposed change of letters and that the whole matter will be kept a secret?" Mr. Skvirsky assured Bullitt that that would be the case. He then said, "Does this mean recognition?" and Bullitt parried with an answer by saying, "What more can you expect than to have your representative sit down with the President of the United States?"

October 19, 1933

This morning, Thursday, I went to the White House, and the President told me that the night before they had received final word from Russia that his letter was acceptable, and he had accepted their draft of the letter to him, and that he would release both of them the following day, Friday, October 20th, at the four o'clock press conference. He seemed very much pleased about it.

I am dictating this four or five days later, but it must have been at this conference that he started me going to find out whether or not he could buy or sell gold. As a matter of fact, it was at this conference that he explained to me in great detail how he could buy silver and I must have told him that we found a new way for him to buy gold. It was either this morning or earlier in the week that I had given him Herman Oliphant's memorandum on how he could buy gold and, to the best of my recollection, it was at this conference that he told me that the Treasury people told him that it could not be done. I was quite positive that it could be done.

About 11:30 Dean Acheson telephoned me, and I went over to see him with Oliphant, and we talked for about an hour. Acheson said what this Treasury needs is a healthy secretary. Acheson said, "I have no control over my subordinates and my position is impossible." Acheson argued with Oliphant at great length maintaining that Oliphant's method of buying gold was illegal. I must have said to Acheson, "Why don't we get together with the President and the Attorney General, and have this matter out?"

I called up the President and asked him when he would see us. He said at 20 minutes to two. He said that was a good time because Homer Cummings was having lunch with him. "Come on over," he said. Oliphant, Stanley Reed, and Acheson and I called on the President at this time, and we had a lengthy discussion which got nowheres. While we were talking, they announced Henry Bruere, and the President said, "Let him come in and sit in on this," which he did. After they had been talking for some time, the President turned to me and said, "What do you suggest, Henry?"and I said I would lock into a room all the lawyers who have ideas on this subject and tell them that they

must come to a decision this afternoon. He said, "That is fine. Let them go over to the Attorney General's office and do it," and they did. I asked Oliphant to let me know, but he did not.

Friday morning about eight o'clock I called up Stanley Reed and asked him what had happened, and he told me that they had come to an agreement that the R.F.C. could do it, and they were going to have a board meeting at eleven o'clock and pass a resolution. I went to the White House at 9 o'clock, and with Warren met the President.

I told the President what had happened, and asked him whether he would not like me to follow the thing through for him that day, especially because Acheson was fighting it continuously. He said, "Fine, do that." Before leaving the President's room, I told him how Acheson was doing everything to stop it, and he said, "I will send for him and talk to him before he goes to the meeting of the R.F.C.," and he did.

I took Warren and Oliphant with me to the Board meeting, and it really was embarrassing because they were so obsequious. Dean Acheson arrived a little late, but scarlet and looking like a thunder cloud. He said, "Gentlemen, I have just come from the President. You know that I am opposed to our buying gold. The President has ordered me to do it. I will carry out his orders." They read him the resolution and he said, "I will vote for it." The Board did not have the slightest idea what they were voting for from the questions that they asked Warren later on. They were all scared to death not to do what the President wished because they realized that I was there watching them for the President. Then the Board and Acheson said, "Of course, we have to get the Attorney General to rule on this," and Acheson wanted to stall, and I said, "No, let us go over and see the Attorney General now and try to get him to give us a ruling now."

I called up Homer Cummings and he said, "Sure, come on over now." Acheson, Oliphant and I went over and we stayed there until 1:45 rewriting and perfecting the resolution of the R.F.C. - this resolution making it possible for the R.F.C. to buy gold. Cummings called up the President about 10 to 2, and told him that we were through, and as this was Cabinet day, he said to be over at 3:30 and he would go over it with us. So we all piled

over there and he saw us about 3:45. The President and Acheson almost came to blows because Acheson wanted to insist that the President write him a personal letter as a protection to Acheson against personal risk. This made the President very angry. We all piled out at four o'clock, and passed about 100 newspaper men and women on the way who were waiting to see the President, and have him announce his Russian story.

October 22, 1933

This morning, Sunday, at 11 o'clock Oliphant, Warren and I went to the White House to work with the President on his radio speech for that night. In addition to ourselves there were Wallace, Harry Hopkins, Ray Moley, Prof. Rogers, Michaelson, Louis Howe and Henry Bruere. We discussed the pros and cons for buying gold until about five minutes to one. While the discussion was on, I slipped out and asked Eleanor Roosevelt whether I could see her husband for a few minutes. She arranged it and I did see him in his bedroom. I told him that while I considered the question of a monetary policy of the greatest importance that his program for opening banks and getting the banks ready to come under the deposit guarantee on January 1st was not functioning and that he ought to look into it himself. The President seemed to think that these two programs were functioning.

I took Warren, Oliphant and Rogers home for lunch. During lunch hour, Moley and Henry Bruere worked on the speech in the Executive Office of the White House. We all came back after lunch and sat around for about a half hour doing more arguing. Then the President said, "If you will excuse me, I will begin to dictate," and as far as I could tell the only two people who stayed behind were Moley and Michaelson. I asked him if I could see him later about the administrative end of buying gold, and he said, "sure, come back at tea-time." I did, and I got in just in time to hear him read his final draft of his radio speech. Very few changes were made. Everybody left, and I had half hour chat with him. I then went back to the White House for supper alone, Elinor being sick, and stayed and heard him give his address over the air.

October 23, 1933

This morning, Monday, I went to see the President at 9:45 and met Acheson there. Found that they were not sure as to who would make the profit on the gold in the Federal Reserve System, and I recommended that they postpone for twenty-four hours the buying of gold until we knew for sure who would get that profit.

Oliphant and Stanley Reed met that morning at Acheson's office, and worked on this until about 12:45 when Acheson phoned me and told me that they had arrived at a unanimous agreement that any subsequent action that they might take in regard to the purchase of gold would not affect the gold now held in the Federal Reserve.

I then moved into the Cabinet room, having arranged the night before to have a telephone put in there. I took along with me Mrs. Klotz, George C. Haas and Warren. Our job was to keep in touch with the market and see what happens. I arranged to talk to Hogate, head of the Wall Street Journal, to get our market reports direct. I suggested to the President that when he came down to his office that he pass through his Cabinet room so that we could tell him what had been happening. He did this, and must have spent about half hour with us. We were talking about the markets and also going over his telegrams of congratulations. He was in a grand humor and sometime during the day he said, "I have had shackles on my hands for months now, and I feel for the first time as though I had thrown them off." He noticed that public utilities were not going up and he said, "That is fine. They should not." I had asked him the night before whether he thought it was all right for me to buy some stocks at Monday's opening. He said, "I have been thinking about that for myself. I have $23,000 in the bank, but I have decided that I better not do it." I said, "That is enough for me. I will not do it either."

I had lunch with him and again showed him how the markets were going, and again he was delighted. I told him at lunch that Bullitt was crowding me to organize American business into a semi-government corporation that could deal exclusively with Russia. I told him that my instinct told me that this was not the right thing to do. He said, "You are absolutely

right. I want to keep these Russian negotiations on a high plane, and it will be time enough to talk about business after we have come to every other decision."

The President is beginning to have a cold, and he said he was going to see the doctor to have a treatment. Again he stopped in the Cabinet room on his way back from the treatment, and most of the time was just jollying and joking with us. I do not know when I have seen him in such high spirits. As a matter of fact, everybody around the White House was most jovial. After three o'clock, we packed up our papers and trooped home, having had a most exciting and thrilling day.

October 24, 1933

Tuesday morning I was at the White House with Warren at 9:30 and again met Acheson there and found that they had not worked out a plan as to whether they should buy gold through the C.C.C. or in exchange for R.F.C. debentures. Again I made the suggestion to the President that he postpone it 24 hours, but to give out a statement that he definitely would begin to buy gold on Wednesday morning. This was done.

We then again went back to the Cabinet room, but because the President's cold was worse, he stayed in bed all day. I visited him at 11:30, 1:45, and 4 showing him the market sheet each time, and at various times stayed and chatted with him. At my 11:30 trip, William Phillips was with him, and at the four o'clock, Farley. I thought I was through for the night when at 6:30 Governor Herring called me and said, "I do not know what is going to happen tonight. There are so many pickets out on the road, and I am afraid you are the only man I know who could get word to the President, and I wish you would tell him that Milo Reno wrote the White House on September 27th, and is sore that he never got an answer." (It so happens that that evening I signed a letter to Milo Reno answering his letter to the President, it having been delayed in the White House all that time.) I told him that I would let him hear from me within an hour.

MEMORANDUM

October 27, 1933.

To: Mr. Morgenthau

From: Mr. Wells

CASH WHEAT PURCHASED

October

Kansas City	7 cars
Enid	4 "
Omaha	6 "
Buffalo	3 "
St. Louis	7 "
Minneapolis	5 "
Chicago	3 "
	35 cars

Slight correction may be necessary on mail confirmation.

Estimated bushels: 52,500.

I called up Eleanor Roosevelt and said, "I would like to come down and see the President about Iowa." She said, "Come right along." I got there about ten minutes to seven. I never left until 8:15 although I got up three or four times to leave. He had his supper while I sat there. He and I each had two cocktails apiece. This is what I needed very badly.

I told him that Governor Herring said that he was trying to keep the Governor of North Dakota and South Dakota and Minnesota from calling a governors' conference as he thought the results would be unfriendly to the President. I advised the President to tell Herring to go ahead and hold the governors' conference as I felt it was about time that some of these governors took some of the responsibilities and did not always look to Washington. The President agreed with me. After considerable delay, he got Herring and while I could only hear one end of the conversation, evidently Herring was much less excited in talking to the President than he had been when he talked to me.

After I got back about ten o'clock, McIntyre called me and evidently Steve Early was standing next to him. McIntyre said, "Just what did you tell Jesse Jones about who should represent the R.F.C. Wednesday morning at the Treasury?" I told him that Steve Early had told Jones that he wanted a committee to represent the R.F.C. McIntyre said, "Well, Harvey Crouch called me up and seems peeved that he is not going to be present." I called up McIntyre 15 minutes later at room 756, the Mayflower, which seems to be McIntyre's private hangout, and asked him what had happened. He said he could not reach Jesse Jones because he was up at the British Embassy for dinner.

October 25, 1933

On arrival at my office this morning at ten to nine, Jones called me and said, "What is this all about my taking a committee to the White House?" so I told him just what had happened, and he said, "What do you advise me to do?" I said, "I would take the whole R.F.C. Committee for the first time to the Treasury." He said, "All right. Will you ask the

President when you see him at 9:15 whether those are his final orders and let me know?" and I said that I would.

At 9:05 Cameron, Manager of the Foreign Department of the Federal Reserve in New York, called me up and told me that the gold price, based on London, after deducting expenses, was 31.02, and in Paris, 31.09. Paris being higher, we would use the Paris price as a basis.

We had hardly gotten in the President's bedroom when who should walk in but Jesse Jones. You could have knocked me over with a feather. I subsequently learned from the President that Jesse had called up at nine o'clock, and said he wanted to see the President, and he said, "Come on over," and that is how he got there.

We talked a few minutes and the President said, "Let's make it 31.35," and I said, "No. Let's make it 31.36 or 27¢ above the French price." He said, "All right, we will make it 31.36." and I have the satisfaction of knowing that I set the price and that the President accepted it.

I then said, "You will remember that you said you would write a chit to Dean Acheson telling him what the price would be." He took pencil and paper and wrote out a note addressed to the Chairman of the R.F.C. and the Secretary of the Treasury and said, as nearly as I can remember it, "I suggest that you buy gold today at 31.36."

Jesse Jones and I then walked over to Acheson's office, and found a big crowd of newspaper men outside of Acheson's office. I handed the slip to Acheson and he said, "Mr. Woodin wants to run this himself." He got Woodin on the wire and had a meaningless conversation with him for five minutes. Woodin evidently argued that inasmuch as the price in London had gone up so much that we do nothing.

(The Treasury crowd certainly died here.)

Jesse Jones then said, "What should we do?" Acheson said, "Well, that is up to you, Jones, to make a statement." Then Acheson dictated a statement which Jones took down in long-hand. It was about eight minutes to ten, and I said, "We have to give out a statement before ten o'clock." They

called in a stenographer and Jones dictated what he had written down to the stenographer. I then again said, "We will have to give this statement out now."

Jones and Acheson should have been ready with a formal statement, but as usual they had procrastinated until the last minute. The press was then invited in, and Jones read his statement from his longhand notes in an uncertain manner, and as soon as he came to the price most of the reporters dashed out of the room only leaving a handful. One of the reporters came up to Acheson and said, "Can we now take your pictures?" and Acheson said in a very, very disagreeable voice, "I thought I told you once and for all - no."

Acheson asked where I would be, and I said that I would not be at the Cabinet room today but over at my office, and he said, "Why don't you move into Mr. Woodin's office?" I looked him right in the eye and said, "Dean, you may or may not believe it, but I live each day for itself and let the future take care of itself. I am neither a schemer nor a plotter." I got up to go, and Jesse Jones rose to his feet as though I was his superior and said, "What other orders have you, boss?" and I was terribly embarrassed and said, "Don't do that to me, Jesse."

When I was with the President at 1:45, we got talking about Henry Wallace for the first time, and I said to him, "Franklin, when Wallace gives these long economic talks, do you understand what he is talking about?"and he shook his head and said, "Absolutely not." I said, "Elinor said the other day that if somebody reads the statement to an intelligent group and they cannot understand it, the chances are that the person who is reading it does not understand it himself." Franklin said, "That is very true." He said, "But I told you what happened the other day at Cabinet." He said that Wallace read a two-page statement, each sentence ending in a question mark. When he got through, the President said, "That is very nice, Henry. Now suppose you write the answer to all your own questions," and he said that everybody in the Cabinet room roared with laughter.

The President said that Henry Wallace seems to have the kind of mind that is always questioning everything. I said, "That is not a very helpful kind of mind to have in these times." The President said, "No. We need the kind of mind that gets

action." He then turned to me and said, "What do you suppose Henry Wallace was over here for this morning?" and I said, "I do not know." He said, "Well, he was over here in regard to Russian recognition." I asked, "What is Henry Wallace interested in this for," and he said, "Religiously." He said that Wallace is a kind of mystic, and I said, "What do you mean by that?" and he said, "Maybe I mean he is an agnostic." He added, "Anyway, Henry Wallace is very much worried about our recognizing Russia on account of the religious effect it will have in this country."

This is the first time that I have ever discussed Henry Wallace with the President, and I was surprised that he was ready to discuss him so freely.

The President said Litvinoff arrives on November 4th.

Saw Colonel Cooper today.

October 26, 1933

Called on the President at 9:15 with Warren, and found Jesse Jones ahead of us. The English gold was up 17¢, and he asked me what I thought. I suggested making it 31.60, or up 24¢, and he said, "No, I had a brain-storm this morning, and I think it should be 31.54," so of course we made it that.

Jesse and I then walked over to Acheson's office, and Acheson was calmer this morning and had his statements all mineographed with just a blank space for the amount we were going to pay for the dollar. We filled these in ourselves, and then sent them down to his press room. In other words, this morning it was done in an orderly manner as against confusion yesterday.

I asked Acheson how much gold we had bought yesterday, and he said, "None because I sent the Executive Order over yesterday noon to the White House and the President has not signed it yet." I came back and called up McIntyre and gave him this information and said, "This is a friendly tip." McIntyre said he had been trying to get the President to sign it, and thanked me for the information.

I called on the President about 11:45 and told him about my conversation with Gov. Floyd Olsen and how I had asked Gov. Olsen whether he thought Mr. Manuel, the president of an independent bank in Minneapolis, would be willing to come down here for a year to help me. Olsen said, "The bank is Manuel's hobby." He said, "It would be just as though Manuel, you and I had a mistress. Would we be willing to give them up?" He said Manuel feels about the bank the way you and I feel about our mistresses. The President just howled and then told me a questionable story. The President said, "I am worrying about silver." He said that we ought to do something about it. I then showed him that silver had gone up 5% in the last five days or about the same rate as wheat. As long as silver begins to rise at the same rate as other commodities, why worry? He said, "We have entered into a gentlemen's agreement to buy a certain proportion of the world's supply of silver each year, and I have not the faintest idea what we have done about it." He said we ought to see Senator Key Pittman and have a talk with him. I said, "Leave it to me and I will take care of it for you," and he said, "That is fine." So now, I have silver in my lap.

McIntyre then came in and went over his appointments with him for this afternoon. The President had told me earlier that he had received a telegram from Gov. Herring of Iowa, asking that I be sent out to the governors' conference. I said, "Mr. President, I want to say this in front of McIntyre. I am not the man to go to Iowa because the criticism is against the U.S.D.Aand the A.A.A. I have never criticized them publicly or privately and I cannot go out there and look after your interests and not criticise them." McIntyre spoke up and said, "Henry should not go. We cannot send Wallace because they are too down on him and I suppose we will have to send George Peek." So I said, "Whatever you do, don't send me."

I then asked the President whether he would not see Frank Gannett. He said he would. The President said to come back and see him again at three o'clock.

I said to the President, "Before you ask me, I want to tell you that I do not think that I am the right person to work with Wallace on your hog program." He said, "Why not

I said, "Because I am an Orthodox Jew." He said, "No, you are not." I said, "Why, yes, I am. I joined the church last night," and he just howled. He said, "Well, I certainly want you to talk to Henry Wallace and Hopkins about it and keep an open mind. I promised him that I would.

October 27, 1933

Saw the President with Warren and Jesse Jones. Instead of taking the leadership in the conversation I held back to see what the others would say. The President kept looking at me out of the corner of his eye, expecting me to say something. When they did not reach any conclusion the President turned to me and said, "What do you think, Henry?" I said, "I think we ought to put gold up today 25¢, another 25¢ Saturday, but then get ready to buy gold abroad." The President said, "How about making an announcement that we expect to buy gold shortly?" I said, "Before you do that you have to get the machinery in order to handle it, and it is up to the Treasury and the Federal Reserve to do this for you and do it sympathetically." I asked if Warren could not represent me over at Acheson's office and let me stay behind. The President said, "Sure."

I then told him that it was foolish for us to continue to put up the price of gold unless we were prepared to go into foreign exchange operations; that we have somebody in London and Paris observing for us and that it seemed to me what we were trying to do now would be just as though I had been limited to buying what futures and had not been permitted to buy any cash grain; and, furthermore, if I had attempted to do all of this without any technical experienced assistance.

I was just nicely started when Senator Couzens was announced, and the President said, "If you will wait 30 seconds, Henry, we will continue the conversation." Thirty seconds were about half an hour, during which period I had a long talk with Louis Howe and Miss LeHand. Missy had just returned from New York where she said everybody was dumbfounded to read in the New York papers an announcement that the Treasury was

reported to have said that they knew nothing about this gold operation. I told them that we had to have somebody in the Treasury immediately who would carry out the President's wishes. Missy agreed with me 100%, and all that Louis said was, "Where are you going to find such a man?" He said, "We looked for six weeks for an Under Secretary and finally took Dean Acheson on Ray Moley's and Douglas' recommendation." He said, "We checked Acheson's record in and out for three days and could not find anything against him." Then Louis said, "Of course, since then we have found out more about Douglas," and I do not know what he meant by that remark.

I then went back to see the President again and asked Missy to go along with me. I started to say to him that we had to have a new Secretary of the Treasury, and he shut me off immediately. I then said, "Well, then, we have to have a new Under Secretary." The President said, "I do not know which is worse - to keep Acheson or to fire him." Just then Steve Early came in and I said, "Ask Steve which way is best from the standpoint of the reaction of the public." Steve said, "Fire him." Missy feels just as strongly about this whole business as I do. Steve told him that last night he got hold of the reporter who wrote the story that the Attorney General was doubtful as to the legality of the government's buying gold. He said the reporter told him that Dean Acheson had called him up on the telephone and told him so, but said that he must not disclose his source of information. The reporter then hung the story on to the Attorney General. When the President heard this, his face turned black with anger. He said, "I guess this boil has about come to a head, and you know me, Henry, I am slow to get mad, but when I do, I get good and mad." He said, "I will take the question of Dean Acheson's staying or not staying up with the Cabinet this afternoon." During this whole conversation, I was terribly excited and tense.

I walked back to the office and felt a little better. I returned about 11:30 at the President's request to show him how the markets were going. Grain was up fractionally and stocks were down fractionally. He said, "I guess you better give the grain market a little push. Have it close up a couple of points from yesterday's close." I said, "Aye, aye, sir." He received me in the bathroom shaving, but was in a grand humor and joked with me a lot about coming into his bathroom. As a matter of fact, I think that this

is the first time he has let me sit with him while he was shaving and took his bath since he has been in Washington. I told the President I reached the height of my ambition. I am a member of the bathroom Cabinet.

While this was going on, in walked Missy with a statement from the Secretary of State. The three of us all sat down and had a good giggle. She looked at the President's feet and saw that he was barefooted and said, "You ought to be ashamed of yourself that you do not wear slippers." The Secretary of State wanted to know whether he should give out a statement or whether the President wished to do so at his press conference. The President sent word to him that he should give it out, and then come over and see him.

The President said he had received another letter from Speaker Rainey complaining about our appraisals. He said, "Get hold of some good Democrat and send him out there and try to take Rainey out on the land with him and find out whether or not you are really making fair appraisals." He said, "Remember, after all, he is the Speaker of the House." I told him that I was trying to have our appraisers 50% Democrats and the President said, "Now, remember, Henry, I do not want too much politics in your organization." He told me to come back at 3:45 before his press conference and give him a picture on the financial markets.

Bullitt had lunch with me and we discussed the Russian situation. Bullitt said he did not believe the President had the right information about Litvinoff coming over on the 4th of November because they had not heard a word about it. Bullitt said that Wm. Phillips was trying to maneuver things so that he, Phillips, would be in charge when Litvinoff came over. I told Bullitt that I doubted if this was so as the President told me that there would be four present at the conference - the President, Hull, Bullitt and myself.

I saw the President five minutes before his press conference. I said, "See what has happened since I saw you at noon when you told me to buy wheat. I did it by buying only 52,500 bushels," so the President said, "I will tell you what did it. It was the combination of the three of us. I was shaving, Henry was on the bathtub, and Missy was sitting on the toilet." I said, "That is what I call efficiency and the New Deal."

As I left, McIntyre whispered in my ear, "What is the latest news in regard to Dean Acheson?" I said, "I do not know. I have not seen the President since 11:45." So he said, "All right. I guess it will not do any harm to go ahead and write the letter for the President's signature." (I do not know what this means but I suppose the President has it in mind to ask for Acheson's resignation.) Then McIntyre said, "Who should we get to fill his place?" I said, "I have not the slightest idea," and McIntyre said, "Well, we certainly do not want Lew Douglas." So I said, "No," and McIntyre said, "Lew Douglas needs to be deflated. This whole thing has gone to his head."

Missy said to the President, "Is it all right for McIntyre to tell Gus Ginnerick to button his vest before the newspaper conference?" and the President said, "Sure, let Mc tell him anything he wants to." (Evidently for some reason or other they are down on poor Gus.) The President's entourage certainly has its ups and downs. Evidently, Missy is going after Gus for reasons known best to her.

October 28, 1933
(Dictated November 1, 1933)

Saturday morning at about 21 minutes to one, I called up the President and told him that wheat was off about 3¢. He said, "Try and have wheat close at about the same price as it closed on Friday." I said, "Mr. President, this may take two or three million bushels," and he said, "Well, I would like to have you do it on account of the reaction that it will have throughout the country over the weekend." I started in and evidently the crowd in the wheat pit was laying for me because I made very little headway. At about six minutes before closing, I told Milnor to give them the gun and to buy everything that they offered in order to try and reach our objective. When the smoke cleared away we had bought four million four hundred thousand bushels, and we got May wheat which we were buying practically up to the close of the night before. I felt literally dizzy while the thing was going on. I went home and went to bed for two hours after lunch.

10/28

At five o'clock, Warren, Rogers and I had tea with the President and after tea he talked to us very seriously for an hour. He talked about the whole agricultural situation, and the necessity of bringing up the price level. We discussed the possibility of England and France shutting down their embargo on our purchases, and whether or not South African gold would continue to go to London if we were bidding $2. an ounce above London. The concensus of opinion was that South African gold would come to New York.

Then we discussed what the program should be, and the President suggested that we buy seven million dollars a week of newly mined gold in London. I said to the group, "Well, when we have bought all this gold and raised the price of gold, what next?" The concensus of opinion was that the next step would be to stabilize the dollar through fixing the number of grains in a dollar on a new basis, but before doing this you would have to raise the price of commodities. The President said, furthermore, his objective was to have before January 1st cotton at 10¢, corn at 50¢ and wheat at 90¢. He also said that his objective for the coming week would be to set the U.S. price of gold at 33.02; that on Monday he would put the price at 31.98; Tuesday, 32.26; Wednesday, 32.38; Thursday, 32.66; Friday, 32.86, and Saturday, 33.02. Tuesday he would buy in London one and a half million dollars worth of gold; Wednesday, one million dollars; Thursday, eight hundred thousand; Friday, one million four; and Saturday, one million three - or a total of six billion dollars. When we left the President, Rogers turned to me and said, "Were you satisfied with the meeting?" and I said I was not.

I don't want to forget to relate that Friday morning I saw the President at about 11:45. I said to him, "Mr. President, have you invited the Federal Reserve people to come here Sunday?" I asked him the same thing at our 9:30 meeting Saturday morning and he made a note of it. I asked Miss LeHand to remind him. At 11:45 on Friday he said, "Why, yes, everybody is taken care of," and he went over the list with me. I went out and spoke to McIntyre, and I said, "Have the people been invited for the three o'clock meeting on Sunday?" He said, "What meeting are you talking about?" I said the meeting of the people to meet with the President to discuss how we are going to buy gold abroad." He said, "I

do not know what you are talking about, Henry." I said, "You better get busy because these people will all be leaving their offices and you won't be able to reach them."

When I got back to my office, it was twelve o'clock and I called up Kannee and I said, "Please remind McIntyre to remind the President to invite the Federal Reserve group to come here. Let me know when it has been done." He said, "All right." At 12:12 he called me up to say it had been taken care of. What would have happened if I had not reminded the President at nine and at twelve, and then checked up two times more, I do not know. But this story just gives an example of how you have to work with the President and the people who are around him.

October 29, 1933

Sunday - At 3 o'clock I attended what was certainly a very important meeting. Those present were: Jesse Jones, Warren, Rogers; from the Federal Reserve Bank, Kent, Crane, Harrison, Gov. Black; Acheson, Bruere and I. The President opened the meeting by reading a silly verse that Woodin had sent down, I believe he said by messenger, about Jesse Jones having a cold and being very hard-boiled and having given his cold to Mr. Woodin. Mr. Woodin went to great trouble to have the verse illustrated by some very well known illustrator. This was Mr. Woodin's sole contribution to this most important meeting, and I could not help but think that if he had spent his time on something more useful than a silly verse we might not be in as bad a jam as we were. The President then read us a take-off on Woodin's verse which he had dictated in bed that morning, and it was very clever also, by Jesse Jones. Jones did not know how to take it and looked rather foolish. He has not got much sense of humor.

As a contrast against this reading of silly verses, the President then made a most stirring speech, full of seriousness and mixed with anger. He said, "Gentlemen, I have called you together to inform you that the question of our buying gold is an administration policy. We are all in the same boat. If anybody does not like the boat, he can get out of it."

He looked around the room and said, "I do not mean anybody particularly, but everybody in this room in general."

From the time the meeting opened and closed, Acheson only said one word but looked very miserable and very sick through the whole thing.

The President then went on and talked about half an hour about his program of raising agricultural prices, and how both from a political and economic viewpoint that it was most important to do this. He said, "Gentlemen, if we continued a week or two longer without my having made this move on gold, we would have had an agrarian revolution in this country. He said wheat was headed toward 50 or 55¢ when he had me step in and begin to buy for the account of Harry Hopkins. He explained what he was doing in regard to cotton and his so-called hog-corn program and tobacco in the Southeast.

The people in the room were impressed. You could not help but feel that you were at the crossing of the roads as far as the financial policy of the government was concerned.

The discussion then got down to how they could do this, Governor Harrison doing most of the talking. The meeting lasted almost three hours. Harrison was anxious that some one should talk to the French and English before this policy should be announced. The President did not want to do this. He said, "Every time we have taken the English into our confidence they have given us a trimming." He finally agreed that Harrison should be permitted to talk to them.

The President then wrote out in longhand a statement which should be handed out to the press. Before the meeting broke up, Harrison said to the President, "I am willing to assume full responsibility of buying and selling all gold abroad only if the responsibility is mine. Anytime you do not like how I am doing it, tell me so and I will quit." The President told Harrison that he wanted him to keep in touch with Jesse and me.

I left this meeting feeling that we had gotten somewhere and that the matter was now in the hands of the Federal Reserve of New York which ought to know, if anybody knows, how to carry on this very technical international operation; namely,

buying and selling gold in the world's markets.

During the discussion the question came up as to what should be done in regard to Mr. Kent's operations. As I understand it, any merchant or bank who wishes to sell a bill of goods abroad has to get the okay of Kent. Kent's function is to see that this is a legitimate business transaction and not one to get capital out of this country. F.D.R. told Kent that he had no objection to his easing up on these regulations as long as they were not violated. Kent said he saw no objection to letting a N.Y. bank transfer funds for deposit in London in order that the New York bank could earn some interest on this money, and the President said, "Okay." What really will happen will be that Kent will ease up sufficiently on his regulations so that they will not be in conflict with the government's policy to put the price of the dollar down and the price of gold up. The President told Harrison that he could have a fund of one hundred million dollars to play with, and they both agreed that that ought to be enough unless we had a war in Europe.

October 30, 1933

Went to the White House as per schedule at 9:15, and Jesse Jones, as usual, was ahead of me ten or fifteen minutes, and I found him having coffee at the President's bedside. I teased him about it, and told him that the next morning I wanted scrambled eggs. Jesse did not like the teasing very much.

During the day I sold some December wheat futures, 190,000 bushels at above 90¢, and bought about 160,000 bushels of cash grain, so that at the end of the day we owned 30,000 bushels less. I was sorry that I bought the cash grain, but I only did it at the urgent request of Milnor.

Had lunch with the President and showed him the memo prepared by Oliphant, explaining how we could get the gold transferred from the Federal Reserve to the Treasury. The President read it very carefully and he said, "I think this is all right, but we will have to give it careful consideration." He said, "If we do it, let's do it at three o'clock some morning so that when the people wake up they will find it has been done."

I told him that I had been looking into silver, and could not find any obligation on the part of the U.S. Government as a result of the conference at London calling upon us to buy silver; that it was necessary for all of the governments who are a party to this treaty to ratify the same before it becomes effective, and that so far none of the countries had ratified it.

Called Miss LeHand and asked if they had heard from George Harrison, Governor of the Federal Reserve of New York. She told me to wait a minute and then put me on to the President. He said that Harrison had been talking to the French and they were literally jumping out of their skin. He explained to them that this was a firm policy of the government and that he simply wanted to let them know. Harrison said he left the French feeling a little bit better. He then called up Norman, Governor of the Bank of England, (the President referred to him as "old pink whiskers), and he said, "This is the most terrible thing that has happened - France and Holland will be driven off the gold basis and the whole world will be put into bankruptcy." At this point in the conversation it struck me awfully funny, and I just howled with laughter, and so did the President. He said Harrison quieted Governor Norman down and left him feeling as happy as possible under the circumstances. He next spoke to Sir George Leith-Ross, who is here for the British Debt Commission, and the President said everyone of his hairs were standing on end with horror at what we were doing, but he also quieted down when the thing was explained to him by Harrison.

I asked the President if we were ready to operate tomorrow morning, and he said, "No. The counsel for the Federal Reserve said it was illegal for them to take R.F.C. debentures, that possibly some member bank could take them but they had not yet worked it out." I asked him if it would not be possible for him to see Harrison and some of the others and get it straightened out as I considered it most important that they begin to buy tomorrow morning. He said, "It is impossible as I am busy every minute up to six o'clock which is my deadline, as I take my exercise and swim at that time." He said, "I will tell you what to do. You and Jesse Jones try to get this thing straightened out and let me know. Tell them that they have to make up their mind by six tonight." I told him that I would go to it and that I would not call him unless I needed him desperately. He said, "Fine."

I finally located Harrison, and he came over here and explained to me that he really was not ready yet to buy gold and would much prefer to wait another day. He convinced me that he was right, and I got the President on the wire and told him that I recommended that we postpone buying gold for another day. He said, "Governor Black is sitting at my side, and he is nodding his head in the affirmative." F.D.R. then said, "Tell Harrison, however, that I expect that within another 24 hours we will see the whites of the eyes of the enemy and I expect him to shoot."

October 31, 1933

As per schedule, went to the President and there was Jesse Jones having his coffee. Then I went over to Dean Acheson's office and found Harrison there. I had decided that I did not want to sit in at a conference between Harrison and Jones but, much to my surprise, Acheson urged me to stay because he whispered that there might be differences I might be able to help smooth over, so I stayed.

A letter to the Federal Reserve in New York had been prepared for Jesse Jones to send, and the Secretary of the Treasury approved, giving the Federal Reserve the necessary orders with which to begin to buy gold. The big argument centered on the fact that Jones wanted to be able to tell each day what to do, Harrison maintaining that he could not and would not do business on that basis. The President told him that he was to be solely responsible and that would be the only way that he would do it. After 3/4 of an hour it finally wound up by Harrison making his point.

At about 1:45 I went over to the Executive Offices of the White House to show the President the latest figures on the market. Jones was sitting there, and I could see that he was reading the letter which we worked on during the early part of the morning. The friendly, courteous thing for him to have done would have been to ask me to go in with him to see the President. Instead of that, he did the typical Jones Act, which was to wait until he was told to come in to see the President, and as he went through the door he said to me, "Henry, maybe

you would like to see a copy of this letter." There is no sense in getting offended or paying any attention to Jesse's rudeness. If the circumstances had been reversed, he would simply have walked in with me without having been asked.

After Jones was with the President for three minutes, the President sent for me and asked me to accompany him into the washroom and let me talk to him while he was in there. I was glad that Jones saw me go into the washroom with the President because if he did not already realize how close I was to the President, he must have realized it after that.

Again, in the typical Jones' manner, before the Council Meeting started, Jones showed Acheson and me the letter with the pencil corrections made by the President. Jones does not bother me a bit because I really feel that his method of doing business with the President in the long run will only get him in Dutch.

After the Council Meeting I got up to go, and the President beckoned to me and said, "I want to see you Monday, Henry." He said, "What are the financial market figures for today?" I rushed to the telephone on his own desk and got them and then left for my own office.

November 1, 1933

Wednesday morning - Again at the President's bedside with Jesse Jones. The President asked Jesse and me whether we had heard anything from Harrison and neither of us had. I played a little trick on Jesse. I turned to him and said, "Jesse, it seems to me that it is up to you to get the quantity of gold purchased each day," knowing darn well that he did not have them. He turned to me and said, "Well, you know, Henry, both of us have been trying to get these figures," and I said, "Yes, Jesse, but it seems to me that inasmuch as it is your money you ought to know each day how much gold you bought."

Before leaving I told the President that I had some swell figures on Russia, and asked him when we were going to have a dress rehearsal. He said, "Are you going to go home next Tuesday to vote or are you going to vote by mail?" I said, "I am going to vote by mail." He said, "Have you got your blanks?" and I replied that I had not. Then he said, "Well, then you are too late." I said, "I have sent my check for $500 to John E. Mack," and he said, "Why, yes, that reminds me, I will have to do the same." But I am sure that he will again forget about it. I said, "When do you think we ought to have a dress rehearsal about Russia?" and he said, "Let us have it next Monday." I said, "Fine."

I then went over to Acheson's office with Jesse Jones and, unfortunately, was present at what almost became a real row between the two men, Acheson insisting that he must know the details about each bank that buys preferred stock, and Jesse Jones insisting that Acheson must rely on the R.F.C. and should simply sign on the dotted line. Acheson said, "I would like to send some one over from the Treasury who could watch things for me." Jesse said this would simply slow matters up. Jesse said, "Why don't you come to our meetings yourself and then you will know what is going on?" Acheson said, "I have not got the time." Then Jesse backed down and said, "All right. Send somebody over." Jesse showed ill-temper through the whole of this conversation and I must say for Acheson that he conducted himself well and seemingly came out on top of the argument.

I have talked each morning at about ten o'clock to Secretary Woodin at his home trying to keep him from making me buy the new government issues for F.C.A. Woodin has been very anxious to support the market, and has supported it with millions of dollars in order to have them continue to convert the 4th Liberties into the new issue. He has been using, I believe, twenty-five million dollars of Postal Savings funds, and Heavens knows how much of Sinking Fund money, and six million four of my money. My money was used at the issue price and some of his money at above the issue price. I have told him each morning that he could not keep this price up, and that if the President's gold policy was successful, governments would and should go down. So far, I have been successful in getting them to use their own funds rather than mine.

This seems to be the only thing that Woodin is interested in as he never discusses the gold matter with me, and I doubt if he knows what it is all about. He is always very cheerful and friendly over the telephone, and wants you to know very decidedly that he is getting better.

While I was there he asked Acheson to immediately send him down a copy of the Committee on Liquor Taxation. This report is to go to the President today.

It seems incredible that while we are in the midst of one of the greatest financial crises in the world that we should have a Secretary of the Treasury who is less than useless because he meddles into the affairs of the government just enough to make it very difficult for his Acting Secretary of the Treasury, and I should think particularly difficult for the President as it throws the whole burden on the President, especially because Acheson is completely out of sympathy with the President, and I question his loyalty.

I called up the President and told him that between 1:45 and 2:20 we lifted the price of May wheat approximately 2¢ by buying 250,000 bushels of wheat. I told him that we were about ready to go ahead on silver, but instead of taking it up with Acheson first I suggested that we get the Attorney General to rule on it first and then tell Acheson about it afterwards. The President said, "You Devil - you are just as bad as I am." I said, "Well, who taught me?" and he just roared. Then he said, "That will be simply grand. Go ahead and get the information and let me know." I spoke to Carusi, special assistant to the Attorney General, and he is going to assign somebody to do this in strict confidence.

November 2, 1933

Last night at the house I had Senator Key Pittman, Rogers and Oliphant. Spent the whole evening discussing silver. Told Pittman that the President had asked me to follow this matter for him, and the Attorney General would give us a ruling shortly as to the legality. I impressed on him the importance of secrecy. However, there must have been a leak earlier in the day as metal stocks went up from 4 to 6 points. It could

not have come from this office as I only spoke to the President about it at 2:30.

About nine o'clock Harry Hopkins called me up. He just returned from a five-day trip out West and was very much excited. Said he had a letter from Lorena Hickok saying that Mr. Jaffrey, new head for the R.F.C. at St. Paul, was a crook and that none of the people could understand why Jones had appointed him. He also could not understand why Jones had hired Mr. who was the former head of the R.A.C.C. in the same district, as he also is supposed to be mixed up in some crooked deal. Hopkins is having lunch with the President and is going to tell him all about it.

Hopkins also told me what they thought out West of our two Land Bank Presidents, Fields at Wichita, and Hogan at Omaha. I told him that that was an old story to me.

Hopkins also said, "For Heaven's sake, don't sell any more wheat. I have an idea how we could use lots of it through feeding it to the cattle in the starvation area." I said, "More power to you."

I called on the President as usual and Jesse Jones was ahead of me. The President was delighted that the price of gold in London had gone up to 133 shilling 3 pence. I advised him that the Federal Reserve this morning had bid in London 11d above the Paris parity, but had not bought any gold because the premium went to 13d. About 400,000 pounds of gold had been dealt in in London. In Paris, we bought $500,000 in gold at an average rate of 6.0699.

Went over to see Acheson and asked him how much money they had spent in supporting the new issue, and he told me twenty-eight million dollars; that he had spoken to Secretary Woodin last night, and he decided that for the time being they would not buy any more.

November 4, 1933
(Dictated November 5, 1933)

Saturday - Went to the White House and met Jones there. I said to the President that we did not buy any gold last night. He said, "That is right. Harrison called up and spoke to Jesse." I could not make out whether he also spoke to the President. Then Harrison urged that inasmuch as Saturday was only half a day that they should not buy any gold. Both the President and Jones said that they thought they made a mistake by agreeing with Harrison. I believe it was on Friday that we raised the price 21¢, and the President said, "It is a lucky number because it is three times seven." If anybody ever knew how we really set the gold price through a combination of lucky numbers, etc., I think that they really would be frightened. Saturday we increased the price 10¢. I stayed after Jones left and had a good half hour talk in which most of the time Louis Howe was present.

I showed the President a letter of Sen. Smith drawing his attention to the fact that he owed us $30 back interest and amortization. The President said, "I want to ask you what you think I should do in connection with agriculture as I am expecting to see the five governors at 10:30." I said, "I am going to talk to you, if I may, very frankly, and straight from the shoulder. I think that you should not do a thing, but this idea of fixing the prices of commodities on a parity basis is ridiculous. Let us give your gold purchasing plan a fair trial before we get into any deeper on this artificial price-fixing scheme. Furthermore, I am going to say something in this room that I have never said before, and I only wish Henry Wallace was here. It seems to me that Wallace and Peek are 100% apart." The President shook his head and said, "Why, no, you are wrong," and I said, "I am sorry, Mr. President, but I still think I am right." "Furthermore", I said, "Wallace ought to make up his own mind and take full responsibility and not dump all of these difficult problems in your lap." I said, "Not only Wallace, but a lot of other people in this town who are appointive officers should do everything possible to protect the elected officers like yourself." I said that every time Wallace has something difficult he comes and runs to the President with his problem, and it seems to me that it is about time that he took some responsibility himself. I said, "I have never

criticized Wallace on the outside and always supported him." The President said, "That is right. I know you have and Wallace tells me that he likes you very much."

I then walked back to the office and I got the idea that if we could do something to raise the price of corn over the weekend that it would help the President a lot.

I had told the President that I was getting a check through Seligman and Lehmans on from 150 to 200 businesses, and I thought the reports would be available. I used that as an argument for him to sit by and not concede to the demands of the governors. The President said, "Milo Reno has sent me word that if I do not concede to his wishes he will call a strike, and I do not like to have anybody hold a pistol to my head and demand that I do something."

When I got back to the office I called up Harry Hopkins and said, "I would like to buy a couple of million bushels of corn today for you as I want to help raise the price." He said, "Don't. We have to talk to Wallace about this," and I said, "No, we do not." He asked, "Can I feed this to cattle?" and I said, "Sure." So he said, "All right. Go ahead."

Later in the day I told him I could buy 100,000 bushels of oats that were 3% damaged from being in a fire for 25¢ a bushel, which is about 7¢ under the regular market, and he said, "All right." I then purchased this oats. I tried desperately to get the President to okay this purchase, but we could not reach him as the British Ambassador was with him. I decided to use my own judgment and went ahead. I spoke to Engel in Chicago and he said that he had a bid for 25,000 bushels of corn from England about 2¢ under the market, but that he was perfectly willing to make the sale if I thought it would help as we could say truthfully that the English were buying this corn on account of the dollar being depreciated. I said, "Buy 500,000 bushels for Harry Hopkins," and he said, "Do you object if I cover the sale to England by buying 25,000 bushels for Farmers National first?" I said, "No, go ahead and do this." We then bought our 500,000 bushels, and it raised the price less than 1¢. At 10 minutes to 12 we announced that Farmers National had sold 25,000 bushels to England.

I checked this publicity with both McIntyre and Early, and they said it was fine. I cannot remember whether I talked to the President about it or not. I think I did. In fact, I am quite sure I did and told him he should use it in talking to the governors.

At ten to one the corn market began to sag so I gave him orders for 500,000 more bushels. They bought only 400,000 but in the last five minutes put corn up 2¢, so that it closed at 47¢.

I tried to get the President before I left the office but they said he was busy. I got him about two pm., and they said he was ready to talk to me. I told him what we did and he was simply delighted. He was very jolly over the telephone, and said that the Mormans had just called on him to come to their church on Sunday, and jokingly he said, "Me?" Then he suggested that Elinor and I represent him.

November 6, 1933

I am writing this on November 14th and I am going to try to go back to Monday, November 6th. This past week has certainly been a most eventful one, the outstanding events being my participation in the negotiations with Russia.

Wednesday I attended a lunch at the White House for the Russians, and in the morning I went to Secretary Hull's office at eleven o'clock. I made a few notes fortunately while the conference was on of my impressions, and they are as follows:

Hull gave the impression that the religious issue is the most important one, and that it was very much uppermost in his mind. He talked about nothing else for the whole first hour. Hull said if we just started diplomatic relations between Russia and the U.S.A. without first coming to an agreement on the religious issue, the Roosevelt Administration would be overthrown at the next election.

Those present at the conference were Hull, Phillips, Bullitt, Judge Moore and Keeley. Judge Moore kept asking for a formal statement in regard to the religious issue which would not detract from the dignity of the U.S.S.R. Litvinoff kept answering that he could not give any statement informal, or otherwise, as it would be binding on his country and, therefore, he did not wish to make any statement.

Hull now says they are only talking about protecting American nationals in Russia, and not about the religious issue as it affected Russian citizens, and that the U.S.A. was desirous of securing permission for her nationals for freedom of religious worship while in Russia. Litvinoff says, "But the facts are that they are now permitted to do so, and no American nationals have ever complained against religious restrictions while in Russia." Litvinoff said very emphatically, "We cannot set up a privileged class."

Litvinoff suggests that claims and counter-claims be handled through diplomatic channels after recognition. Hull says we have a congressional election every two years. We will have to face criticism if we do not handle the question of debts and religion simultaneously with recognition. Litvinoff said that "We have not discussed debts in 16 years with the U.S.A. Now if we have recognition at least we are making some progress."

Hull's attitude throughout was very hesitating and apologetic. Litvinoff is decisive and firm. Litvinoff disclaimed all responsibility of the Third International. He said the Third International has no governmental standing. He said, "We are not asking for anything. We have no request to make of any of your organizations in the U.S., so why ask us about some of our organizations?" The conference broke up for lunch at the White House.

We came back to the State Department at four o'clock, and continued the conference. During the afternoon, Hull was very decisive, I guess as a result of a talk with the President. Litvinoff said, "Why should the Soviet Government pay the debts of the Singer Sewing Machine to private people for installment payments due the Singer Sewing?" Litvinoff said, "I cannot see why our government should pay debts of this character," He admitted that the Russian government took over many plans of companies, but paid for them by giving them special concessions.

Hull gave Litvinoff a carefully prepared document in regard to religious freedom of our nationals in Russia. Hull said, "We would like to exchange such documents making it unilateral." "We cannot make any such request," says Litvinoff, "as we are not interested in the religion of our national." During the conversation, he remarked that they took special precaution against emissaries from the Vatican.

November 13, 1933

Went to the White House as per schedule, and the President said that he wanted to talk to me about F.C.A. and suggested to Jones that he leave. F.D.R. then said, "I had a very interesting and confidential conversation with Mr. Woodin." He said Mr. Woodin wants to go away for several months and he added, "I have suggested to him that he take a leave of absence without pay." He said, "I am going to write him a letter in answer to one which he has written to me suggesting that we get somebody to become Acting Secretary who knows government and knows finance." Then he said, "I have decided that that person is H.M., Jr." I was so dumbfounded when he made this statement that I broke out in a perspiration and sort of mumbled for a few seconds.

The President then continued and said, "You made good for me in Albany, and you are one of the two or three people who has made an outstanding success here in Washington, so let's you and I go on to bigger things." He said, "We will have lots of fun doing it together."

I told him how much I appreciated the opportunity, and after I came to, I went over and shook his hand and thanked him and told him that, of oourse I had given him everything just as I always had, and I felt that the job was a particularly difficult one from a personnel standpoint. He said that Will Woodin had only made one request of him. He said, "He brought down with him Steve Gibbons as his personal assistant, and he would like you to keep him." The President said, "Tom Hughes, another Assistant Secretary, is n.g., and you better get rid of him." He said, "I do not know much about Chip Roberts. I think he is honest, but you better watch him." He said that Roberts wants to take hold of the new bureau for central purchasing, but he absolutely is not the man for this job.

He then told me that he was going to ask Acheson for his resignation. F.D.R. seemed particularly annoyed with Acheson because within the last couple of days he had tried to avoid signing the gold agreement for fear of personal liability to himself. The President said that he is yellow. He then continued and said, "Woodin wants to stay for the Cabinet Dinner Thursday night because he has never been to a Cabinet Dinner, and then he expects to go to Arizona." I said, "Do you think he will come back?" and F.D.R. said, "I really do not know," but he said that Woodin had dropped a hint that he would like to have an Ambassadorship. F.D.R. said, "I am sure Woodin will never come back to Washington on account of the climate." I said,"Why don't you announce this at your Wednesday press conference and that would give me a chance to sit with Woodin a couple of days?" He said, "That is a good idea and I will do it."

At lunch with the President, Anna Dall being there also, I could not say anything as I had asked him in the morning if he had consulted or talked to anybody about my appointment. He said, "Absolutely nobody." I said, "When did you make up your mind?" and he said, "Saturday." He asked Anna and Missy to go out of the room, and then he read me Woodin's letter to him and his letter to Woodin. Both of them were excellent. F.D.R. read me his letter asking Acheson for his resignation. He said, "Do you think this is too harsh?" I said, "Mr. President, if I thought it was too harsh or unfair I would tell you so." I said, "Furthermore, I would not want the job if I thought that you are doing Acheson an injustice by asking for his resignation." I believe he expects to give these letters out Wednesday morning.

Missy came in and said, "We can't get a cottage for Henry and Elinor, and Henry says he only wants to come down if he can be helpful." The President did not let on that we had discussed the thing in the morning, and that I was to come down for three or four days beginning with November 23rd. So he said to Missy, "I have to talk to some one about gold, and I would rather talk to Henry than any one else."

November 16, 1933

Wallace called me and asked me to take Peek into my organization because he wanted to get rid of him. I told him that I would not do it because I could not be so unfair as to wish Peek off on the F.C.A. I told him that I would go with him to the President but, under no circumstances, would I permit Peek to be transferred to this organization.

The Korensky files were under the custody of the State Department. They left them in the old Soviet Embassy, and now they are having a great deal of trouble about them. If they do not move these files today they will belong to the Bolshevics instead of us.

Don't know the date of the following but it was after HM Jr became Under Secretary, and before the President went to Warm Springs:

Saw the President. Very brief interview. Told him that I have been thinking over about U.S. and England each putting up twenty-five million dollars to try and stabilize the pound between 5.25 and 5.35. Told him that I talked it over with Warren and Rogers, and that we thought it was all right, provided we could get out on 24 hours notice. The President said, "All right."

I told the President that I would try to carry out as many of these financial matters as possible without bothering him; that if I went too far or too fast that he could check me. He said, "I get to Warm Springs Thursday night at 8:30, and you could reach me there." I said, "I will not bother you unless I have to." He said, "Maybe my curiosity will be so great that I will call you." I asked him what he said to Dr. Sprague, and he said that Sprague complained that he had been unable to see the President while Warren and Rogers seemed to have the entry. The President said that he said to Sprague, "I take it perfectly for granted that you have been seeing Acheson and how should I know that you have not?" He said, "If you wanted to see me, why didn't you let me know?"

He said, "I think the best way to handle Sprague is to let Will Woodin handle him today." F.D.R. said, "I had a good talk with Jack Morgan who is more disturbed about the speech that Rex Tugwell made in which he said something about capital being inhuman." The President said, "I think that my talk with Jack Morgan was helpful."

Oliphant and I then went to the Treasury, and I got him started to see if the Treasury could put up twenty-five million dollars as a stabilization fund.

I then went down to see Eugene Black and asked him to explain to me the Federal Reserve open market operations. He said that they had over 850 million dollars reserves on hand, and that the thought behind this was that if they loaded up their member banks with an excess of capital they would be forced to loan it out. He admitted that this policy had not worked and consequently they only purchased two million dollars this week, and there is a question if they would buy any the next week.

I told him that I wanted to work with the Federal Reserve, and really be partners. He said that was fine. I suggested that we have a meeting of his executive committee with myself immediately. His face beamed all over. He seemed to be tickled to death with the idea. He said, "Let's call up George Harrison and arrange it at once." He then spoke to George Harrison, and he will be here on Monday at eleven O'clock to meet with me. I told George Harrison that I was perfectly willing to enter into an agreement with England for ten days, each putting up twenty-five million dollars, but I wanted to be able to get out on 24 hours' notice in case wheat should drop to 60¢ and cotton to 8¢. He said, "I am quite sure that England would not be willing to do this as it might result simply in England losing twenty-five million dollars of gold." I said why not let the English know that for the next two days we will simply try to keep the pound between 5.25 and 5.35, and let us see what happens, especially if they try to help us? He said he would think it over and call me back.

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Conference on collection of claims of government lending agencies from cotton benefit payments to be distributed by Department of Agriculture

Present as the committee of the executive council:
Morgenthau, Chairman, Jones and Wallace.

Present in consulting and advisory capacity:
For the Farm Credit Administration -- Myers, Gaston, Oliphant, Wells, Hovey, Opper, McReynolds, Brennan, Hewitt.

For the Department of Agriculture -- Brand, Johnston, Peek, Paine, Seideman, Porter.

Governor Morgenthau presided as chairman of the committee. On request, Johnston reviewed negotiations for reaching method of disbursing payments so as to fulfill legal obligations to lien-holders. Referred to delay in reaching understanding and necessity for prompt action. Morgenthau called attention to fact F.C.A. was not responsible for delay, but had made constant efforts to reach understanding. Johnston admitted F.C.A. was not to blame for any delays. Said he had been away when request was made for opinion of attorney general as to whether government claims must be offset. Didn't regard this as vital anyway. Morgenthau asked whether he could see copy of opinion. Brand said he hadásked that one be sent over. Morgenthau knew of opinion only by hearsay. Opinion was not produced during the meeting.

Morgenthau proposed tentatively plan of having checks made jointly to farmer and F.C.A. as creditor. Asked for expression of this, Paine as comptroller of A.A.A. explained great difficulty of attempting to deal with lists of debtors to be furnished by F.C.A. He thought only feasible way of making joint checks was to take list of creditors from farmer's application and performance report. Admitted that this might not give accurate results, depending on honesty of farmer in making report. Man who failed to report debts would benefit. Upon question whether all agreed to this plan Gaston suggested as alternative that all checks be made solely to farmer beneficiary but that printed notice be enclosed directing beneficiary to come to agreement with all creditors on use of proceeds. Brand and others of D. of A. thought this good idea. Wallace, who came in late, said whole plan would fail unless farmers got their checks promptly and it would be endangered by too severe a collection policy.

Members of the committee withdrew to end of room to discuss proposals. On return Morgenthau said they had decided best plan was to send out checks promptly made out to beneficiaries and F.C.A. would deal with each case individually. Johnston agreed A.A.A. would give notice of localities where checks were being distributed to allow opportunity for collection.

Oliphant said, of course, this could not apply to any but Crop and Seed Loan and R.A.C.C. debts as other creditors than government were affected in case of Land Banks, Joint Stocks and Intermediate Credit. In these cases checks would have to be made jointly as in case of private creditors. There was apparent agreement to this by Wallace, Johnston and Paine, and meeting was breaking up when Brand said he didn't think matter was settled yet. He contended for general policy of making checks solely to beneficiaries. Meeting broke up into half a dozen groups discussing this and other matters.

Paine said making joint checks meant long delay. Johnston thought it could be done very quickly. Paine said, "You're the man to take charge of it, then."

Wallace had previously assigned Porter to work with Gaston in working out publicity to be released following council session. Porter agreed he would write story and submit it for Gaston's approval.

Debate between individuals continued for 15 to 20 minutes. If any change was made in understanding as stated above, the writer of this memo did not learn of it.