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BRITISH DIVISION DAILY SUMMARY.

DOS REVIEWED 18-Mar-2013: DECLASSIFIED FOR RELEASE IN FULL

WASHINGTON, Saturday:

1. In a second article on the European Advisory Commission and the "muddle" that allegedly obtains on plans for Germany, columnist Marquis Childs says that the trouble lies largely with the failure of Washington to provide the American representatives on the EAC with directives so that American policy could be clearly formulated. Failing to get these directives in spring of last year, Childs says, the American representatives in London sat down and prepared a set of directives which were forwarded to Washington. Certain of these were approved and returned but "on others the Joint Chiefs of Staff withheld approval and, in effect, pigeon-holed them since under Presidential order the authority in the first two phases of the occupation of Germany rests with the military."

Childs states that this is an illustration of the divided responsibility that is delaying important decisions. "The British have been tearing their hair over the lack of any decisiveness among several American groups sharing the responsibility for planning the occupation of Germany. By contrast, British operation is streamlined."

Childs says that the British policy is thoroughly integrated among all the agencies concerned with the German occupation, and there is one unmistakable Government policy to which all adhere without bickering.

Childs says the Americans, not the Russians, are primarily to blame for the delays although the Russians have insufficient top level personnel. Childs thinks that the only prescription to cure the American difficulties would be Presidential appointment of a qualified man, with the rank of Presidential adviser on German affairs, to organize an inter-departmental committee to carry out the policy formulated by the President and by him. Such a committee exists in Washington today, Childs writes, but it is without authority and its decisions are controlled principally by the military members.

"What I seem to have been describing is merely another one of those factional disputes between bureaucrats and power grabbers in the familiar Washington pattern It makes long-winded arguments in America over what to do with Germany seem ridiculous -- even fantastic. Those arguments imply that we have a series of choices which we can make. The real question is whether we have the capacity to carry out a policy at all."

2. WASHINGTON POST columnist Jerry Klutz and BALTIMORE SUN correspondent Dewey Fleming both credit Truman and Democratic National Chairman Hannegan with swinging enough votes to defeat Bailey's motion to take up the Wallace nomination before the George Bill. Hannegan was one of those chiefly responsible for shunting Wallace aside for Truman last July, and the implication is that Truman and Hannegan had a political obligation on their conscience. If Klutz and Fleming are right, then Hannegan's statement to the press that Wallace did not have a chance of confirmation unless he was stripped of the RFC would seem to have been intended to reassure wavering Senators that the RFC powers wouldn't be given Wallace, rather than to discredit Wallace by teaming up with Byrd, Bailey, George et al as we suggested previously..

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Now the Republican-Southern Democrat coalition fears that Roosevelt will shift these four agencies back into Commerce, and possibly put FIA also under Wallace.

Therefore, Republicans are planning three amendments to the George Bill: First, to make it impossible for the President to transfer the Export-Import Bank, and possibly other agencies not covered by the George Bill, to the Commerce Department; second, to remove the Secretary of Commerce from ex officio membership on the Board of Trustees of that bank and remove his power, held jointly with the Secretary of State, to appoint all members of the Board; third, to provide for auditing by the Government Accounting Office of all corporations in which government holds 51 per cent of stock. This would include some banks and private concerns.

Anti-Wallace forces are particularly perturbed about the Export-Import Bank, because there are plans to raise that corporation's lending authority from 700,000,000 to 2,000,000,000 dollars, to provide for post-war foreign reconstruction and rehabilitation loans.

Thirteen of the lending agencies which are not covered by the George Bill have a borrowing power of nearly 30,000,000,000 dollars, whereas the RFC and subsidiaries provided for by the George Bill have a total borrowing power of only 18,000,000,000.

The WASHINGTON POST warns that Wallace may reach out for such wartime agency subdivisions as the Smaller War Plants Corporation.

Senator Byrd amended the George Bill to provide for auditing RFC transactions, and there is some indication that Congress will go beyond this to write legislative limits to the powers of the lending agencies. Byrd has pointed out that it will be very difficult to prepare legislation which will subject lending agencies to Congressional supervision without hampering the operations of those agencies. However, Congress was so startled at discovering the latitude permitted Jones, that it may make an attempt at such regulation. There will probably be a real row in the House, however, if any attempt is made to limit the President's war powers too drastically.

3. The WASHINGTON POST is sharply critical of Grew's speech in Philadelphia on the amount of aid to France. The POST points out that the French have asked a million tons a month for industrial requirements, which we have trimmed down to ninety thousand tons. The POST does not agree with Grew that this is considerable, in view of the fact that pre-war cotton imports alone for France were 90,000 tons.

Furthermore, the POST wants some proof to back up Grew's statement that this tonnage "has already been given". The POST says that to its knowledge not one of six ships assigned to sail in January actually sailed. "The feeling is that the agreement with the French has been side-tracked by the Army temporarily or otherwise at the instigation of the President himself", who made use of the escape clause "if exigencies permit".

The POST says that "the attitude of the President doesn't yet seem quite free from its old prejudices." The POST thinks it a mistake for the military to take the attitude that the relief needs of liberated territories come last just because military needs must come first. The POST points out that while we plan to give France supplies to work at 10 per cent capacity, the Germans managed to keep France 50 per cent employed.

We persist in this policy with all its political dangers, the POST declares, despite the fact that Richard Law, British Minister of State, Rene Mayer, French Minister of Transport and Jean Monnet have all pleaded French needs in person.

4. In the first of a series on France, P.M.'s political commentator Max Lerner writes that in internal policy France is moving to the right, and

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in foreign policy back into the circle of great powers. Lerner thinks that Liberal stereotypes about De Gaulle as a democratic leader and France as "a starting point for any coming European democratic revolution" are as wide of the mark as the conservative stereotypes that De Gaulle has sold out to the Russians, or is a dictator.

Lerner says that the resistance movement is pushed increasingly into the background, that epuration proceeds ineffectively, that the Consultative Assembly is frequently ignored, that the Cabinet is something less than an array of talents, and that press protests are largely ignored.

Yet De Gaulle, despite his retreats, still holds his lead over the French people, Lerner writes, because "his is the only politically acceptable leadership that France has today."

Lerner says that De Gaulle heads a group of French conservatives "who want to arrest the tide of economic transformation", and therefore play off the weariness of the French people in this cold, hard winter against the energies still remaining from the days of resistance and liberation.

5. The press is flooded with dope stories on what Roosevelt may tell Churchill and Stalin. P.M.'s Blair Bolles says without qualification that Roosevelt may propose an "open door" in Europe, which would commit The United States to a "lasting interest" in the affairs of that continent on an equal footing with the other great powers".

Bolles writes that Roosevelt's proposals will be "revolutionary, for they will put the United States in a position of willingness to guarantee boundaries, and to intervene in the affairs of other states, so long as intervention is on a cooperative basis."

Bolles says that Roosevelt is ready, in company with Britain and Russia, to support the French demand for a Rhineland share of Germany, and for the internationalization of industrial western Germany and to assert "with new vigor the nature of United States interest in Italian affairs". While it is too late to revise the Polish settlement, "the possibility remains of a Polish compromise through an agreement between the (Lublin) Committee and former Prime Minister Mikolajczyk."

Columnist Drew Pearson states flatly that Roosevelt will have "some tough diplomatic medicine ready for Churchill", pertaining chiefly to Italy and Greece, and "this was what Harry Hopkins was hinting at when he said that the American people wanted an idealistic peace and the triumph of democracies in liberated countries."

Pearson says that Roosevelt will demand that an Allied Commission be established in each liberated country to "guide new liberated governments", and that this Allied Commission report to a "conference of the Big Four foreign ministers approximately every three months". According to Pearson, this Big Four conference of Allied ministers will be established in France.

There's a general agreement that the Administration has now abandoned the Hull formula of non-intervention, and some correspondents who are considered close to the State Department -- particularly Ernest Lindley -- are explaining the *raison d'etre* for Hull's policy, which was followed so long.

Lindley says that at Teheran, Roosevelt, like Churchill and Stalin, was concentrating on winning the war, and furthermore, 14 months ago the President did not feel free to make commitments concerning the organization of peace, since it was unknown who the next president would be and what the temper of American opinion would be.

As for the old State Department policy, Lindley argues that it originated before the Moscow Conference and Dumbarton Oaks; it was based

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on the belief that the creation of a world security organization would make some difference in the views of the great powers, and many smaller ones, about geographical and political settlement in Europe; and it was thought that the United States would be in a better position to press its views after it had put an army in Europe.

Anne O'Hare McCormick in the NEW YORK TIMES says that whatever the reason for Roosevelt's delay in asserting American viewpoints, he now has plenty of backing for any assertiveness in "the new proofs that the United States is strongly behind a policy of participation in world affairs, not only to the extent of joining an international organization, but in assuming responsibility for the prior practical decisions which such a body must underwrite and uphold".

We have little comment on Hopkins' remarks, in which he said that unless American notions of idealism were satisfied, there was danger of a new wave of isolationism sweeping the United States. However, the NEW YORK HERALD TRIBUNE warns that "the American people are deluded if they believe that the President, with his new formula, can abolish all those elements from the European political scene which offend their sense of right, or which annoy this or that particular group within the country." The HERALD TRIBUNE says that a lot of water necessarily went over the dam while the President pursued his policy of "passivity".

6. There is much press satisfaction with the unequivocal statements by Law and Grew on the treatment of war criminals, which are regarded as a vindication of Pell and the position he defended. It is felt that much credit for the new forthrightness on this question belongs to reporters and press, since they continued to worry the question. At the same time, there is a feeling on the part of the press that a "fuller" and more formal statement on this subject by all the United Nations would "still be helpful".

7. The Senate Military Affairs Committee is in a snarl on the manpower bill, because of an amendment adopted yesterday making Byrnes responsible for penalty provisions. The Administration and military want the responsibility placed in the hands of Selective Service, as it was in the House version. Senator Johnson (Colorado) stormed out of the committee today, charging that the War Department had sabotaged the bill by changing its position overnight on who should administer it. Johnson contends that the War Department agreed yesterday to the Byrnes administration.

8. A.P.'s John Hightower writes that the American-French discussions on supplies are stalled over the question of the extent to which France should use her available resources of 2,400,000,000 to pay for goods, and the extent to which these goods may be shipped under some form of Lend-lease.

American policy, Hightower says, is that Lend-lease goods be confined to munitions, and that long-term capital goods should be handled on a temporary lend-lease credit basis, but eventually the French must pay for them. For immediate consumers' goods, France will have to pay cash.

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January 2, 1945.

CONFIDENTIAL - NOT FOR PUBLICATION.

BRITISH DIVISION DAILY SUMMARY.

WASHINGTON, Monday.

1. John Owens in the Baltimore Sun detects dangerous indications that our professional liberals whom he calls "perfectionists" may unwittingly ally themselves with isolationists to wreck peace just as their predecessors of 25 years ago helped Lodge and Borah to wreck the League and the Versailles Treaty. He recalls that one of the chief causes of Wilson's failure was "the undeclared alliance between the marplots and the perfectionists" and reminds present day readers that Lodge "had no better help from any element than from the perfectionists, notably the New York school of liberals who agonized and despaired at the top of their voices over the succession of things that failed to conform to their own special goals for the human race." Today he suggests that the same conditions, only worse in degree, are agitating liberals in Britain as well as America. "Effects of the torments of mind and body since 1939 are revealed in the outburst against the U.S. by the Economist, the sanest and wisest of British periodicals, in a tirade which has parts that might have been written for the Rothermere press and includes implied threats that are not worth a hill of beans but ought to move and sober every sensitive American when it speaks of the British 'people struggling through the sixth winter of blackout, blockade and bombs.' "

"What shall we do this time? Shall we be confused and confounded by our perfectionists and the perfectionists of Britain who did their share a quarter of a century ago and have been doing their share lately in the violence of the criticism of their own Government's handling of a desperately difficult situation in Greece? Shall we let them teach us that all is lost unless all their own pat solutions for complicated problems are accepted? Shall we let them teach us that frightful tangles of rights and wrongs like those on Russia's borders must be solved without delay by flat application of abstract political principles and moral maxims and that the tortured Russians cannot be forgiven for taking direct action in their own protection? Shall we let them befuddle us in such commotions as the recent ones over spheres of influence when they do not so much as define the term? If we have any wits about us we shall remember the price we paid for demanding perfection of Wilson. We shall find our guides in men like Root and Lowell who saw the mistakes and compromises well enough but saw also the great body of ardent opinion that remained in the nation for cooperation in place of carnage, and who had the stoutness of heart to struggle on from whatever vantage point had been gained, knowing that in any society the road to law and order winds uphill all the way."

2. Editorial reactions to the Economist editorial as distinct from Congressional outbursts show on the whole good temper and much straighter thinking than was evident during the previous three weeks, although there is astonishment at the Economist's "intemperate" language and genuine hurt because the attack appeared when the American Army had suffered great and tragic losses.

The New York Herald Tribune editorial entitled "Bad Temper and Home Truths" follows: The Economist of London, despite the fact that it derives its name from the dismal science, is always informative, usually helpful and often wise but it has at last permitted "Anglophobia in America" to induce a spell of downright bad temper which, at this particular moment, is far from pretty and equally far from being helpful. It may be admitted that the Economist did not speak without provocation

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and that it included some blunt home truths which Americans may well take to heart but the tone and timing of the article are of the precise sort that can only aggravate the situation of which it complains and obscure the fact it presents.

Justifiably annoyed at some charges that the British people are slacking in the war effort, the periodical goes on to make some charges of its own, which, while the truth, are by no means the whole truth, and are certain to be ungratefully received by a nation which is mourning great losses in a critical battle. This cheap exchange of "you're another" makes a very bad setting for the pronouncement of considerable gravity which the Economist might have introduced far more effectively namely, that the U.S. has still evolved no foreign policy, that, therefore, the participation of this country in an international organization would be nothing more than a sort of token membership, and that Britain should go ahead with her own system of alliance in order to have at least an alternative "to dependence on American aid" and the Economist significantly indicates that Britain may turn to Russia as a primary partner.

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In this/article puts a blunt finger upon a very weak spot in the relations between the U.S. and her Allies. Without a foreign policy -- and the announcement that America would join an ideal security organization under ideal conditions does not constitute a policy -- no country can be a stable ally or efficient collaborator. All the massive power of the U.S., as has occurred in the past, could be frittered away in meaningless gestures and toplofty attitudes which would not advance a sound organization of human society or even provide elementary security for itself or the nations associated with it. That is a point worth making, and one which might well concern American cynics and idealists who are so busy expressing their horror over the wickedness of the world. But presenting it as the Economist has done may only add a few more shrill voices to the chorus.

3. Ernest Lindley, who has often attacked British policy in his columns, today describes the Economist's attack as harsh and sneering and finds the British backwash of American criticisms apparently "higher or at least rougher than the original wave, at least in the case of the Economist which, suddenly if temporarily, converts itself into the British counterpart of the Chicago Tribune." Lindley acknowledges that there was both official and press provocation for the British outbursts but recalls that many commentators and editorial writers here tried to explain the British position sympathetically. He also recalls that the German offensive dampened American criticism of Britain and that there was a quick and widespread realization that this was a poor time to engage in inter-Allied bickering. Deducing from the Economist and from undercurrents reported by American correspondents that there's "a good deal of long pent-up resentment" in England, Lindley says that this mental condition and war fatigue may explain "much that's otherwise mysterious about the British foreign policy."

"It may do the British some good to let off steam" says Lindley. "Like us, they're especially sensitive to criticisms which impugn their good faith or imply that they're morally inferior. But the counter-blast was unfortunate because it was belated and also because it comes just before the new Congress convenes."

Lindley fears that in the New Congress there are "some perfectionists who may revert to isolationism if the peace doesn't fit exactly the diagram they prefer" and adds that American need of security through an international organization is less than Britain's. "If there's a bargaining value for anyone in the threat to withdraw or seek special arrangements or alliances rather than general world security, the U.S. has more of it than any other nation.....the threat to run away as voiced by the Economist is badly timed as well as ill tempered, and if it reflects a real trend in British opinion it introduces more uncertainty into a picture which already has too many uncertainties."

It will contribute to the hesitation of Americans who want a firmly organized peace but are doubtful about the steadfastness of the purpose of their Allies."

4. Cyrus Sulzberger, in an exclusive Cairo dispatch to the New York Times, says that "if Greece can obtain British agreement -- apparently a matter of some doubt -- the American Government favors British cession of Cyprus to Greece." He says this is a part of "the recently elaborated program outlining America's official views on prospective territorial adjustments in Eastern Europe." He attributes the proposals to the State Department but adds that although the Department's views are specific enough, "there's apparently no inclination to implement American ideas." Among the ideas allegedly favored by the State Department, according to Sulzberger, are the cession of all but one of the Dodecanese Islands to Greece, free port rights of Salonika for Bulgaria and Yugoslavia, retention of southern Dobrudja by Bulgaria but return by Bulgaria of every inch of territory grabbed from Greece and Yugoslavia, cession of Istria, Fiume, Zara and certain nearby Adriatic islands by Italy to Yugoslavia but not Trieste or Gorizia, cession of Bessarabia to Russia by Rumania but return of Northern Transylvania from Hungary to Rumania, plus the "wish" that, as a result of direct Russo-Polish negotiation, the Curzon line would be established as the Russo-Polish boundary except that "if possible" Poland be permitted to keep Lwow and Bialystock. A high spokesman for the Department today wouldn't deny or confirm the story beyond telling the press "we are studying every problem that is likely to confront us in the future".

5. Professional liberals are whipping up new indignation against the British Government -- this time because the British General Post Office refused to allow its land lines to be used by former Spanish Premier Negrin for a broadcast to the anti-Franco rally in Madison Square Garden Tuesday night. Freda Kirchwey, Editor of The Nation, which is sponsoring the rally has protested to the State Department terming the British Post Office action "unwarranted interference with the right of the American people to hear whom they choose." The American Telephone and Telegraph Company has asked the Post Office to revise its decision. Kirchwey also cabled the British Foreign Office and to Lord Templewood asking him to intervene. All this gets a column in P.M. and presumably will produce wrathful comments at the rally^{and} in the next issue of The Nation. Other newspapers take no notice as yet.

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