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For Matthew, whose life enriched us all

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Frontispiece: Leo Crowley. Courtesy of the
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Paul enjoyable. It brought great success, heady praise from bankers and other business leaders, and a political base that he would later find extremely helpful. Even so, it is difficult to believe that the president wanted to appoint him governor of the FCA, and he turned it down. There is no evidence to support his claim; and the appointment would have promoted him over Morgenthau's logical successor, Deputy Governor Myers, and others with higher rank, disrupting the FCA. Also, Crowley would display no reluctance two months later, when the president offered him a comparable post in Washington. He would go.

Crowley's dubious claim may have been prompted by a remark by Morgenthau that he deserved the governorship of the FCA (but Myers had priority), coupled with his own marked insecurity. In later years, when asked for information by publications such as *Who's Who*, he would pad nonexistent years to his education and honors. And he would, at times and especially when challenged, loudly remind subordinates of "who he was." Despite his significant achievements the past year—and they were many—he had not outgrown his search for a secure identity.³⁸

Crowley would never again achieve the public prominence in Wisconsin he acquired after Schmedeman's election. Evjue wrote of his "star" ascending, which was true enough. More precisely, perhaps, Crowley had rebounded from the depths of his dismissal from the State Bank. He had poured his talents and energy into the Banking Review Board, and made the most of his opportunity. He had mentored Governor Schmedeman and become a force to reckon with: "the Richelieu of Wisconsin," the state's de facto governor. And he had gone on to notable achievements and respect in St. Paul and the surrounding region. What he had proposed and accomplished there reflected the essence of the early New Deal: a conservatism tempered with a compassionate pragmatism that emphasized the common interests of society's "have-lesses" and "have-mores." But those were evaluations for historians. Crowley spoke only of returning to his business in Madison.

It was not to be. That winter the president would call him to Washington. He wanted him to be the next, and to all intents and purposes, the first truly important chairman of the recently created Federal Deposit Insurance Corporation.

Cover-Up in the Capital, I

For more than half a century, the Federal Deposit Insurance Corporation has protected the bank deposits of millions of Americans. As an agency it was—and probably remains—popular, but much of what is thought to be known of its origins is myth. The FDIC was established early in the first term of President Franklin Roosevelt, and it carries the banner of the New Deal, but it was the product of neither. It was promoted by senior congressmen of both major parties and imposed on the White House. Until Congress forced his hand, President Roosevelt, the archetypal New Dealer, opposed deposit insurance as an experiment that was tried in several states and failed.¹

The Great Banking Crisis of March 1933 reopened an earlier debate over federal deposit insurance, but significant action did not occur until May 10. Then the House Banking and Currency Committee brought in an insurance bill that would cover deposits in all banks 100 percent to \$10,000, after that on a sliding scale, the program to be financed by assessments on the banks enrolled in the system. Soon after, the Senate Banking Committee reported its own bill, which differed chiefly in excluding banks that were not members of the Federal Reserve System and in postponing implementation of the bill until July 1, 1934. Neither plan appealed to Michigan's Republican and junior senator, Arthur Vandenberg. He argued, first, that neither contained a ceiling on the deposits guaranteed, and second, that the Senate's more limited bill would not restore confidence in the nation's smaller banks. Vandenberg then proposed an amendment providing coverage for deposits in *all* banks beginning July 1, 1933, but with a "temporary fund" managed by the Federal Reserve Board and a \$2,500 ceiling.²

The Vandenberg amendment obviously influenced passage of the Glass-Steagall Deposit Insurance Act that June. Nonmember banks

were included, provided that they sought admission to the Federal Reserve System by July 1, 1936; coverage was restricted to \$2,500 and a "temporary fund" would begin operations on January 1, 1934. The only major difference with the Vandenberg-amended Senate bill was that it would be administered by a new Federal Deposit Insurance Corporation rather than the Federal Reserve Board. It is no wonder, then, that Vandenberg saw himself as "father" of the FDIC and took a strong, continuing interest in its three-member board of directors and, before long, Crowley as its chairman.³

The Glass-Steagall Act made the comptroller of the currency, J. F. T. O'Connor, a statutory member of the FDIC's board. A well-connected and self-important lawyer from California soon to influence Crowley's career for good and for ill, O'Connor played a part—surely exaggerated in his diary—in shaping the embryonic FDIC. He asserts that during the summer of 1933 the president instructed him to "consult Jim Farley and get two good names for directors" of the FDIC, and more than a month later he, O'Connor, recommended Walter Cummings, a Chicago banker then assisting the Treasury secretary, as temporarily the second Democratic director and probably as chairman. As for the Republican member required by statute, O'Connor jotted that the president told him only that they must find "someone who would not bear down too hard and insist on gilt-edge securities."⁴

By August 22, Cummings's appointment was approved; four days later E. C. Bennett, an Ogden, Utah, banker, was named the Republican member of the FDIC's board, though without O'Connor's help; and three weeks later, both men, along with O'Connor, were sworn and Cummings was chosen chairman. Then came months of hard work. Working with Treasury and RFC officers, the FDIC board wrote by-laws, fleshed out the FDIC's structure, appointed major officers, and devised means of strengthening weaker banks. Insured banks would be assessed half of one percent of their deposits as members of the then-labeled temporary fund; but, while Federal Reserve members would be insured automatically, nonmembers would be admitted to the fund only after they were, as the Glass-Steagall Act required, found solvent. In fact, solvency was defined so leniently all but a thousand of the 7,800 nonmember banks qualified immediately. And with the RFC's help, all but 140 nonmember banks qualified by the year's end.⁵

By then, Cummings had indicated that he would resign at the end of January. Curiously, discussion of a successor began only in the

middle of that month. On January 14 the president finally asked O'Connor to speak with Morgenthau about "the question of a successor to Walter Cummings," and O'Connor may have done so, but Crowley's appointment originated with a different source.⁶

On January 16, Senator Duffy wrote the president, suggesting that he appoint Crowley to fill the vacancy Cummings's departure would create. Duffy pointed out that his "suggestion" had "the hearty endorsement of Governor Schmedeman, National Committeeman Charles Broughton, and Mr. Joseph Martin, chairman of the State Central Committee." These endorsements seemingly prompted the president to act, but not without seeking more objective counsel. He sent Duffy's recommendation to Morgenthau by way of his secretary, Marvin McIntyre, accompanied with a jotted note that seemed to ask McIntyre's opinion: "Do you think HM Jr. would want to consider this. Crowley is a good man as you know."⁷

Morgenthau did not record his answer then, but a month later he would write in his diary: "I felt largely responsible for his [Crowley's] nomination." Presumably in late January he told the president he approved Crowley's appointment. Everything he knew about him was extremely positive: his successes chairing Wisconsin's Banking Review Board; in "governing" Wisconsin for Governor Schmedeman; in liquifying farm mortgages; and as his own "can do" general agent at St. Paul's Federal District Land Bank. And most recently Crowley had crafted a bill for the Wisconsin legislature that could make all but a few of the state's banks admissible to the temporary fund. These were credits Morgenthau could not have ignored; nor could he his part in promoting Crowley's career that year. In that sense if no other, Morgenthau was chiefly responsible for the memo the president jotted at January's close: "Send in name of Leo Crowley of Wisconsin as Federal Bank Insurance boss. On Feb. 1. in place of Cummings."⁸

The president's prestige and the Democratic party's powerful majority in the Senate would have led to Crowley's automatic confirmation but for the intervention of the *Capital Times's* William T. Evjue. Before Crowley's appointment even reached the Senate, the editor pulled his state tax records, then summarized what he believed his sins at the State Bank and in connected matters in a letter to Lowell Mellet, a politically friendly reporter with the *Washington News*. Evjue strongly implied Crowley's malfeasance as president of the State Bank of Wisconsin, then explicitly charged that he had used his political influence to

head off a probe. He also estimated that Crowley owed \$450,000, chiefly to Bankshares, and that, Evjue believed, accounted for the fact that the Banking Review Board was "unfair to small banks and made it difficult for them to exist." Evjue stated that he could raise other arguments against Crowley, but those made should be enough to stop his confirmation. Indeed, other people familiar with the points he had made "are wondering . . . that Crowley is to be placed in charge of a national agency insuring bank deposits."⁹

Writing Mellett did not relieve Evjue's anxieties. He would not publish undocumented charges regarding Crowley's affairs, and he must have doubted that the *Washington News* would. But Senator Vandenberg was another matter. He had helped shape the bill creating the FDIC, and he had displayed particular concern about the fate of smaller banks. Evjue decided to alert Vandenberg by telephone, and perhaps he did. In either case, he immediately wired him, advising: "Please get in touch with Lowell Mellett of Washington News. He has confidential information. . . . Show Mellett this telegram."¹⁰

Evjue's letter to Mellett and telegram to Vandenberg reached Washington February 1, while Crowley was enroute to a meeting in St. Paul. Only upon reaching Madison did he hear from Morgenthau that Senator Vandenberg had conveyed Evjue's charges to the Treasury Department and demanded an investigation. Morgenthau wanted him back in Washington immediately to deal with the threat. Such were the circumstances in which Crowley arrived in the Capital on Tuesday, February 6. There he may have read in the morning paper that the previous day Vandenberg had blocked unanimous consent to his confirmation, saying obscurely but insistently that he needed a few days to make inquiries into the matter. But Crowley would have heard the news quickly in any event; he had promised to call at Morgenthau's office upon his arrival.¹¹

Crowley was fortunate that Morgenthau directed him to O'Connor. Himself a model of rectitude, Morgenthau could be squeamish if not priggish over most patronage; placing his nephew, Mortimer "Tim" Fox, in the FDIC was a notable exception. As for O'Connor, he had few known compunctions. Pretentious and openly ambitious, the comptroller had used his connections to obtain an office that was known as a political plum. And, though he was soon to seek double his salary in a top job at San Francisco's Federal Reserve Bank, he enjoyed his present power and status. In the autumn he had been thrilled at

choosing Judge L. E. Birdzell, a friend from his native state of North Dakota, as the FDIC's general counsel. Now he looked forward to more such plums and apparently concluded that Crowley was like-minded. They could deal, the more so as he and Crowley belonged to a new breed in Washington—mutually protective, self-conscious Irish-Catholic politicians.¹²

In O'Connor's office, Crowley read Vandenberg's letter seeking "certain information about his connection with the State Bank of Wisconsin . . . and [his] loans." Then, after he and O'Connor evaluated the senator's concerns and how Crowley might deal with them, they discussed "certain policies of the FDIC," focusing on their division of its appointments; and, finally, the comptroller phoned Vandenberg. O'Connor's cryptic diary reveals no more particulars, but his actions over the next eight days leave no doubt that he decided to endorse Crowley's confirmation, even if at the expense of his obligations as supervisor of the nation's national banks.¹³

On Wednesday morning, O'Connor helped Crowley draft a letter for Vandenberg, accounting for his policies at the State Bank and his debts, and that afternoon Crowley carried it to the senator's office. What they discussed is not a matter of record, but there can be little doubt that Crowley employed both his charm and promises for the future: the next fall when Vandenberg was battling for his political life, Crowley sent him a note for his campaign, titling him the "Father of the F.D.I.C."; and thereafter they became, as Crowley accurately stressed later, "very close." Still, Vandenberg was not satisfied that day. He wanted the comptroller to have Crowley's banking methods examined.¹⁴

Vandenberg surely did not know O'Connor would permit Crowley to name the national bank examiner who would look into his record as a private banker, that Crowley would name a man who had worked in his State Bank, for whom he probably found his examiner's job, and whom he would later find a better post in the FDIC. Even so, the examiner's report did not fully satisfy the comptroller, and he sent it to Vandenberg on February 13, with a cautionary note: "My records do not show any criticism of Mr. Leo T. Crowley as a banker." And the next day, after the senator asked him for more information, O'Connor, who could have supplied it, again replied lamely, "I feel justified in standing on my letter to you of yesterday."¹⁵

Vandenberg could not have found O'Connor's comments reassur-

ing, but he was even then reading letters and telegrams endorsing Crowley and asking that he do so. Some came from Wisconsin, but surely the most crucial came from people he knew and respected in his hometown of Grand Rapids. Twice he heard from Glenn Chamberlain, the vice-president of the Grand Rapids Gas Light Company, a friend who could address him as "Dear Arthur." Whether or not Chamberlain knew Crowley personally, he enclosed and strongly endorsed recommendations from business associates in Milwaukee whom Vandenberg might otherwise have discounted as business associates of Crowley and perhaps indebted to him. There were other significant endorsements, too. The Wisconsin Bankers Association sent the White House a resolution stating that Crowley, as chairman of the Banking Review Board, had "given his labors, his heart if you please, to the life blood of all banks in Wisconsin." The wording must have been impressive (especially as it neglected to note that Crowley remained a director in Wisconsin Bankshares and that Bankshares dominated Wisconsin banking). And against it and the many endorsements Crowley received there were only the broad, unproved charges of Evjue and a telegram from Rubin, briefly making similar indictments. Thus, Vandenberg withdrew his objections to Crowley's confirmation; and when, on February 14, Senator Duffy asked unanimous consent, his motion was quickly approved.¹⁶

On the surface at least, Crowley never appeared to doubt it. He had left Washington after his conversations with O'Connor and Vandenberg. On February 9, he was in Milwaukee, self-confidently informing the Wisconsin Bankers Association of new methods he and the Banking Review Board had devised to save Wisconsin banks, and of his lobbying for a bill in the legislature that would enable the RFC to rehabilitate Wisconsin's banks. Later that evening he listened as the FDIC's chief examiner reported his contributions. And after he left for Washington, he could read Schmedeman's tribute to talents "such that President Roosevelt has called him to Washington." Even so, Crowley had to be relieved when the Senate confirmed him. For two weeks his career, his reputation, and perhaps his liberty, had hung in the balance. Once more, though, he had not only covered his past, he had even found a way to win. But Crowley's clever manipulations notwithstanding, there is good reason to believe he had grown since losing his bank. In the two years since, he had worked hard and at some personal sacrifice as chairman of Wisconsin's Banking Review Board, as an "ad-

visor" to Governor Schmedeman, and as a "can do" representative for Morgenthau at St. Paul's land bank. Finally, behind his confirmation lay more than two weeks of seducing O'Connor, securing endorsements, and charming Vandenberg. He had earned his way.¹⁷

Crowley was sworn in on February 21, and only ten days later found himself in a battle with O'Connor, which, if he lost, could render his job as chairman untenable. At issue was the minority party position on the FDIC's board, the key to controlling it. E. G. Bennett, who was leaving, had suggested that his assistant, Hubert Stronck, succeed him. Crowley was impressed with Stronck; he owned a bank management company, had published on bank management, and had worked for two comptrollers of the currency. With those endorsements, Crowley thought the president would send his name to the Senate, and he would have had not O'Connor and Farley intervene. O'Connor had phoned a Kansas City, Missouri, banker, who attacked Stronck's qualifications for the FDIC's board. Farley so advised the president, after which O'Connor phoned, saying that the "appt would be dynamite." Why, he did not say.¹⁸

That afternoon, March 8, Crowley wrote Marvin McIntyre, the president's assistant secretary. He felt that he had not fought strongly enough for Stronck at the White House the night before, and that for the president to appoint someone else because of a "political squabble . . . may embarrass the Corporation." He wrote Morgenthau, "I am more disturbed than ever as to who is going to be my associate as director and should have taken a more definite stand, but I have tried to act the part of a gentleman." Crowley reminded Morgenthau that he had to work with O'Connor; he did not want "an open break that perhaps would cause bitter enmities," but he was going to fight.¹⁹

Crowley wanted Morgenthau to intervene. Ten days before, he had told the secretary of his "terrible time with Jefty . . .," had asked for his help, and been told he would have it. But Morgenthau did not want to tangle with O'Connor *and* Farley, Crowley did not have the clout to overcome Farley's objections, and Stronck's name was not sent to the Senate. Fortunately for Crowley, he was not publicly embarrassed; Bennett agreed to remain for a while. As for O'Connor, he began looking for opportunities to renew the battle.²⁰

Crowley was, as he wrote the White House, truly pleased that Bennett was staying on. The Utah banker not only offered a "very happy solution" to his personal problem but also gave him "the ben-

Alien Property Custodian, I

During most of 1941 Crowley enjoyed a very comfortable year. The FDIC ran so smoothly he easily found time to fill the void in Wisconsin's Democratic leadership left when Charlie Broughton resigned as national committeeman; he completed Standard Gas's SEC-sanctioned divestiture of San Diego Gas and Electric; and, though much of his debt from the early thirties remained, he was better off than at any time since the depression began. He returned his federal salary, but Standard Gas paid him \$65,000 a year, and investments brought in another \$2,000 annually. He lived well. At the Christmas season just past, reporters had seen him leave with a train compartment sagging with gifts for his extended family in Wisconsin; and daily they noted his hand-tailored suits, that he ate at Washington's best restaurants, and that he loved the racetrack. Much of this they reported. They did not write about the many nights he played poker or talked politics on the Mayflower's balcony. They did not write about the many evenings he spent in his suite answering requests for favors from folks in Wisconsin. Perhaps they accepted such work as the natural burden of the politician, too banal to report, but Crowley found writing more than a political act. He personalized his responses. He enjoyed this opportunity to interact with and help people. Like the president he served, perhaps more so, he cared.¹

Crowley's world, as that of most Americans, changed with the Japanese attack on Pearl Harbor on December 7. Many years later, Crowley recalled an intense discussion with the president in the Oval Office that crisis-ridden evening. "Leo, I've got a job for you," the president had told him. "The only scandal in Woodrow Wilson's administration was with the alien property custodian in World War I. I want you to take it on."²

Crowley recalled telling the president he would have no part of a persecution of German-Americans similar to that when A. Mitchell Palmer was custodian during World War I. And the president had responded, "You'll deal only with Germans, not with German-Americans, and no one will interfere with you." Crowley recalled rejoicing that it would be a "nasty job" handling German property and patents, but he would take it if the president wished.

There are problems with Crowley's reminiscence. His discussion with the president did not occur on Sunday evening, December 7. He refers to German property only, although the United States was attacked at Pearl Harbor by the Japanese. This problem could be explained away: war with the western Axis powers was expected shortly, German technology promised the greatest contribution to the war effort, and Germans constituted the second largest ethnic group in the country. But Crowley was not in Washington December 7. More important, his reminiscence telescopes and greatly oversimplifies a lengthy process and a complex issue, naming an alien property custodian.

Crowley strongly implied that in his post-Pearl Harbor talk with the president, he reluctantly agreed to be named alien property custodian. Actually, he and the president reached at most a tentative understanding, and that followed from a complex process that had begun more than a year earlier and would continue three months longer. Some facets of that winter's drama are missing—the FBI burned the stenographic notebook of a "sophisticated" and "well informed" person that it found at a New York nightclub—but even the existing evidence clearly reveals a struggle over policy, power, and turf so bitter that it rocked the president's official family to its core. The evidence also reveals that Crowley found a powerful new patron in Supreme Court Justice James Byrnes, now a key presidential adviser.³

The first step in controlling alien property came in April 1940, when the president authorized Treasury Secretary Morgenthau to freeze the assets of Norway and Denmark, both just overrun by German armies. Policy differences within the administration precluded further action until June 1941, when the president froze Axis assets. These went to the Treasury's Foreign Funds Control section (FFC), but with a compromise providing for supervision by a State, Treasury, and Justice Committee. However, this arrangement did not remain static. By the autumn, new Attorney General Francis Biddle was expressing fears about espionage and sabotage in frozen properties and asserting

that Justice not the Treasury should supervise alien property. He was arguing also from precedent, that the Trading with the Enemy Act of 1917 had placed the alien property custodian's office in the Justice Department, and it belonged there again.⁴

On October 22, Biddle asked the president to appoint Crowley alien property custodian within the Justice Department. He noted that Crowley already represented Justice on the interdepartmental committee supervising Foreign Funds Control (prompted by Justice Byrnes who saw in Crowley not only a competent administrator but, much like himself, a regular Democrat and administration loyalist who would keep him, thereby the president, apprised of the political implications of FFC policies). Biddle boldly suggested that Crowley's methodical approach to issues would offset Morgenthau's often impulsive directions to FFC. Finally, Crowley could handle the custodian's job; chairing the FDIC had given him exactly the right experience, and he could bring a superb cadre with him.⁵

The president was obviously impressed with Biddle's case, as his aide, "Pa" Watson, quickly wrote a memo as a reminder: "Next week Leo Crowley re discussion between President and Attorney-General on Alien Property Custodianship." However, the president momentarily at least had second thoughts about any delay; he saw Crowley that morning at 11:15, but nothing was decided. Crowley did not want to take the job, especially if it meant surrendering his salary at Standard Gas. However, it is equally possible that before Roosevelt saw Crowley he spoke to Morgenthau and heard him speak glowingly of Foreign Fund Control's performance and condemn Crowley for his links to Victor Emanuel. Then, too, it was characteristic of Roosevelt to procrastinate when he faced difficult decisions.⁶

By late November, however, the United States was fighting an "undeclared war" in the Atlantic, it was on the brink of war with Japan, and the president recognized that it was essential to name an alien property custodian. Possibly, he was prompted by a note from Byrnes, who argued that it was essential to have clear lines of authority, then "get the best man you have on the team and let the heathen rage." At bottom, the president, too, understood the need to place one man in charge and hold him responsible. He recalled the many moral, legal, and political problems associated with alien, and especially enemy, property during and after World War I. He remembered the excesses,

the scandals, and that a custodian had gone to prison; and he wanted to avoid a repetition on his watch. On Sunday, November 30, he called Byrnes to the White House to discuss what he called "a difficult decision."⁷

The justice understood the president's fears. A congressman during World War I and after, he shared the president's memories. Tongue in cheek, he soon said he would like to see a glass-walled alien property office located centrally on "Pennsylvania Avenue," where its employees and lobbyists would be readily visible to the public. The president chuckled at Byrnes's remark, then asked whom he would put in charge. The justice records himself answering: "Leo T. Crowley, chairman of the Federal Deposit Insurance Corporation. He had proved to be an efficient administrator, had the respect of leaders in the world of business and finance, and his relations with Congress were excellent," though Byrnes would have used a different tense and probably said: "Why not Crowley, as I recommended to Biddle earlier." As for Roosevelt's reaction to Crowley's name, Byrnes records him as rejoicing: "I have been thinking of the same man but don't like to move him from his present post. Can we work on some plan giving him both offices."⁸

Where the president intended placing Crowley's second office—in the Justice Department or in an independent agency under the supervision of the White House—Byrnes did not record. Both knew that the question was delicate and bound to be troublesome. Morgenthau wanted alien property in the Treasury, Biddle in Justice; one or both would be offended if the president placed Crowley's office elsewhere than in his department, and Morgenthau would be unhappy even if Crowley was named alien property custodian in the Treasury Department. But a decision had to be made.

On Friday, December 5, the president made two decisions that appear to confirm Crowley's ties to Biddle, but more likely again reflect Byrnes's influence. Roosevelt named Crowley the attorney general's alternate on the Economic Defense Board, soon relabeled the Board of Economic Warfare, and chaired then and later by Vice President Wallace. Crowley was loath to take on this job—he had enough responsibilities—and he would have been more doubtful had he been able to see beyond the horizon, but with a "shooting war" in the Atlantic and an imminent conflict in the Pacific he could not reject the

18. *New York Times*, August 1 and 2, 1940; MD, 480: 190–92; Byrnes to De-rioux, August 2, 1940, BP; Roosevelt to General Watson, August 3, 1940, asking him to clear the “temporary appointment” of James Markham with Marriner Eccles, OF 2911; and the *Chicago Herald and American*, August 28, 1940, which reported Crowley saying he intended to leave the FDIC as soon as Congress acted on a pending bill, presumably 1941.

19. *New York Times*, August 27, 1940. Interview with Dr. Harry Purcell, July 1980.

20. *Business Week*, August 31, 1940; *New York Journal American*, August 29, 1940; *Chicago Herald American*, August 28, 1940; *St. Paul Dispatch*, August 27, 1940.

21. *Commercial and Financial Chronicle* 151 (August 31, 1940), 1291–92.

22. *Wisconsin State Journal*, August 4, 1940.

23. for further details, *Milwaukee Journal*, September 13, 18, and 19, 1940; *Capital Times*, September 24, 25, and 30, 1940; *New York Times*, September 25, 1940; *Milwaukee Journal* September 30, 1940; and *Capital Times*, October 2, 1940.

24. *Chicago Tribune*, October 1, 1940; *Wisconsin State Journal*, October 2, 1940; and *Capital Times*, October 3, 1940.

25. Transcript of Speech, October 1, 1940, CPP.

26. *Capital Times*, October 5 and 8, 1940; and Rubin to Roosevelt, October 7, 1940, 300, Wisconsin R, FDRP.

27. Crowley to Rubin, October 11, 1940, Rubin Papers; *Capital Times*, August 27, 1940; and Crowley to Evjue, October 11, 1940, EP.

28. *Capital Times*, October 21, 1940. Crowley was not listed as one of the sponsors of Wallace’s speech.

29. *Capital Times*, October 23, 1940, includes complete text of Wallace’s remarks and description of walkout; and *Milwaukee Journal*, October 27, 1940.

30. *Milwaukee Journal* and *Chicago Tribune*, November 5, 1940; and Aldrich Revell, in the *Capital Times*, October 24, 1940.

31. See Paul Kleppner, *The Cross of Culture: A Social Analysis of Midwestern Politics, 1850–1890* (New York, 1970); Richard Jensen, *The Winning of the Midwest: Social and Political Conflict, 1888–1896* (Chicago, 1971); and Lee Benson, *The Concept of Jacksonian Democracy: New York as a Test Case* (Princeton, 1961), which argues that “ethnic and religious differences have tended to be relatively the most important sources of political differences.”

32. Leo Crowley, Memorandum to the President, Subject: Compulsory Military Training, September 26, 1945; see also author’s “Leo T. Crowley, Pragmatic New Dealer,” *Mid-America*, 64, (January, 1982), no. 1, 47.

33. *Barron’s*, December 18, 1939; *Sheboygan Press*, May 16, 1939. See, also, f.n. 10, chapter 6.

34. Rubin to Crowley, October 17 and 23, 1940, Rubin Papers.

35. Robinson, *They voted for Roosevelt*, p. 178. Roosevelt also carried Min-

nesota, p. 110, but comparison with the 1944 election, when Roosevelt did not carry Wisconsin, suggests the importance of LaFollete’s endorsement in 1940.

36. “Here’s Pie in your Eye,” *Wisconsin State Journal*, January 27, 1941; and Evjue, Memo of Long Distance Conversation with Leo T. Crowley from Washington, July 17, 1941, EP.

37. Crowley sent Evjue his speech of November 11, 1940, on November 8, 1940, EP. It was excerpted and analyzed in the *Capital Times*, November 12, 1940. H. G. Nicholas, ed., *Washington Despatches* (Chicago, 1981), 254–55, contains this and other British references to Crowley, most after his July 1943 appointment as director of economic warfare. Many of these also stressed his appeal to Catholics, to middle-of-the-road Democrats, and to moderate businessmen.

8. Alien Property Custodian, I

1. For Broughton’s resignation, *Wisconsin State Journal*, January 7, 1941, and Crowley to Otto Stielow, February 6, 1941, CPP; for San Diego Gas and Electric, *New York Journal of Commerce*, January 15, 1941; for income, *Capital Times*, July 18, 1943; and for Xmas gifts, CPP.

2. *Capital Times*, March 22, 1942. Years later Crowley told Eklund, *Adviser to Presidents*, that this talk occurred on the night of Pearl Harbor.

3. See James H. Rowe, Jr., to J. Edgar Hoover, March 23, 1942, and to Crowley, April 6, 1942, enclosing a transcript, Rowe Papers.

4. *Ibid.*, 328 and 335; *Annual Report of the Alien Property Custodian*, March 11, 1942, to June 30, 1943, for executive order 8785, of June 14, 1941; Stanley Coben, *A. Mitchell Palmer* (New York, 1963), 128–49, pointing out that Palmer acted so rashly as to invite a congressional investigation; however, it was Thomas W. Miller, President Warren Harding’s appointee, who was sentenced to a federal penitentiary for eighteen months, *New York Times*, March 5 and 9, 1927.

5. Biddle-FDR discussion of October 22, 1941, OF 2911.

6. Roosevelt to Watson, October 22, 1941, and “Index to President’s Appointments,” OF 2911. For Morgenthau’s views, see MD, 480: 194–200.

7. James F. Byrnes, *All in One Lifetime* (New York, 1958) 150.

8. *Ibid.*, 151–52.

9. Roosevelt to Crowley, December 5, 1941, PPF 1519 and Of 2911.

10. Biddle to Roosevelt, December 5, 1941, OF 10.

11. The legislation referred to was the First War Powers Act, enacted December 18, 1941, and for effects on Alien Property Custodian’s Office, see Office of the Alien Property Custodian, *Annual Report for March 11, 1942, to June 30, 1943*, 7; also Roosevelt to Biddle, December 5, 1941, OF 10; Grace Tully, Memorandum for the President, January 2, 1942, OF 2911.

president's plea for help. "Dear Leo," Roosevelt penned, "I know how many duties I have already imposed on you, but in this emergency you simply have to take on one more."⁹

But that was not all. That same day Biddle wrote the president that he wanted Crowley to head up a new division in Justice to handle the patents and other property of Axis nationals, which he seemed to believe might be separated from the monetary assets FCC would continue to control. The attorney general argued that it was critical that the "new division be set up by a businessman who has had experience with the application of governmental regulatory procedures on a nationwide scale and whose acquaintance with business leadership is on the same broad scale."¹⁰

The president's return memo met Biddle's requests, agreeing that Crowley's "success in both business and government make him uniquely qualified to cope with new problems . . . regarding the patents and property of Axis nationals." As of December 5, then, the president had apparently decided to give Crowley a second hat as alien property custodian in the Justice Department. But Pearl Harbor, two days later, upset that decision. Meeting for lunch, Crowley, Biddle, and Morgenthau agreed that the "state of war" and pertinent legislation then being drafted made it necessary to postpone the appointment of an alien property custodian.¹¹

This gave Morgenthau more time to stress the Treasury's case for continuing to manage all enemy assets. Privately, he advised his inner circle that he wanted to inform the president that Foreign Funds Control was doing an excellent job, and that placing a custodian in Justice would divide responsibility and make management more difficult. Further, he wanted to tell him that Crowley was uncooperative; in the thirties he had generally refused to go along with Treasury and Federal Reserve initiatives; he had shown bad judgment in distributing patronage; and now, worst of all, he was tied via Standard Gas to such wheeling-dealing businessmen as Victor Emanuel. And there lay danger. Morgenthau felt he had to warn the president that Crowley would name Emanuel's friends and his own allies, not competent business executives, to manage the properties he, if custodian, would control.¹²

What Morgenthau wanted to tell the president, and did, was quite different. His own hands were not clean. Condemning Crowley's handling of patronage smacked of hypocrisy, overlooking his nephew's position at the FDIC; and scourging him as an embezzler overlooked

his own part in burying the Treasury's indictment. As for Crowley's ties to Standard Gas and Emanuel, the president had approved the former, and apparently he thought the latter a plus. In any event, a Washington newsletter was headlining: "Leo Crowley: His Popularity at the White House Grows." Thus, Morgenthau was cautious when he saw the president on December 15. He argued that the FFC was doing a "swell job," but was threatened by a few "bright young men in the Department of Justice . . . [who] want more power." It was best to keep the present arrangement: the interdepartmental committee supervising the FFC. At last, Morgenthau heard the president say, "Sounds fine to me," and he left believing he had saved alien assets for the Treasury.¹³

But the struggle over management of alien property had only begun. On December 18, Crowley entered the fray. Learning that the attorney general intended to press his department's position at the White House that afternoon, he phoned a confidential ("Do not let the A.G. know it comes from Leo Crowley") message for the president. Its elliptical and convoluted language largely defies translation. Apparently he wanted the president to know that he could "get along very well with Morgenthau," although he had told Byrnes that he would not serve as custodian in the Treasury. And he did not want to work in the Justice Department either. He had phoned to prevent just such an order Biddle was preparing. Crowley said he wanted "most" that there "be no disagreement between the Treasury and the Attorney-General on this matter." By elimination, then, as well as a later clue (rejecting cooperation with the Justice Department when custodian), it seems clear that Crowley was prepared to serve, if at all, only as an independent custodian operating directly under the White House.¹⁴

Meanwhile, Byrnes had assigned Oscar Cox (a lawyer and presidential assistant in the Office of Emergency Management) to draw up three alternative executive orders, providing for placing the Alien Property Custodian's office in the Justice Department, the Treasury, or as an independent agency under the OEM in the White House. And two days after Crowley's phone call, Byrnes sent the president the alternative orders, along with an analysis supplied by Cox. They argued that, whether Crowley was named custodian in the Justice Department or in an independent agency, all or most of the assets frozen and managed by the Treasury would have to be transferred, and Morgenthau would be seriously offended. On the other hand, the present arrangement, adding only more supervision by the interdepartmental

committee, "would not be satisfactory as the Department of State," which lacked a direct interest, "would have the controlling voice." In diplomatic language but forceful argument, Cox and Byrnes insisted that the president should determine where the custodian's office should be placed and give it all the authority essential to carry out its responsibilities.¹⁵

But the president did not want to decide, not then at least. He did not want disharmony in his official family at any time but assuredly not when Prime Minister Winston Churchill was visiting. Neither did he want to offend Morgenthau. Temporizing again, he asked Byrnes to consider the idea of making Crowley custodian in the Justice Department "with full responsibility," but giving him an assistant from the State Department "with relatively little to do," and another from the Treasury with "supervision over the assets which are now or would hereafter be run through the Treasury machinery." Possibly the president proposed to place Crowley in charge of the patents and property of enemy controlled firms and leave the Treasury with its frozen alien and enemy bank deposits, but he did not say so, and other interpretations are possible.¹⁶

Roosevelt's flim-flam did not sit well with Byrnes. He told the president Crowley would not serve if alien assets were split. He "is very emphatic." And Byrnes agreed. Dividing responsibility would result in conflicts the president would have to resolve or provide the custodian or the Treasury with alibis for failure. Byrnes then recommended placing Crowley in the Justice Department for "house-keeping purposes" and giving him all property and full responsibility. But he acknowledged that there were some obvious reasons for not giving Crowley full responsibility at that time. If a compromise were necessary "to preserve peace in the family," he suggested that the funds of alien firms might be left with the Treasury until Crowley required them. The gradual transfer would salve Morgenthau's pain. Or so Byrnes argued. Surely he did not believe it. He had obtained Crowley's and Biddle's approval; but he had not discussed the matter with the Treasury secretary.¹⁷

Early on December 31 Byrnes phoned Morgenthau. After a bit of humorous chatter, the justice asked if he could see the secretary "right now." He wanted to "save the Boss some headaches on this alien property custodian." Morgenthau agreed and, as Byrnes wanted to avoid

any lurking newsmen, invited him to use the East Executive Avenue entrance and his private elevator.¹⁸

Upon his arrival Byrnes brought up the president's plan making Crowley custodian in the Justice Department but giving him an assistant in the State Department and in the Treasury. He began tentatively, reluctant to tell Morgenthau that Biddle and Crowley would accept the plan only if they chose the two assistants. But he did not get that far. No sooner did he say that Crowley would be custodian in the Justice Department than Morgenthau broke in. "Jimmy," he exploded, "how can a man who is getting fifty to seventy-five thousand dollars as chairman of Standard Gas . . . , and is the personal front and representative here for Victor Emanuel, be Alien Property Custodian."¹⁹

The secretary's blast appeared to catch Byrnes offguard—he was apparently unaware of Morgenthau's personal hostility towards Crowley—but he soon rejoined with a strong endorsement for Crowley: "Well, I will tell you something, Henry. The President was ready to make Leo Crowley Chairman of the National Democratic Committee . . . , but I told the President he couldn't do it."

If Byrnes expected Roosevelt's evident regard for Crowley to influence Morgenthau, he was quickly proved wrong. Calling Crowley unethical, Morgenthau said Byrnes should tell him he was not qualified to be custodian. "You know the President won't." Someone, though, had to stop Crowley. He was a merely a "front" for Emanuel, who now controlled New York Shipbuilding, Vultee and Consolidated Aircraft "with between five and seven hundred million dollars . . . in war contracts." Finally, Morgenthau argued, Biddle wanted Crowley "to look after political appointments for him," and the custodian "won't be any better than A. Mitchell Palmer during the last world war."

Byrnes responded sympathetically, "That is the most outrageous thing I ever heard." So, too, Byrnes referred to Crowley's link with Emanuel, "He ought to give it up." Wishfully, Morgenthau rejoined, "Well, if you make this a necessity on Crowley's part he will resign from the Alien Property Custodianship." But Byrnes could only respond that "the President had promised [Crowley] the job." Morgenthau again said he hoped Crowley would prefer Emanuel to the custodian's post. Then "our boys can run this thing . . . and there will no trouble or scandal."

Again Byrnes tried to soothe Morgenthau—"I agree with you," he replied—but he also returned to his explanation of the president's plan to give Crowley two assistants, and Crowley's insistence that he and Biddle name them. This angered Morgenthau. At first, he insisted on retaining Foreign Funds Control and naming the Treasury's assistant under Crowley, then that Crowley might serve as custodian in the Treasury, only to have Byrnes say that Crowley told him, "I won't come to the Treasury." Bitterly, Morgenthau reiterated his opposition to the president's plan, but if Crowley was made custodian, he wanted no part of the responsibility.

Byrnes agreed, then handed Morgenthau some salve—he could keep the funds of alien firms until Crowley sought them. At that point, Morgenthau caved, Byrnes left, and the secretary called in Ed Foley, his general counsel, to explain what happened. Or try. Byrnes, he said, had been "leaning" on him, asking him if he were "not going to let me, a Justice of the Supreme Court, settle this thing" without taking the president's time. And he had given up. Crowley would "get the whole works" one way or another. He could not allow Crowley to say that "he made a failure of the business because the Treasury wouldn't give him the money." On the other hand—Morgenthau said he was thinking more clearly now—"the battle isn't lost." The president would do nothing until Churchill left town. He had two weeks to change the boss's mind.²⁰

The secretary recognized that to have any chance of winning Foreign Funds Control must deal successfully with the most important German-owned companies within its grasp: General Aniline and Film and, allegedly, its sister company, General Dyestuffs. General Aniline manufactured a variety of products essential for the war effort: the best dyes and photographic equipment, a critical resin, and Atabrine, a substitute for quinine. In some chemical fields GAF was the only manufacturer, or the only important one. But that only begins to measure its significance. It was a major American subsidiary of the dreaded German chemical combine, I. G. Farbenindustrie. Commonly known as I. G. Farben, this cartel was dangerous for reasons other than mere size. During the past decade it had taken the lead in conspiring with key American corporations to stifle the United States's technological development and ability to defend itself. Further, the cartel dominated the Latin American market for chemical products, in part through General Dyestuffs, another of its American subsidiaries and GAF's sales agent.

All this was revealed by Justice Department investigations, but most Americans became aware of it through dramatic articles in newspapers and periodicals. *Fortune* condemned I. G. Farben and other German cartels as "the direct politico-economic instrument of the Nazi party at home and abroad," welded by a totalitarian system into a "single instrument for total war."²¹

The significance of the cartel problem was clear, but how to handle its complexities was not. Use of the patents and domestic factories of German cartels to win the war was taken for granted. What should be done with the American subsidiaries of German cartels after the war, and how they should be handled during the war were the questions then being debated. The first was a legacy of the First World War and events since. During that war, the alien property custodian told a Senate committee that German control of the dyestuff industry in the United States had been broken—his office had sold hundreds of German patents to American companies. But in short order he was proved wrong. Before President Woodrow Wilson left office, German chemical companies dominated the Latin American market for all drugs except aspirin, and that the German Bayer Company licensed. About that time, too, Sterling Products, which had bought many German patents during the war, sold them to the Grasselli Chemical Company. Shortly after, Grasselli and Bayer assigned their patents to a new company, Grasselli Dyestuff, which was renamed General Dyestuff and became a component of I. G. Farben. Also in the twenties, I. G. Farben organized I. G. Chemical Corporation, an American subsidiary whose real ownership it would attempt to hide after the outbreak of war in 1939 by renaming it General Aniline and Film and transferring its shares to a "dummy" neutral Swiss firm, I. G. Chemie. Thus, it appeared, Germany had recovered its pre-war dominance of critical producers and patents in the American chemical industry and won control of Latin America's markets.²²

Even before Pearl Harbor the Justice Department's antitrust division had unmasked I. G. Farben's beneficial ownership of GAF, and, since, it had secured an indictment to sever their relationship. Further, it was about to take similar legal steps to sever General Dyestuffs and other American subsidiaries from their German owners. Again, as twenty-odd years past, the Justice Department was cutting the bonds between Germany's cartels and American industry. What would happen after the war then became a critical question. Were "American-

ized" German assets private property the custodian must employ carefully, as a trust, so they might be returned intact to their owners after the war? Were they war booty to be kept after the war and, meanwhile, used by the custodian as best served American business and the American people at home and abroad? Or were there more complex answers?

The State Department was quiet on the subject, but there can be little doubt that it favored the return of private enemy-owned property after the war. This position is suggested by some legal briefs and journal articles then in preparation; the traditional cautious and legalistic position of the department; and its obvious efforts in the past quarter-century to universalize the rule of law. Beyond that, the State Department wanted a fairly "soft" peace, emphasizing the symbiotic twins, democracy and prosperity, in the Axis states after the war. This, too, suggested that the United States employ enemy assets carefully, conserving them for eventual return to their owners after the guns fell silent.²³

The position of the Justice Department and Treasury differed sharply from that of the State Department. They believed a tough policy was necessary to ensure that, after the war ended, Germany did not rebuild its cartel system, return to the economic warfare it had waged so effectively before Pearl Harbor, and threaten the world again. The custodian must treat enemy assets—property, patents, and markets—as captive property. At a press conference the president first seemed to agree, but on a larger scale: German cartels must not be allowed to recover their subsidiaries and markets in the Western Hemisphere. Then he drew back; there was nothing to be gained and even grave danger in a rigid, harsh policy. Roosevelt was equivocating, but he was placing a premium on the flexibility that would permit the greatest productive effort, while postponing a decision that was far from critical and would be needlessly divisive. Given this emphasis, Crowley was, Byrnes and Biddle had often noted, an effective administrator especially well-suited to the post of custodian; mechanically, the tasks of the custodian did not differ greatly from Crowley's present tasks as chairman of the FDIC. Further, though no one said so, Crowley was an administration loyalist who could be expected to staff the former German subsidiaries with businessmen who were not only effective in their fields but Democrats sympathetic to the administration. Finally, he had collected so many friends on the Hill, Republicans and

Democrats alike, that he would have some immunity from criticism. Crowley had political assets that Morgenthau and Foreign Funds Control lacked.

While Roosevelt and Byrnes worried about how and where Crowley might be named custodian without unduly offending Morgenthau, the Treasury secretary was attempting to root out subversives at General Aniline and Film and growing angry with the resistance of John Mack, its acting chief and a friend of the president, to his orders. He also felt that Mack's salary was excessive. And both thoughts brought Crowley to mind. He feared that Crowley as custodian would keep the same personnel, men who owed their loyalty to I. G. Farben, and that he would name "political directors" to the boards of GAF and other companies he would control, men with more influence than experience and very likely Victor Emanuel's friends. Then there was Crowley's large salary at Standard Gas. As Morgenthau saw it, Crowley was Mack writ large.²⁴

Morgenthau was correct on one point. He and the men running Foreign Funds Control differed with Crowley, as with Mack, on the handling of alien businesses. In January, Byrnes told the president that Crowley believed Treasury policy on "the supervision of business enterprises is unnecessarily harsh," that it had "nearly a thousand men . . . charged with the investigation of the loyalty of aliens, . . . that the FBI with trained investigators should be relied on." Byrnes did not elaborate, but Crowley's later policies suggest that he believed Morgenthau's handling of managers of German descent at critical, complex industries like General Aniline was too zealous, too rigid, and markedly harmful to production. Subversives must be weeded out, but this must be done surgically and fairly by the FBI, primarily to avoid disrupting production, but also to avoid alienating loyal Americans of German descent. Morgenthau's punitive approach was very likely to do both. So, too, with the Justice Department's many antitrust indictments against the German cartels and their American subsidiaries. Crowley felt they were unnecessary, legalistic, and distracted attention from the priority that should be given the employment of German assets in the pursuit of victory.²⁵

Byrnes agreed on both counts, which explains in part his endorsement of Crowley as custodian, but he had to devise a politically satisfactory place for him. He informed the president that he had sent an executive order to Morgenthau after their December 31 meeting, em-

bodying his oral proposal that Crowley be custodian in the Justice Department with two assistants of his choice from the State Department and Treasury, and the secretary had rejected it. Now, as Byrnes saw the situation: "It is useless to try to get an agreement. I think it best that you create an independent agency, having control of all alien property." He had prepared a new executive order to that effect. But there was an alternative if the president wanted to appease both Biddle and Morgenthau: a custodian in the Justice Department, who would be given enemy as distinguished from other alien property, the latter remaining in the Treasury's hands. Byrnes emphasized that it was a cumbersome plan and likely to collapse, but Crowley and Biddle told him they could live with it, and it might just salve Morgenthau's pride.²⁶

Byrnes's memo did not move the president toward a decision. Doubtless he was preoccupied with other issues, Churchill's visit and the rapid Japanese advances in Southeast Asia and the Pacific chief among them. But there is reason to believe that the president responded to Morgenthau's harsh policies at General Aniline, and backed him against Mack in his purge of suspected subversives in the company. If so, Morgenthau may have persuaded him for the moment that the Treasury was doing a splendid job and should keep *all* alien property. But the secretary was bitter at his probable loss, and it is reasonable to assume that he harped on Crowley's salary at Standard Gas as sharply and as often as on the Treasury's achievements.²⁷

On January 21, Byrnes responded to just such a problem. He seems to have written two notes, but decided to send only one (as the other is undated, unsigned, and not in the Roosevelt Papers, only the Byrnes Papers). Sent or not, the unsigned, undated memo is too revealing to be ignored. After noting that, while Crowley received \$50,000 a year from Standard Gas, he returned his salary as chairman of the FDIC, Byrnes first suggested, "If, because he is receiving a salary from Standard Gas, you hesitate to appoint him, you might suggest that he secure a leave of absence from Standard and devote all his time to Custodian Service, paying him . . . \$15,000." It is obvious that Crowley was complaining that he could not live on his federal salary of \$10,000 un-supplemented by his Standard Gas salary, at least not for more than a few months, as Byrnes further suggested, "Crowley might set up the organization and six months from now, if he wished to . . . , resign." Finally, he told the president that he thought Crowley would accept

this compromise "rather than have the Press state you declined to appoint him because of his connection with Standard."²⁸

Byrnes's memo is most revealing. He wanted the president to stop dithering and name a custodian; he, and presumably the president, wanted Crowley to serve at least long enough to launch the custodian's office. He had the administrative skills that office required, but, more important, he had political connections and a sensitivity to political issues that Morgenthau and Foreign Funds Control could not match. Thus, Byrnes was prepared to blackmail Crowley if necessary. He believed Crowley would ask Standard Gas for a leave and forego his salary rather than have the president and the press label him a shirker. Crowley would see his compromise—a six-month term—as the lesser evil.

Byrnes apparently used this unsigned memo only as a guide to action. In a second memo, which he *did* send, he mentioned a talk with Crowley that morning. "I volunteered . . . that if you offered him the appointment, he should get a leave of absence from Standard and . . . he might be paid a salary of about \$15,000 [and he replied that] if he were paid \$15,000 he would get a leave . . . and if you thought it necessary he would resign all connection with Standard." Crowley wanted the president to understand "that he will do anything you desire."²⁹

The last sentences in Byrnes's two memos are contradictory. In the first, Crowley appears as self-centered, in the second as self-sacrificing. Which Crowley are we to visualize? It is only fair to state that Crowley was not only being asked to take a pay cut—actually from a \$65,000 salary in 1942—but the president also wanted him to take on a role almost as dangerous as that of a soldier in a minefield; and as cautious and skillful as Crowley might be, a misstep could easily shatter him. Crowley knew that; there had been congressional investigations of the custodian's office after World War I, and one custodian had gone to prison. Also, he could hardly ignore the likelihood that Morgenthau, attacking him now, would probe for weak spots after he was named custodian. So would the press. And Crowley knew he was vulnerable: he did not have the shield of status, old money, and solid connections many Wall Streeters and other businessmen had brought to other exposed positions in the bureaucracy in the past year or two; he was associated with the wheeling-dealing Victor Emanuel. Thus, Crowley's reluctance to take the custodian's job is understandable, if less than he-

roic. But when Byrnes applied pressure and then agreed that Crowley could keep his positions and salary at Standard Gas, Crowley told him he would take the custodian's "nasty job."³⁰

Crowley must have had second thoughts soon after. The next morning, walking by the White House, he left a note for the president. He had "talked several times with our mutual friend, Jimmie Byrnes," Crowley advised, and now had a recommendation he believed would settle the custodial matter to everyone's satisfaction. He did not want to burden the president unnecessarily, but "if we can have a few minutes together it will be the easiest way to dispose of the matter. And . . . the sooner . . . the better it will be."³¹

The president apparently agreed. Upon reading the note that morning, he jotted at the top, "General Watson, Have Leo Crowley into lunch with me on Saturday." But what was discussed at lunch that weekend is not clear. Morgenthau heard conflicting reports: Crowley would leave Standard to be custodian. No! He would not. He would tell the president to give all the power to the Treasury secretary. Morgenthau did not know what to think.³²

Nor did anyone else, apparently, for almost a month. But on February 6, Morgenthau notified the White House that Ed Foley had met with Crowley and Mack, among others, that morning. The three dominated a discussion which "unanimously agreed that the foreign owned stock in the [General Aniline] corporation (approximately 97% . . .) be vested in the Secretary of the Treasury immediately." Morgenthau now admitted that Mack, whom he had liked to portray as an obstructionist and example of what Crowley would be as custodian, had correctly placed the damning evidence of I. G. Farben's control of General Aniline, through the neutral I. G. Chemie of Switzerland, before the group. Now the Treasury should take General Aniline's stock and "Americanize" the company. However, the Treasury needed powers it did not then have.³³

The president provided the desired authorization on February 12. A brief executive order delegated his powers under sections 3(a) and 5(b) of the Trading with the Enemy Act (of 1917) to the Treasury. Those powers gave the Treasury authority to administer and vest all alien property. And momentarily Morgenthau had some hope that the Treasury could keep alien property. But a few days later he saw that the truth was otherwise. The president's order required the formation of a Vested Property Claims Committee, and the president insisted that

Crowley run that vital operating committee. Even those decisions were temporary, however, apparently designed to deal only with General Aniline and Film. On February 17 Byrnes sent the president an executive order that provided for an independent custodian and for gradually transferring the Treasury's assets and Foreign Funds Control into Crowley's hands.³⁴

Just as this last order was officially filed (in the Federal Register), Morgenthau held a press conference. There, a reporter asked him about the Vested Property Committee. Had the secretary delegated to Crowley the authority apparently granted him in the president's order of February 12? Morgenthau hedged, and the reporter pursued, "Well, Mr. Secretary, what all these legalities boil down to is the question of whether you are going to be the alien property custodian or Mr. Crowley." Morgenthau evaded the point, saying that both he and Crowley had advised the president and were "perfectly happy." But the pressure continued, leading Morgenthau to say that the president would give alien property to the Treasury if it did a good job, if not it would go to someone else. But he wanted to make a point; the Treasury did not intend to sell any businesses, favoring a few American companies at the expense of all the others. "If there is no honey, there will be no fly." And in the event the reporters did not understand, Morgenthau repeated his words and asked if they got his meaning. He hoped the reporters would ask what "fly"; then he might mention Crowley's connections with Victor Emanuel and others who would be all too ready to take advantage of property and patents the alien property custodian would control. But no one asked.³⁵

Morgenthau's hopes were raised somewhat two weeks later when he heard that the president had told reporters that he was "still studying" the appointment and "there would not be anything on it for a while." Perhaps, he thought, the president had not made a final decision about the placement of alien property or about the custodian. By contrast Crowley was clearly unhappy. On February 27 he wrote the president that he was distressed with the "public discussion [and] confusion and feeling between various agencies" he saw written about in the press. He added that he did not want the alien property custodian's job and was "taking the liberty of suggesting that the administration of enemy property remain with the Treasury and that it be given the additional authority to function properly." Closing, Crowley insisted that he "was motivated solely by a desire to relieve you of at

least one of your perplexing problems." He did not remind the president of his earlier reluctance to take the job.³⁶

When writing, Crowley was unaware that the president on that very morning was moving in his own way to settle the placement of the custodian. Cagily, Roosevelt suggested at a Cabinet meeting that should the Treasury get alien property, it might include responsibility for handling that of imprisoned Japanese-Americans. "I don't think you should take it," the president advised Morgenthau, hinting that it would be a messy business, and would be for him in particular, when so many Jews were in German concentration camps. And Morgenthau finally agreed. After the meeting, he informed his subordinates that he would abandon his efforts to keep alien property except for the alien funds the Treasury had frozen the past two years. The president had agreed that they belonged in the Treasury.³⁷

The struggle for custody of alien property was almost ended. Still, on March 5 the president gave Morgenthau permission to "Go ahead" with the Americanizing process at General Aniline, vesting its stock in the Treasury and replacing its top executives. Morgenthau quickly appointed Robert McConnell, an experienced chemical engineer, to preside over GAF in place of Mack. Then Morgenthau ordered McConnell to replace all suspect technical and managerial personnel "as soon as possible," although dismissals were not to be made on the basis of German birth or extraction alone, and the whole program was to be implemented with a view to maintaining and even expanding company operations.³⁸

Morgenthau's decisions of March 5 regarding GAF were, in his biographer's words, "endorsed" by Crowley, but "shaped" is surely more accurate. Morgenthau's instructions to McConnell for managing dismissals reflected Crowley's views. Thus the president had already given custody over alien property to Crowley, though that did not become official for another week. On March 11 the president canceled his executive order of February 12 delegating custodial powers to the Treasury, issued a new one establishing the Office of Alien Property Custodian under the White House's Office for Emergency Management, and named Crowley custodian. As Byrnes wished, and Crowley surely preferred, the custodian would operate independently of the Treasury and Justice departments and control General Aniline and all other alien property the Treasury held at that time merely by asking for it in writing—or so the executive order appeared to stipulate. As of that

moment, at least, Crowley had won a striking personal victory. He had taken on a difficult and "nasty job," but he would keep his large salary and positions at Standard Gas. He had found a means of contributing to the war effort, serving the president, and sustaining his life style.³⁹

The president's agreement that Crowley could keep his salary and two jobs at Standard Gas is striking. Why the president did so is the question. Did he believe that Crowley's administrative skills were superior to the Treasury's? Not likely. But he may have foreseen less bureaucratic conflict and more accountability with the naming of a custodian independent of the Justice and the Treasury departments, operating directly under the control of the the White House. He could foresee that Crowley would staff alien property with politically sympathetic businessmen. And he could foresee that Crowley would quietly use alien property and patents at home and abroad as he directed. Crowley's appointment, then, reveals, above all, the president's confidence in his loyalty and political skills.

Alien Property Custodian, II

On March 13, 1942, the nation's newspapers gave front-page treatment to Crowley's appointment as alien property custodian; and soon there were congratulations from many of the bankers he had known. There was also a warm note from his old friend, "Al" Schmedeman, the former governor half jesting that "the President should appoint me as a member of his Cabinet for the services I have rendered him in starting you in public life"; and there was a nostalgic note from a friend in St. Paul, who recalled "a certain December afternoon in 1932 when I . . . almost insisted that you lend your services to the state of Wisconsin." There was also serious coverage by journalists. The *United States News* impersonally discussed the issues facing the new alien property custodian; Irving Perlmutter, in a syndicated column, spoke of Crowley as "Washington's Champion Officeholder" and titillated with lively descriptions of the properties—diamonds and apartment houses, securities and patents—he would control; and *Time* magazine asserted that Leo Crowley had come to the nation's capital as "a symbol of banking integrity" and was now taking "a job for a Lion."¹

There were also heartwarming lyrics from Wisconsin's newspapers. The *Wisconsin State Journal* was reminded of "Horatio Alger heroes of fiction." Crowley had risen from poverty to become Wisconsin's "real" governor, chairman of the Federal Deposit Insurance Corporation, and chairman and president of a giant company, meanwhile serving his church so markedly that the pope had knighted him. All this he had accomplished quietly, with an easy smile and a ready measure of Irish humor. And now the president had expressed his appreciation of Crowley's commitment to service by naming him alien property custodian. The *State Journal*, among other newspapers, waxed at

some length about Crowley's "commanding presence" and his boundless energy, noting in that connection that on his 44th birthday his FDIC team had given him a cigar box inscribed, "From a deeply admiring but freely perspiring staff." Hard work was not the point, though. The president had appointed Crowley custodian because of his deserved "reputation for diving into a tangled mess and coming out with the solution in a hurry." Neither red tape nor details slowed him, the *State Journal* added; he sliced through the former and delegated the latter. He would handle alien property effectively, quickly, without a scandal.²

No sooner did Crowley take over as custodian that March than swarms of job-seekers and of lawyers watching over their clients' interests in foreign-owned or-dominated property and processes, buzzed outside his secretary's door, seeking his attention. However, these were not the huge "flies" Morgenthau, in his February news conference, had warned would be looking for great gobs of "honey." They were gnats Crowley easily fended off by placing a subordinate outside his office to listen to their problems.³

Crowley could not rid himself of Morgenthau that easily. On March 23, the secretary sent him a memorandum labeled "Clarification." In essence, there was a conflict between the president's executive order of March 11, establishing the custodian's office, and one of April 10, 1940, assigning to the Treasury authority to investigate and regulate alien enterprises. Morgenthau suggested that the conflict "created certain ambiguities," but he was willing to cede the authority to Crowley if Crowley signed a memorandum to the president endorsing powers the Treasury sought. What those powers were he did not say, but he implied that the difficulty could easily be resolved.⁴

Crowley did not think so. He thought Morgenthau was seeking concessions he could not make, refighting the battle the Treasury had lost that winter. Unhappily, the president would not involve himself in the conflict. Crowley was told to present his case to Budget Director Harold Smith. He had drafted the two conflicting orders and would arbitrate.⁵

Crowley wrote Smith on May 14. He first set forth his clear authority to vest (or hold) all properties of enemy countries and their nationals, including those properties German companies had tried to hide behind dummy companies in neutral countries such as Switzerland. Then he added that, of necessity, the alien property custodian's

authority included the investigative powers of the Treasury. And he wanted Smith to order the Treasury to transfer the men his office needed to determine ownership and control. Of course, his office could establish its own investigating system—he had a solid core of trained bank examiners, and he could call upon Justice Department lawyers for help—but the vesting process would be impeded, and any delay would be compounded by the duplication of resources. Consequently, Crowley reiterated, he should get Foreign Funds Control from the Treasury. In return, he would give up authority (which he did not define) he thought essential. He would do so in part because the Treasury insisted, but also he added, with more than a bit of sarcasm, because he was willing to place complete confidence and reliance in the cooperation of the Treasury Department.⁶

Crowley's efforts to strengthen his position while mollifying the Treasury did not move the budget director. Smith could not or would not force the issue, Morgenthau would not budge, and even the president's appointment of his longtime and greatly respected adviser, Judge Sam Rosenman, as mediator, did not help. As June ended and settlement of the vesting process remained unresolved, Crowley decided to write the president, asking him to break the logjam.⁷

His letter is enlightening. It reminded the president that he had wanted enemy property managed "from a businessman's point of view," an approach the Treasury with its "licensing" approach, as in managing General Aniline, would frustrate. Crowley further argued that the Treasury was creating a false distinction between "enemy" business enterprises and "neutral" business enterprises controlled by the Axis powers, "which as a businessman and an administrator I know simply will not work." Indeed, any complicated division of powers would fail; he could not cooperate with the Treasury's "underscrappers," who appeared to think something had been stolen from them and whose honor demanded it back. The best solution, under the circumstances, Crowley concluded, would be for the president to sign an order clarifying more sharply his total custodial powers, thus stifling the claims of the Treasury. He would consider it a "personal favor" if the president assured Morgenthau that there would be no changes in the Treasury's favor so "I can go to work under the order without constant argument."⁸

Crowley never sent this letter. After reading it to Rosenman, he sent the president a more cautious note on July 2. Gone was his earlier

fascinating reference to managing alien property "from a businessman's point of view," his blast at the Treasury's "underscrappers," and his request for the rest of the Treasury's powers in the alien property field. Even so, he made his point. An executive order of July 6 set forth the custodian's powers in a manner Crowley found most satisfactory. As James Markham, his deputy, wrote Byrnes the next day: "The President prevented any attempt by the Treasury to get back into the management field. He stood by Mr. Crowley all the time."⁹

Crowley and Markham should have expected no less. It would have been strange had the president just four months earlier entrusted Crowley with a specific assignment, then deprived him of the authority he needed to execute it. And the press would have questioned it as strange. At his April 21 press conference, the president had spoken at length of discussing alien property with Crowley the day before. Publicly, he had emphasized the complexity of Crowley's assignment; after that, the Treasury's loss was only a matter of time.¹⁰

What the president did not tell newsmen about his discussion with Crowley involved his need for Crowley's help in quieting the antiadministration and antiwar Catholic priest Father Charles Coughlin, the force behind the pro-German weekly *Social Justice*. Postmaster General Frank Walker was even then taking legal steps to make *Social Justice* "non-mailable" under the Espionage Act of 1917, and Attorney General Francis Biddle had asked a grand jury to investigate the periodical. Unhappily for the administration, Coughlin seemed eager to have an investigation. He wanted a pulpit for the very views the administration wanted quashed. Years later, Crowley recalled having warned the president then that the legal action being taken against Coughlin was misguided: "You're making a martyr out of him." Many people would believe Coughlin was being investigated, not because he was pro-Nazi, but because he was damaging the administration. And Biddle, in his memoirs, wrote that, despite his department's efforts to prosecute *Social Justice*, he had always favored a quiet solution: "The point was to win the war—not to indict a priest for sedition." If Coughlin were indicted, the administration would look foolish and subversive of the freedoms for which Americans were fighting.¹¹

Fortunately, a solution was at hand. Biddle knew that Crowley was "very skillful at settling rows and cleaning up messes"; and during lunch with Crowley earlier that April he had explained the Coughlin situation, including the dangers in prosecuting him. Crowley

had agreed—"You don't prosecute men because you disagree with them"—then said that he knew a better, quiet way of dealing with Coughlin. He would fly to Detroit and ask Archbishop Edward Mooney, Coughlin's immediate superior, to have the publication of *Social Justice* stopped. "I'll bring it back tied up," Biddle recalled Crowley promising. "Then," Crowley had added, "we can tell the President."¹²

No less vividly, the attorney-general recalled that Crowley, three days later, "was again in my office, smiling and rubbing his hands at the success of his mission." He reported that "the Archbishop had sent for Father Coughlin and told him that he must stop all his propaganda, on the air or by pen, for the duration. . . . The Archbishop wanted his word now. The alternative was being unfrocked. The priest agreed." And that, Biddle noted, "was the end of Father Coughlin, much to F.D.R.'s delight."¹³

Biddle wrote later that he knew of no conditions attached to silencing Coughlin. In that regard and others, he amply praised his emissary: "Crowley, who did these things with finesse, never asked me for an assurance that no action would be taken against Father Coughlin if he were silenced." And Crowley did not advise him of what he had said to Archbishop Mooney except that no guarantees were given; it was simply understood that "the whole point of the arrangement was to avoid a trial."¹⁴

There is more to the silencing of Coughlin than Biddle knew—or, at least, recalled. Mooney's threat to defrock Coughlin if he did not desist occurred on May 1, after Crowley left Detroit. Further, Coughlin insisted years later that Mooney was "doing as he was instructed to do." These clues and others provide reason to believe that Mooney was "instructed" by the apostolic delegate in Washington. Four years earlier, the delegate had reversed his order to stop Coughlin's broadcasts, and Mooney would have almost certainly spoken to him before ordering Coughlin to stop publishing *Social Justice*. If so, he had little reason to worry. Crowley, who reputedly was the delegate's chief adviser on financial issues, had returned quickly to the Capital to assure his support for silencing Coughlin. Also, two years later, when Crowley was able to do the Vatican a favor, he acted promptly. There remains only one puzzle. Biddle's memory, twenty years later, of Crowley sitting in his office, "smiling and rubbing his hands" after his success in silencing Coughlin, seems incompatible with Crowley's devotion to his

church and his recollection that he strongly disapproved the administration's political motives. Yet Biddle had no reason to concoct Crowley's demeanor in his office; and when, two decades later, Biddle asked Crowley if his manuscript recollection of the event was accurate, Crowley answered only that he hoped Biddle would not publish it. How Crowley really felt about his mission at the time we shall probably never know.¹⁵

Fortunately for Crowley, or perhaps a sign of his abilities, his offices in Washington ran smoothly when he was away. He had developed a devoted, superbly trained staff at the FDIC, and some members were doing double duty in the custodian's office. Among the major figures were James Markham, the FDIC's general counsel, now also deputy custodian; Henry Riley, the FDIC's chief operating officer; and Forbes Campbell, publicist at the FDIC. Others, less prominent at the FDIC, came over to manage departments with similar characteristics, while Morrison G. Tucker made the jump to handle the Division of Chemicals, Pharmaceuticals and Special Services, for which he had little background but where he quickly took hold. Probing corporate records for enemy ownership or control, no matter the field, involved research that was methodologically quite similar to examining bank records. And there was no problem of time lost because the FDIC and the custodian's office shared the same headquarters on the fourth floor of the National Press Building.

Crowley went outside the FDIC in some instances. He culled Monroe Karasik from the Justice Department to work with Tucker in the Chemicals, Pharmaceuticals, and Special Services Division; A. Matt Werner, a Democrat, lawyer, and old friend from Wisconsin to serve as general counsel; and, finally, his youngest brother, S. James, came from Chicago to take charge of business operations. Withal, Crowley turned to men whose expertise and loyalty he knew and trusted. Thus he believed he had time to complete a mission for Biddle and to handle his governmental responsibilities even while managing Standard Gas.¹⁶

There were also opportunities to mix pleasure with business. In early April Crowley had given his annual speech to the Wisconsin Bankers Association. Mindful of his time, the convention was shifted to Madison so that he could visit longer with his family, which for Crowley most meaningfully meant his two older brothers, Will and Harry, with whom alone he was comfortable discussing his problems in Washington. Then, in May, he traveled to Milwaukee, where

Marquette University awarded him an honorary doctorate of laws, the first of many he would receive. Almost simultaneously, Catholic University of Washington, DC, gave him the distinction of delivering its commencement address. It was his first, and he enjoyed it immensely, but it was the first of many, all, it must be noted, at Catholic schools. At those he was now a role model. But for Crowley, such honors precious though they were, had to be fitted within the time he could spare from his many responsibilities, including those as chairman and president of Standard Gas and Electric, which now paid him a handsome \$65,000 annually.¹⁷

Fortunately for Crowley, Standard Gas required little of his attention in 1942. That little, though, was roundly applauded by *Barron's*. It pointed out that Crowley used the proceeds from the sale of San Diego Gas and Electric to strengthen Standard Gas's major income producers rather than slicing Standard's debt. This tack, *Barron's* argued, meant better future benefits for Standard, and Crowley had coupled this promise of better prospects with the then depressed market value of Standard's stock to argue before the SEC that temporarily and probably for the duration of the war it should not, and could not by reasonable interpretation of the law, attempt to break up the utility. He had reminded commission members that they were responsible under the Holding Company Act to protect investors as well as consumers. And his argument had proved successful; Standard would remain intact through the war. But the outcome was thought to have a broader significance. The *New York Times* noted that similar remarks by the president of a more powerful holding company were ignored by the SEC. The *Times* regarded Crowley's prominence as a result of being recently named to "the extremely important wartime job of Alien Property Custodian [and being] high in administration circles, . . . of prime importance" in the SEC's decision. His pronouncements could not be ignored.¹⁸

While Crowley's superb headquarters staff and well-organized examiner-investigators enabled him to spend some time on Standard Gas's problems and a few days on the road addressing a convention or a commencement, he could not avoid his ultimate responsibility for the policies of the Alien Property Custodian's Office and, of course, the FDIC. There was no question, though, of the priority required by the custodian's office. Although some aspects of its methodology were not substantially different from the FDIC's, its objectives, its policies, and

some of its methods were. Indeed, Crowley soon decided that some problems were so novel and complex as to justify bringing in a small group of men with experience in vesting alien property during and after the First World War. And some other issues were potentially so controversial that prudence prompted him to form a second, independent committee of prominent businessmen and lawyers for consultation and protective coating.¹⁹

The complexities of Crowley's task were not clarified by the first accounts of the items the custodian would control. Popular stories emphasized the glitter, even the gold, while they grossly exaggerated and, paradoxically, understated because they misread the value of the property seized. Of the estimated seven billion dollars in enemy property taken after Pearl Harbor, only slightly over half a billion were in physical assets; and little of that—stocks, trading companies, and banks, even gold—could possibly contribute to the war effort. Even the highly publicized General Aniline and Film was not a large-scale manufacturer. Indeed, the entire list of property seized was absent even a single manufacturer of size. The real nuggets were to be found elsewhere, among patents owned by German-dominated companies. Of these, however, Americans learned little except for a few dramatic highlights; the scientific complexities of most formulas were not susceptible to the capabilities of the nation's popular press.²⁰

Only the quaintly titled *Oil, Paint, and Drug Reporter* kept a weekly watch on the custodian's handling of confiscated enemy patents, and its coverage was usually so technical or so skimpy as to defy all but the most highly trained and concerned readers. *Business Week* filled in some pieces, bringing an essential bit of drama and the prospects for business to its coverage of the technology involved. It pointed to the many important patents, once jointly owned by Standard Oil and I. G. Farben, General Electric and Krupp A. G., that had been liberated by actual or threatened antitrust proceedings. They were now vested in the custodian's office, and they would soon be released royalty-free to American firms able to use them. Further, The *OPD* reported that, by April 20, the custodian had "Americanized" (or replaced the alien managers) of the Schering Corporation, prominent in pharmaceuticals. Crowley had also seized Schering's common stock, which was being held in a special account "pending [his] further determination." What that meant was not specified, but a plan was even then germinating for using Schering for purposes beyond war production.²¹

Also in April, Crowley was promoting legislation that would empower his office to seize domestic as well as foreign patents crucial for the war effort. He had to proceed without the White House's support, however, as the president did not want to fight conservative opponents on this issue. Testifying before the Senate Patents Committee on April 27, Crowley stressed his need for the bill. He also stressed a balanced concern for the interests of business and the imperatives of war production. But there was little new in what he said. What counted were years of building his credibility with liberals and conservatives alike. It was an important asset to an administration facing an increasingly balky and distrustful Congress, and it helped Crowley obtain the legislation his office needed to seize crucial domestic patents.²²

By mid-June, three months after Crowley was named custodian, his leadership was producing solid results in the Alien Property Custodian's Office. It had absorbed such major German-dominated companies as American Bosch and Rohm and Haas, and equally, even perhaps more important, it had vested more than a thousand enemy patents.²³

As the vesting process quickened and the significance of the companies seized became apparent, magazines such as *Business Week* raised again the issue of the disposition of enemy property after the war. Did the authority to "vest" mean confiscation or merely supervision? If supervision, was the custodian authorized to return the property to its former holders? Further, if the custodian was merely a trustee, was he obligated to protect the capital value and earning power of the property? If so, what, precisely, did that mean for the property's use? The president had stated emphatically that April that enemy patents must not be permitted to "slide back" to their former owners, but was his word the last word? *Business Week* did not think so; eventually the legal system would determine the disposition of all enemy property?²⁴

Lawyers in the custodian's office were even then considering the future of enemy property. Crowley, himself, though, was more concerned with retaining Senate support for his present policies. By late August, he was preparing testimony for the Senate Patents Committee, explaining the progress made by the custodian's office through the first half of 1942 and its plans for the near future. He would say that his office had vested "approximately 7700 enemy owned patents, . . . about 20% of the estimated total" it expected to acquire within the next

two months. Then it would publish a list of its patents and applications for patents, which it would make available to American industry. There would be no general policy for a while—his office did not have enough experience—with one exception: exclusive licences would be issued rarely and, unless military secrecy required, not without a public hearing. Crowley wanted it known that, while his first concern was the war effort, his second was the maintenance of a competitive economy.²⁵

Crowley went on to say that he wanted to transform what had been the Treasury's previously "essentially passive" handling of enemy property into "forceful activity against the enemy." What he had in mind was an aggressive program for Schering, the drug company whose common stock the custodian's office had placed in a "special account" that April. At that time, Monroe Karasik, the young lawyer Crowley had taken from the Justice Department (probably because Karasik caught his ear with a solid idea) suggested using the newly vested Schering to drive its former German parent company from its Latin American market. There would be political as well as economic benefits. Having just returned from the region, Karasik reported that German firms, such as Schering, served German foreign policy; their officers and salesmen peddled German propaganda, and part of the company's profits paid the bills. He wanted permission to devise a plan that would drive Schering out, a plan which might later be broadened to drive all German pharmaceutical and chemical firms out of Latin America.²⁶

Crowley thought Karasik's idea had tremendous possibilities. Its successful implementation would not only contribute immensely to the struggle against the Axis but also create new markets for fledgling Americans pharmaceutical and chemical firms just liberated from German control—and not merely for the duration. Thus, in May, Crowley told Karasik to work on a proposal with Morrison Tucker, chief of the Pharmaceuticals, Chemicals, and Special Services Division, and other long-trusted associates he had borrowed from the FDIC.²⁷

In June, Karasik presented "A Program for Schering in Latin America," elaborating on what he had told Crowley orally earlier. This time, however, he placed less emphasis on the program's contribution during the war than on its economic and political benefits after the fighting ended. "From the standpoint of postwar trade," his report read, "the situation is ominous, as the names of the German products

are being kept alive, and the trade channels . . . are kept open for the resumption of complete German domination after the war." And that should not be permitted. Germany's urge to dominate "must be aborted."²⁸

Crowley found Karasik's proposal extremely exciting. It explained that Mexico and Brazil could be persuaded to seize Schering A. G.'s patents, that a holding company could be formed, and that the profits could be split three ways. Reading it, Crowley thought the plan for Schering might be expanded. Turning to Karasik, he told him to work with the office's legal staff to draft a proposal for the Mexican government providing for cooperation between a Mexican and an American holding company, the latter to include General Aniline, General Dyestuffs, and Afga-Ansco, along with Schering and, perhaps, other companies later. Crowley visualized at least one American cartel, but he knew the "Program for Schering" alone required the cooperation of the State Department, the Board of Economic Warfare and, not least, the president. For that he needed more hard facts. Someone in his office must go to Latin America and bring them back.²⁹

That someone was Morrison Tucker. However, fact-finding was not his only or chief mission. Japanese conquests in the Pacific had cut off traditional sources of the cinchona bark, from which quinine was derived, and Atabrine as a substitute was not proved; but the custodian's office controlled CAPCO, a coffee plantation in Guatemala that also contained many acres of unworked cinchona trees. Tucker's mission was to appraise their condition and, if sound, negotiate their use with Guatemala's president. And this he did. However, the trip exhausted him, and he did not make it to Mexico. From what he heard, though, Tucker could tell Crowley that German pharmaceutical and chemical companies could no longer supply their outlets in Latin America. Schering and other "American" firms could fill the vacuum.³⁰

Meanwhile, the custodian's office was expanding nation-wide, investigating, vesting, administering, and sometimes liquidating enemy properties. In October, *The New York Post* financial columnist, Sylvia Porter, pointed to a policy "diametrically opposed to the policy followed by the custodians of the first World War." Properties seized would be managed, not sold; and, she noted, in the cases of Schering, General Aniline, and Magnesium Development Corporation, but especially Schering, Crowley's policies appeared extremely sound. "Since

[Schering] was vested," she reported, "a huge market has developed for its products." She attributed this partly to its Americanization, which had brought its old American customers back, but she also pointed to its strong new management and its absorption of Germany's Latin American markets. Crowley could not have asked for a more favorable piece had he written it himself.³¹

In one respect, Sylvia Porter's report was unduly favorable. She missed the mark altogether when ascribing a success like that at Schering to General Aniline and Film. General Aniline was not thriving. Neither, for that matter, was its sales agent, General Dyestuffs. These problems came to Crowley's attention in August. General Aniline's board sent him a memorandum asserting that Dyestuffs was not cooperating and that the two firms should be consolidated under its aegis. This clearly was the type of complicated and delicate problem Crowley was appointed to solve. Not only was the welfare of General Aniline and General Dyestuffs at stake, but also the reputations of their managements and of those responsible for appointing them. In this instance, it may be recalled, Morgenthau had named General Aniline's board the previous March; while Crowley, since then, had appointed Dyestuff's board. Now, with the stakes running high, Crowley asked a member of his consulting committee, Boston attorney John J. Burns, to review General Aniline's charges and make recommendations.³²

On October 20, Burns reported back. The two companies faced disaster if drastic remedies were not made. General Aniline had blamed General Dyestuffs unwillingness to cooperate. Burns, however, blamed the "incompetence of the present officers and directors of General Aniline." Beginning with Robert McConnell, the firm's president, they lacked essential technical knowledge. On the other hand, all but two of General Dyestuff's executives were well qualified, and one, Ernest K. Halbach, is "generally ranked . . . as the outstanding dyestuff executive" in the field.³³

There could be no mistaking the thrust of Burns's report—or what it required. But Crowley did not act on it for months. The primary, if not the only, reason was Halbach. General Aniline's board was charging, privately to date, that Halbach was a German agent; and Crowley had lent credibility to the charge, if indeed he did not originate it. In June, when his office vested General Dyestuffs, he had taken Halbach's stock and, exaggerating the significance of his forty year connections with German firms, fired him as the company's president. Then, how-

ever, just after Burns's report seemed to discredit General Aniline's charge, and his own earlier judgment, Crowley recognized a desperate need for Halbach's expertise at Dyestuffs and brought him back to the company as a "special consultant" and de facto president. Even so, Crowley worried that there might be a measure of truth in General Aniline's charge, and its board would publicize it and damage him if he discharged them without thoroughly checking it. His determination to protect himself was, then, the major, if not the only reason, he did not get rid of General Aniline's board in 1942, or for several months into the new year. Halbach had to be investigated and, he hoped, cleared a second time.³⁴

Meanwhile, Crowley, busy though he was, played a critical if narrow role in Wisconsin's congressional elections in 1942. As a story in the *Wisconsin State Journal* had pointed out the previous winter, "Leo Crowley—in Washington—Wields Influence in Wisconsin." Crowley was "the unofficial liaison man between Washington and Wisconsin. He will know whether a bill or project will receive executive sanction." Specifically, the columnist credited Crowley with obtaining a powder plant for Baraboo in Sauk County. And he had. Why he initiated, and the president approved, a project primarily designed to provide business for a railroad and in a congressional district held by a Republican is curious. Crowley never explained, but despite the rapidly diminishing strength of the Progressive party he had once used to such great advantage for the president's benefit, it is obvious that he had real clout at the White House in 1942. Later, Crowley would only say of the powder plant and other prizes the White House approved, that the president "was nice to me."³⁵

That fall, the *Capital Times* assumed that Crowley was speaking for the president when he endorsed Progressive candidates for governor and Congress. So did the Democratic gubernatorial candidate who lamely argued that Crowley "has misled President Roosevelt with respect to Wisconsin politics." Of course, Crowley had done nothing of the kind. He had adopted the only strategy which might defeat the state's Republican governor and, simultaneously, win Senator LaFollette's support for a Green Bay Democrat running in a Republican congressional district. And Crowley's trademark trade-offs succeeded as usual: Both Progressive candidates won; so did the Green Bay Democrat. Partly as a consequence, Crowley was again mentioned for Democratic national committee chairman.³⁶

It was just talk. Byrnes had already pointed out that Crowley's position with Standard Gas disqualified him; both Roosevelt and Crowley knew he had enough burdens already; and, in any case, he could help the president more in his essentially or at least ostensibly apolitical jobs than as a political manager. In fact, this was more true after November 1942 than before. The president had not dominated Congress since 1936. Since then, a southern Democratic-Republican coalition had blocked his domestic program. But it was only after the 1942 congressional returns that it was strong enough to carry its own agenda; and that meant more than legislation; it meant hostile investigations.

Acute politician that Crowley was, he would not have ignored the election's results or implications. It is probable that they contributed to his postponing revisions in the officers and board at General Aniline. However, his own position was ambiguous. It might be remembered that Crowley had endorsed Morgenthau's choice of Robert McConnell as General Aniline's president in March, just prior to assuming his custodian's post. Not only had he affirmed then that McConnell was a "capable administrator" but, as Morgenthau would be quick to recall, he had told the Treasury secretary "he would not interfere with anything which we had done and would leave in General Aniline and Film the men we had installed." During the late fall of 1942 and the first half of 1943, then, Crowley was caught in a trap partly of his own making. He could only hope that General Aniline's board would study Burns's report and quietly resolve its feud with General Dyestuffs.³⁷

Such dramatic problems occurred rarely; daily, Crowley found himself bombarded by businessmen anxious to learn how the patents liberated from enemy control could improve their products or processes. Their first hint—and the public's—came, finally, almost a year after Pearl Harbor. In November 1942, scientists, patent attorneys, and journalists were permitted to see thousands of patents at the National Chemical Exhibition in Chicago. There was no licensing policy, however, until December 7, when Crowley formally handed a memorandum on patent policy to the president.³⁸

Within two weeks, it was revealed that 50,000 patents would soon be generally available. Crowley said that American industry could then obtain patents from "the most important center of scientific research outside the United States." Catalogues could be seen in Washington and Chicago or obtained by mail. However, the bonanza was

largely ignored. Six months later, *Business Week* reported that American industry had applied for only a fifth of the patents seized, and almost half of the applications had come from one firm. Crowley, the story said, was "puzzled by the delay."³⁹

Perhaps he should not have been. One business leader, coincidentally Robert Wilson, a General Aniline director, argued that there was no profit advantage to a company in spending large sums on machinery to utilize a patent when competitors could do likewise. As Louis Johnson, Dyestuff's president, wrote Crowley, "I do not believe he agrees with your patent policy." Obviously, and perhaps justifiably. Yet there was little Crowley could have done. Giving a single firm an exclusive license—and profits—would have led to shrieks of "special privilege," an especially serious charge when equality of sacrifice was demanded at home as well as on the battlefield. Possibly Crowley had run afoul of a problem for which even he had no solution.⁴⁰

By July 1943, however, Crowley had a solution to his difficulties with General Aniline's board and its year-long feud with General Dyestuffs: GAF's board was replaced. According to its outgoing president, Morgenthau appointee Robert McConnell, he and the board were forced out for only one reason: his "serious objections" to a "new policy which it is proposed to adopt for this company's operations and which the new board selected by Mr. Crowley will be expected to carry out." That new policy, he pointed out, was "predicated on permanent Government ownership of General Aniline and Film Corporation, with a view to utilizing [it] as a spearhead in Latin America and other foreign countries to further . . . the Government's political or good neighbor policy." Explaining further to Morgenthau and three board members, McConnell said he was "entirely sympathetic to [Crowley's objectives]"; however, he opposed his means—he was "a firm believer in the principle of private enterprise"—and in any case he "could not conceive that such a venture would have the remotest chance of success." Therefore his decision to resign.⁴¹

Of course, McConnell was forced out. During the spring and early summer of 1943 Crowley had found new directors for General Aniline's board. The search had been difficult, perhaps because those asked lacked time (as they complained); but they could not have ignored the fact that serving on GAF's board actually meant doing the custodian's bidding. In the end, most of those accepting were, as the *New York Times* noted, "associates of Mr. Emanuel . . . of Standard Gas

and Electric Company, of which . . . Mr. Crowley is president and chairman of the board." The *Times* further noted that among those associates of Emanuel named to General Aniline's board were two officers of General Dyestuffs, a vice-president and president Louis Johnson. Perhaps unaware of the lack of cooperation, even the feud between General Aniline and General Dyestuffs, the *Times* did not stress Crowley's neat solution when he de facto merged the two companies. So, too, it either failed to see or failed to point out that, while technically Crowley's and Emanuel's friends would run both companies, they would be guided by the same Ernest Halbach identified the previous autumn in the Burns report as the guiding genius at Dyestuffs.⁴²

By July 13, Crowley's plans for General Aniline and General Dyestuffs had matured. The stockholders of both (meaning for all intents and purposes the custodian, who had vested the stock) met that mid-summer day in 1943 to elect, in fact to confirm, the new board Crowley had chosen. With that, McConnell's resignation was accepted and Morgenthau's remaining influence broken, while Crowley's influence, through the expert Halbach, was firmly in place. Crowley had achieved another smashing coup, or so it seemed that summer. If there were weak links that might be exploited, he had no time to think about them. Even then, the president was asking him to assume an additional and, surely, a heavier burden.⁴³

12. MD, 480: 194-200; and John M. Blum, *From The Morgenthau Diaries: Years of War, 1941-1945* (Boston, 1967), 4-5.
13. *Washington Banktrends and Backgrounds*, no. 240, December 15 1941; and Blum, *Morgenthau Diaries: Years of War*, 5.
14. Memorandum for the President, December 18, 1942, signed G., OF 77.
15. Byrnes to General Watson, December 17, 1941, OF 77; and Oscar Cox to Byrnes, and Byrnes to Roosevelt, December 19 and 20, 1941, BP.
16. Roosevelt wrote Byrnes, December 23, 1941, "I feel I cannot make a decision until next week for obvious reasons," OF 77; also Byrnes, *All in One Lifetime*, 153.
17. Byrnes to Roosevelt, undated memorandum, presumably late December, responding to the President's memorandum of the 23rd, BP; and Byrnes, *All In One Lifetime*, 153.
18. MD, 480: 192-200.
19. MD, 480: 194-200.
20. MD, 480: 196-200, but especially 198. Morgenthau was furious after seeing a proposed executive order that would bring alien property and the custodian into the Justice Department, and he phoned the White House to ask for an opportunity to speak with the president after the British mission left. Byrnes to Morgenthau, December 31, 1941, BP; Byrnes to Roosevelt, January 8, 1942, and memorandum for the president, January 2, 1942, OF 77.
21. "No Peace with I. G. Farben," *Fortune*, 26 (September, 1942), 104-7 and 144-52; I. F. Stone, five-article series in *Capital Times*, February 22 to February 26, 1944, also in *PM*; and Howard Ambruster, *Treason's Peace* (N.Y., 1947).
22. *Ibid.*; and I. F. Stone, "Fumbling with I. G. Farben," *The Nation*, January 6, 1945.
23. John M. Blum, *From The Morgenthau Diaries: Years of Urgency, 1938-1941* (Boston, 1965), 326-37; Edward L. Steckler and Warner Rosenberg, "Real Property of Enemy Aliens," *New York Law Journal* of April 21, 22, and 23, 1942, reprints in CPP; and "Treatment of U.S. Property in Enemy Countries," Board of Directors of Chambers of Commerce of the United States, September 17-18, 1943.
24. Blum, *Morgenthau Diaries: Years of War*, 6-8.
25. Byrnes to FDR, January 8, 1942, OF 77.
26. *Ibid.*
27. Blum, *Morgenthau Diaries: Years of War*, pp. 6-9, reports Roosevelt as "extremely interested" in and strongly approving Morgenthau's report.
28. Byrnes, "As to Crowley," draft memo, apparently of January 21, 1942, BP.
29. Byrnes to Roosevelt, January 21, 1942, BP, and OF 77.
30. *Ibid.*
31. Crowley to Roosevelt, January 22, 1942, OF 2911.

32. *Ibid.*; and MD, 487: 388.
33. Morgenthau to Roosevelt, February 6, 1942, OF 4782.
34. "Regulations Relating to Property Vested in the Secretary of the Treasury Pursuant to . . . the Trading with the Enemy Act," as amended by the First War Powers Act, 1941, filed February 15, for which see *Federal Register*, 7: 1021, February 23, 1942, also Treasury Press Release no. 30-43, of same date, in CPP; and Byrnes, *All in One Lifetime*, p. 153.
35. Transcript of Morgenthau's press conference, February 19, 1942, CPP.
36. Presidential press conference, no. 807-8, February 24, 1942, reiterated similar brief comments made a month earlier, no. 801-8, January 27, 1942; also Blum, *Morgenthau Diaries: Years of War*, p. 8; and Crowley to Roosevelt, February 27, 1942, CPP.
37. Blum, *Morgenthau Diaries: Years of War*, 8-9.
38. *Ibid.*
39. *Ibid.*; Executive Order 9095, *Federal Register*, 7: 911, March 13, 1942, pursuant to the Trading with the Enemy Act of October 6, 1917, as amended by the First War Powers Act of December 18, 1941; and various newspaper reports.

9. Alien Property Custodian, II

1. Schmedeman to Crowley, March 13, 1942, and General Agent, FCA, to Crowley, March 20, 1942, CPP; *United States News*, ca. March 1942, clipping, CPP; Perlmetter, "Seven Billion Dollar Headache War Gift to Leo T. Crowley," syndicated in *Washington Star* and *Capital Times*, March 22, 1942, *St. Louis Globe-Democrat*, March 25, 1942, and other papers; and *Time*, March 23, 1942.
2. *Pathfinder*, April 4, 1942; and *Wisconsin State Journal*, March 29, 1942.
3. *Capital Times*, March 22, 1942; and *Milwaukee Journal*, March 23, 1942.
4. Morgenthau to Crowley, March 23, 1942, CPP.
5. Crowley to Smith, May 14, 1942, CPP.
6. *Ibid.*
7. James F. Byrnes to Rosenman, May 28, 1942, BP.
8. Crowley, undated draft letter to the President, ca. late June 1942, CPP.
9. Byrnes to Rosenman, May 28, 1942, BP; Crowley to Roosevelt, July 2, 1942, CPP; and Markham to Byrnes, July 3, 1942, BP.
10. Press conference of April 21, 1942, no. 820, pp. 294-96.
11. Biddle to Walker, April 14, 1942, Walker to Biddle, April 14, 1942; and Walker to Postmaster, Royal Oak, MI, and to publisher, *Social Justice*, Royal Oak, April 14, 1942, CPP. Also Francis Biddle, *In Brief Authority* (New York, 1962), 216 and 247; and Eklund, *Adviser to Presidents*.
12. Biddle, *In Brief Authority*, 247; and Eklund, *Adviser to Presidents*.
13. Biddle, *In Brief Authority*, 247-48.

14. *Ibid.*
15. Eklund, *Adviser to Presidents*.
16. For Crowley's team, see *Congressional Directory*, 78th Congress, 2nd Session, (Washington, December 1943), 312-13; compare with *ibid.*, 75th Congress, 3rd Session (Washington, December 1937), 372; *Annual Report of Alien Property Custodian*, March 11, 1942, to June 30, 1943; and *Sheboygan Press*, November 25, 1942. Also, interviews and correspondence with Morrison Tucker and Monroe Karasik, 1989-90.
17. "Bank Capital Ratios today," Speech of April 7, 1942, and telephone conversations with Dr. William P. Crowley; clipping, unidentified source, June 1, 1942; and Matthew F. McGuire to Crowley, June 12, 1942; and Kuehl to Crowley, June 1, 1942, remarking of his honors, "If you don't soon stop, your family will have to have me when you are gone to properly appraise and preserve them," CPP.
18. *Barron's*, December 14, 1942; and *New York Times*, May 8 and April 30, 1942.
19. The committee included John Foster Dulles of the prestigious New York law firm of Sullivan and Cromwell, *Annual Report of Alien Property Custodian*, March 11, 1942, to June 30, 1943.
20. *Washington Evening Star*, March 22, 1942; *Milwaukee Journal*, March 23, 1942; and *U.S. News*, ca. March 1942, CPP.
21. *OPD Reporter*, April 6; *Business Week*, April 25, 1942; *OPD Reporter*, April 27, 1942.
22. *Ibid.*, also May 4, 1942.
23. *Ibid.*, June 1 and 15, 1942, July 6, 1942, September 14, 1942.
24. *Business Week*, June 6, 1942.
25. "Statement of Patent Policy," August 13, 1942. This policy statement was not given the Patents Committee publicly; possibly it was conveyed in executive session or personally.
26. Conversation with Monroe Karasik, July 4, 1990, Chevy Chase, MD.
27. *Ibid.*
28. Monroe Karasik, undated staff paper, "A Program for Schering Corporation in Latin America," June 12, 1942, CPP.
29. *Ibid.*; conversation with Monroe Karasik, July 4, 1990, Chase, MD; and Tucker to author, chiefly January 9, 1988, but numerous other dates; and interview, September 17, 1987, Oklahoma City, OK.
30. Tucker to author, February 4, 1990.
31. Sylvia F. Porter, "Your Dollars and the War," *New York Post*, October 13, 1942, CPP.
32. John J. Burns, "Report to Honorable Leo T. Crowley," October 20, 1942, CPP.

33. *Ibid.*
34. Burns, "Report to Honorable Leo T. Crowley; also "Excerpts Relating to the Confiscated Property of the Children of Ernest K. Halbach," Hearings Before Investigating and Legislative Subcommittees of the Senate Committee on the Judiciary, Eighty-third Congress, First Session (Washington, 1953), 7-9, 13-21, and 24.
35. Eklund, *Adviser to Presidents*.
36. *Capital Times*, October 31, 1942; *Milwaukee Journal*, November 1, 1942; and MD, 581: 152A.
37. Crowley to John E. Mack, March 16, 1942, OF 77; and MD, March 10, 1942, Box 506, 242, with enclosure.
38. *Business Week*, December 19, 1942; and "Memorandum to the President on the Patent Policy of the Alien Property Custodian," December 7, 1942, CPP.
39. *Business Week*, December 19, 1942; Howland H. Sargeant to Crowley, "Administration of Patents and Copyrights," for Address by the Alien Property Custodian before the Business Advisory Council, June 24, 1943; and *Business Week*, August 21, 1943.
40. Louis Johnson to Crowley, April 20, 1943, enclosing reprint of speech by Robert E. Wilson, "Research and Patents," *Industrial and Engineering Chemistry*, 35 (February, 1943), 177. Wilson's motivation, at least, may have been related to his presidency of a subsidiary of Standard Oil, a firm earlier indicted by the Justice Department's Antitrust Division for restricting its production of synthetic rubber as a result of an agreement with I. G. Farben.
41. McConnell to Morgenthau, July 13, 1943, enclosing memorandum of July 9, 1943, MD, Box 648, 153.
42. *Ibid.*
43. *Ibid.*

10. *The Nation's # 1 Pinch Hitter*

1. Progressive Congressman Harry Sauthoff to Crowley, July 16, 1943; Associated Press, August 2, 1943, CPP; Crowley to Grace Tully, May 4, 1943; and Roosevelt to Crowley, May 6, 1943, OF 2911.
2. Edward and Frederick Schapsmeier, *Prophet in Politics: Henry A. Wallace and the War Years, 1940-1945* (Ames, Iowa, 1968), 20-21 and 44-71; Victoria Harrison, "The Wallace-Jones Feud," Senior Honors Paper, Southern Illinois University at Edwardsville (April 1982); and Russell Lord, *The Wallaces of Iowa* (Boston, 1947), 498-517.
3. Jones would not have denied any of this, Jesse J. Jones, *Fifty Billion Dollars* (New York, 1951), 486.

Primary Sources and Abbreviations

Leo T. Crowley Personal Papers, CPP
author's possession

Franklin D. Roosevelt Library, Hyde Park, NY

Official Files OF
President's Personal Files PPF
President's Secretary's Files PSF
Miscellaneous Files FDRP
Henry Morgenthau, Jr., Ms. Diary MD
Henry Morgenthau, Jr., Farm Credit
Diary
Oscar Cox Papers
Harry Hopkins Papers
James Rowe Papers

Wisconsin State Historical Society, Madison, WI

William T. Evjue Papers EP
Frank Kuehl Papers
Albert Schmedeman Papers

National Archives, Washington, DC, and Suitland, MD

Record Groups 34, 103, and 169 RG

Harry S. Truman Library, Independence, MO

Harry S. Truman Papers HSTL

Clemson University Library, Clemson, SC
James Byrnes Papers BP

Public Record Office, London, England
Public Records Office

Library of University of Wisconsin at Milwaukee
Charles E. Broughton Papers
William B. Rubin Papers

Bancroft Library, University of California at Berkeley
J. F. T. O'Connor Diary

Library of Congress, Mss. Division
Jesse H. Jones Papers

University of Virginia Library, Charlottesville, VA
Carter Glass Papers

Notes

1. *The Plunger*

1. Crowley to F. Ryan Duffy, August 28, 1969, CPP, given to the author by John and Regina (Crowley) Doyle, December 1979. Crowley had requests for his "records" from the Franklin D. Roosevelt Library, Hyde Park, NY, as well as the Wisconsin State Historical Society, Madison, WI, both requests in CPP.

2. Interviews with Laurence C. Eklund, side one of three tapes (five sides), made in early August 1969, copies at Wisconsin State Historical Society; ten articles published in the *Milwaukee Journal*, August 17-27, 1969, collected in a pamphlet, *Adviser to Presidents*.

3. For example, George Burns, Milwaukee attorney, to Laurence C. Eklund, August 19, 1969, CPP.

4. Interviews with John and Regina Doyle, December 1979; *City Directories* for Janesville, Beloit, and Madison, Wisconsin; *Milton Courier*, July 1, 1976, pp. 12-15; *Portrait and Biography Album of Rock County, Wisconsin* (Chicago, 1889); *Plymouth County Centennial, 1848-1948*, (Rock City, 1948), 76; *Wisconsin: Its History and Its People, 1624-1924*, (Chicago, 1924), 3: 492-96; Obituaries, April 15 and 16, 1972, from the *Madison Capital Times*, *Wisconsin State Journal* (Madison), *Milwaukee Journal*, and other newspapers, CPP; also, undated, autobiographical scraps, CPP; Last Wills and Testaments of Leo, Esther (sister), and William Crowley, Dane County records; and Eklund, *Adviser to Presidents*.

5. "Transactions: Deeds and Mortgages," in *Registry of Deeds*, Dane County, Madison, Wisconsin, 205: 289 and 367; 225: 356 and 357; 242: 557; 271: 587; 273: 104. The loans were paid off in 1922 and 1924, 291: 391; and 293: 446. Also, interview with Dr. Harry Purcell, whose father was a close friend and collaborator with Crowley, St. Louis, MO, July 3, 1980.

6. Partial Records of General Paper and Supply Company, August 25, 1919; May 29, 1919; September 15 and 22, 1921; and April 1, 1923, CPP; interview with Harris Allen, Crowley's broker, June 29, 1980, in Milton Junction; *Thirtieth Annual Report of the Commission of Banking on State Banks, Mutual Savings Banks, and Trust Companies, 1925*, lists Crowley as director of Bank of

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THE
ABANDONMENT
OF THE
JEWS

*America and the Holocaust,
1941-1945*

David S. Wyman

Pantheon Books, New York

In the middle of the war, the British government sent Freya Stark, a pro-Arab archaeologist and author, on an extensive lecture tour of the United States. Her mission was to build American support for British policies, especially for those regarding Palestine. Miss Stark, a non-Jew, was impressed by the amount of anti-Semitism she ran across among well-to-do, well-educated Americans. Dr. L. M. Birkhead, a Protestant clergyman and close observer of anti-Semitic trends, traveled through the Midwest in 1943. He found vicious anti-Jewish attitudes rampant not only among extremist groups but also in the "best circles." The respectable elements, he thought, would probably not support violence, but neither would they oppose it. The following year, in its annual review, the American Civil Liberties Union pointed out that reports from across the nation carried "an almost unanimous verdict that race tensions are increasing, affecting Negroes, Jews, and Japanese Americans. Some even described the situation as 'explosive' or 'potentially dangerous.'"³⁵

Nor were the armed forces exempt. In a letter to a Jewish magazine, a Marine corporal, two years in the service, expressed frustration about attitudes that were not uncommon in the military:

I am the only Jewish boy in this detachment. I am confronted with anti-Semitism on all sides. Sorry I got into this outfit.³⁶

Anti-Semitism ran through the upper ranks as well, as illustrated by the experience of an American Red Cross staff member who was working alongside the liberating Allied armies following V-E Day. One morning she set out to visit Jews at a displaced persons' center near Magdeburg, Germany. About 2,700 of them had survived Bergen-Belsen and then ten days locked in a train before American Army units found and freed them. The Red Cross worker stopped at the American Military Government office in Magdeburg to ask directions to the DP center. The officers she saw were not aware that she was Jewish. This is what happened:

Major A said to me, "Oh, you want to visit our kikes; be careful or they'll take everything you've got," and turned to the senior officer and said "Major M, Miss N wants to visit our Brooklyn kikes. Can you tell her how to get there?" . . . Major S . . . then [spoke up and] with an accent said, "So you want to visit our long-noses," pulling his nose. "Maybe you can cut down their noses to the size of some of the parts the Nazis cut off."

This incident was only one of several in which she encountered anti-Semitism in the American Military Government.³⁷

Anti-Semitism was no stranger on Capitol Hill either. It was, in fact, an important ingredient in the sharp hostility to refugee immigration that existed in Congress. In early 1943, government officials and friendly members of Congress cautioned refugee-aid organizations about pushing too hard on immigration-related issues because of "the prevalence of anti-Semitic feeling in Congress." A leader of one of the aid organizations described this attitude as an "unprecedented and disturbing element throughout Congress." Several members of Congress—for example, Senators Claude Pepper (Dem., Fla.) and James Murray (Dem., Mont.)—sought to turn back these currents of prejudice, but without much success.³⁸

For the most part, congressional anti-Semitism was not expressed openly, though a few legislators had no compunction about putting their anti-Jewish views on record. The most shameless anti-Semite in Congress was Representative John Rankin (Dem., Miss.), who regularly used his considerable oratorical talent to lash out at Jews. In June 1941, one of his verbal assaults contributed to the death of Congressman M. Michael Edelstein of New York. Edelstein collapsed and died of a heart attack in the House lobby shortly after rising to point out the unfairness of Rankin's comments. Undeterred, Rankin kept on with his diatribes. Speaking in the House in 1944, he referred to a Jewish news columnist as "that little kike." He was even petty enough to block special legislation, unanimously approved by the normally restrictionist House Immigration Committee, to allow a Jewish refugee couple and their daughter to come to the United States. The family's two sons, aged twenty-two and nineteen, were already in the United States, had joined the Army, and were about to be sent overseas.³⁹

The pervasiveness of anti-Semitism in the United States during the late 1930s and the war years was confirmed by national public-opinion polls. A series of polls from 1938 to 1946 dealt with the images Americans had of Jews. The results indicated that over half the American population perceived Jews as greedy and dishonest and that about one-third considered them overly aggressive.⁴⁰

A set of surveys extending from 1938 through 1941 showed that between one-third and one-half of the public believed that Jews had "too much power in the United States." During the war years, a continuation of the survey saw the proportion rise to 56 percent. According to these and other polls, this supposed Jewish power was located mainly in "business and commerce" and in "finance." From late 1942 into the

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spring of 1945, significant Jewish power was also thought to exist in "politics and government." * 41.

Other surveys from August 1940 on through the war found that from 15 to 24 percent of the respondents looked on Jews as "a menace to America." Jews were consistently seen as more of a threat than such other groups in the United States as Negroes, Catholics, Germans, or Japanese (except during 1942, when Japanese and Germans were rated more dangerous).⁴³

If a threat actually existed, however, it was not from Jews, but to them. An alarming set of polls taken between 1938 and 1945 revealed that roughly 15 percent of those surveyed would have supported an anti-Jewish campaign. Another 20 to 25 percent would have sympathized with such a movement. Approximately 30 percent indicated that they would have actively opposed it. In sum, then, as much as 35 to 40 percent of the population was prepared to approve an anti-Jewish campaign, some 30 percent would have stood up against it, and the rest would have remained indifferent. The threat never crystallized into organized action. But even allowing ample room for inadequacies in the survey data, the seriousness of American anti-Semitism in those years is evident.⁴⁴

These attitudes raised formidable barriers to the development of an American initiative to save European Jews. Yet the need was critical: an entire people was being systematically eliminated by America's principal enemy. And pressures against extending help were not the only forces on the scene. Other important factors in American society created the potential for a positive response. America was a generous nation, a land of immigrants, led by a national administration known for its humanitarian sympathies. Most Americans embraced Christianity, a faith committed to helping the helpless. The country had an articulate and organized Jewish population that could play a vital role in arousing those positive forces. A truly concerned leadership in the government and in the Christian churches could have turned that potential into a powerful influence for effective action.

* The view that Jews had too much power in government may have reflected the widely circulated assertion that Jews exerted excessive influence in the Roosevelt administration, a notion summarized in the term *Jew Deal*. The belief that Jews wielded substantial power in government declined sharply in the polls directly after Truman succeeded Roosevelt.⁴²

David S. Wyman

Paper Walls

America and the Refugee Crisis 1938-1941



Pantheon Books, New York

NATIVISTIC NATIONALISM

Nativistic nationalism refers to an attitude held in this period by most patriotic and veterans' groups but by no means limited to members of these organizations. It included a pride in "100 percent Americanism," an emotion which carried as a corollary a strong strain of antialienism. The isolationism of the era provided a matrix which encouraged this point of view. This type of nationalism was an outgrowth of long-term nativist impulses which had solidified in the immigration restriction acts of the 1920's. Indeed, major aims of these "100 percenters" in the thirties and early forties were to cut off all immigration and to control rigidly, if not deport, all aliens. Nativistic nationalists were vocally represented in Congress by such figures as Representatives John Rankin (D.) of Mississippi and Martin Dies (D.) of Texas and Senators Robert Reynolds (D.) of North Carolina and Rufus Holman (R.) of Oregon.

The goal of eliminating foreigners from American society reflected two nativist anxieties: concern to preserve American resources for American citizens and fear of the alien as a threat to American culture in all its aspects. In phrases typical of nativist expression, Senator Reynolds summarized the first interest: "Why should we give up those blessings to those not so fortunate? . . . Let Europe take care of its own people. We cannot take care of our own, to say nothing of importing more to care for." Explaining the American Legion's restrictionist stand, National Commander Stephen F. Chadwick declared that the nation had welcomed immigrants while the frontier remained, but in 1939, with 13 million unemployed, the country's responsibility to its citizens required that the gates be shut.¹⁴

Insight into fear of foreigners as a cultural threat emerges from a picture of immigrant life drawn in 1938 by fundamentalist preacher and editor Gerald B. Winrod of Kansas, leader of the rabidly anti-Semitic Defenders of the Christian Faith. Winrod warned that

the names appearing on the places of business, the condition of the shop windows, the babble of foreign tongues, the language used on the signs in public places, the filth of the streets, the

greasy lives of the people, the utter disregard for American standards of morality, the flagrant violation of the Christian Sabbath . . . the whole atmosphere of these great unassimilated sections of foreign population is such as to cause serious concern.

Not only inlanders, limited in their contacts with aliens, were apprehensive about foreign influences. From Philadelphia the Junior Order United American Mechanics editorially expressed similar anxiety: "Let us stop immigration completely for awhile and give our present alien population an opportunity to become Americanized before they foreignize us." On another occasion, the same voice had praised North Carolina "whose proud boast is that it has the highest percentage of Anglo-Saxon blood of any state in the union . . . a thoroughly Americanized community which has not yet experienced the influx of foreigners that other states have had to bear."¹⁵

A scholarly presentation of the threat posed by entry of foreigners appeared in May 1939, published by the New York State Chamber of Commerce. Dr. Harry H. Laughlin, superintendent of the Eugenics Record Office of the Carnegie Institution of Washington, D.C., offered his 267-page *Conquest by Immigration* as "a research on the essential long-time parallel between conquest following successful military invasion and enforced settlement on the one hand and legalized, peaceful immigration and settlement on the other." The text presented such traditional restrictionist arguments as high incidence among aliens of mental disease, criminality, and appearance on relief rolls. The assertion that immigrants take jobs from American citizens appeared. To ward off the foreign threat, Laughlin recommended that a "personality or character-test" be required of prospective immigrants, that the quotas be reduced by 60 percent, that the deportation laws be tightened, and that all immigration be halted in times of large unemployment. In a thinly veiled burst of anti-Semitism, Laughlin suggested total exclusion of persons of "alien races or organizations" whose members already in the country "tend to resist assimilation in the United States." The book closed with the assurance that "no living nation need permit its own conquest by unselected immigrants."¹⁶

The nativism of many "100 percent Americans" included an undercurrent of suspicion toward people who were connected with international organizations or who were concerned with the welfare of foreigners. Nativists doubted the patriotic loyalty of "internationalists"

because their interests appeared to be mingled with those of foreigners. The following exchange between Senator Rufus Holman and Ralph Emerson of the CIO Maritime Unions occurred at a Senate subcommittee hearing:

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Senator Holman: The C.I.O. is not an exclusive American organization; it is an international organization, is it not?

Mr. Emerson: It is composed of a large number of organizations which have international unions.

Senator Holman: In other words, you are speaking as an internationalist, not as an American.

Mr. Emerson: I am speaking as an American.

Senator Holman: I doubt it. Go ahead.¹⁷

In the same hearings Senator Holman expressed the distrust of the Labor Department and its Immigration and Naturalization Service which was widespread among nativistic nationalists. He suggested that the department's attitude was one of "holding the door wide open." To James L. Houghteling, Commissioner of the Immigration Service, Holman stated: "I am trying to enlist the services of you people on the American side." Behind the feeling that the Immigration Service was coddling aliens lay the nativists' belief that swarms of refugees were eluding the immigration inspectors or were entering by use of visitor permits which were not limited by quota restrictions. Actually the State Department issued visitors' visas, while the Immigration Service was responsible for seeing that the sojourners departed at the proper time. Nativists charged that these visitors were not being forced to leave. Another complaint, current since the start of the Roosevelt Administration, was that the Immigration Service allowed deportable aliens to remain in the United States, choking relief rolls or holding American jobs.¹⁸

The main force of the attack on the Labor Department fell on Secretary Frances Perkins. Convinced that she and her chief assistants opposed deportation of undesirable aliens, close control of the border and enforcement of time limits on temporary visitors, nativists concluded that Miss Perkins was an internationalist who valued foreigners over Americans. J. H. Patten of Washington, D.C., and Belton, South Carolina, a long-time leader in numerous restrictionist organizations,

even undertook considerable research purporting to show that Frances Perkins (she "retains her maiden name, after the Red Russian custom") was not born to her presumed father, Frederick W. Perkins, but "was a foundling on Perkins' doorstep, 12 Worcester Square, Boston in the foreign quarter." Most probably, Patten revealed, she was born Matilda Watski of Russian immigrant parents. In this preposterous fashion Patten explained Frances Perkins' alleged partiality toward foreigners.¹⁹

Opponents of immigration repeatedly sounded the alarm that great numbers of refugees were slipping into the United States. From New York City, Messmore Kendall, president general of the National Society of the Sons of the American Revolution, spoke about "the horde of illegal entrants or aliens who have seeped across our borders." In Washington the National Defense Committee of the Daughters of the American Revolution heard that the United States was flooded with refugees, many of them Communist agitators. Senator Robert Reynolds read into the *Congressional Record* a clipping from Father Charles E. Coughlin's *Social Justice* which relayed a report "about the New York barges that slide out to clandestine meetings with ships anchored off the 12-mile limit to bring in overall-clad refugees with 'w.p.a. shovels' in hand." Coughlin commented dryly that the report was hardly credible because such procedures were so unnecessary. Refugees, he said, were "pouring into this country by the thousands on every ship" simply by using visitors' visas.²⁰

Confirmation that claims of a huge refugee influx were making themselves felt appeared in the *Annual Reports* of the Secretary of Labor. The 1939 report pointed out that in the preceding fiscal year there had been only a very small rise in the number of nonimmigrants (the category in which visitors are classed) entering the United States. For 1940 a *decrease* of over 25 percent was announced. Both reports emphasized that the figures were "clear evidence that sensational reports to the effect that floods of alien visitors are being admitted to this country on any sort of excuse are not based on cold facts nor on the accurate records of a responsible Government agency." A *Collier's* editorial in early 1940, using immigration statistics to refute talk about "vast tidal waves of human flotsam" from Europe, provided further evidence of the currency of stories about a deluge of refugees.²¹

Rumors that hordes of refugees were landing on American shores reinforced fears about job competition, fears already deeply ingrained

by years of depression. These economic insecurities, in combination with traditional nativist anxieties about an alien cultural threat, whipped up strong currents which restrictionists were able to ride in their effort to close the gates completely. One further important aspect of life in the United States in this period reinforced the cause of those who fought against immigration of refugees.

ANTI-SEMITISM

The years from 1938 through 1945 saw anti-Semitism in America reach a peak. Groups such as Father Charles E. Coughlin's Social Justice movement, William Dudley Pelley's Silver Shirts, the German-American Bund, and a host of others thrived in and contributed to this atmosphere. Electioneering in New York City in 1940, Joseph E. McWilliams of the Christian Mobilizers, an offshoot of the Coughlinite Christian Front, informed an enthusiastic crowd that "I am the anti-Jewish candidate for Congress!" McWilliams was defeated, but others with much the same viewpoint held seats in the national legislature. Republican Congressman Jacob Thorkelson of Montana detailed the conspiratorial operations of the "invisible government," an imaginary power structure which he linked to the "communistic Jew" and to "Jewish international financiers." Mississippi Democrat John Rankin favored the House with a fantastic eulogy of the religious-minded Stalin, a gentile, whom he contrasted with the murderous Trotsky, a Jew.²²

Observation of organized anti-Semitic movements of the period reveals one side of the picture of prejudice against Jews. The German-American Bund, composed mainly of lower-middle-class German-born residents of the United States, in effect formed the American Nazi movement. Uniforms, swastika armbands, Nazi flags, Storm Troop units, the Nazi salute, goose-step marching, a score of camps for drill and for youth indoctrination served notice of the plans that these Hitlerites had for America. About 40 percent of Bundist strength was concentrated in the New York City area, especially Brooklyn, with sizeable contingents also in Detroit, Chicago, Philadelphia, and other cities. Estimates of the Bund's size varied. Fritz Kuhn, the American *Führer* until his sentencing to Sing Sing Prison in late 1939 for em-

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members of the immigration committees of both houses accompanied typewritten form letters calling for active support of the Wagner-Rogers Bill. Labor leaders, prominent liberals, churchmen, and notable educators received requests that they encourage national legislators to back the proposal. These steps to generate pressure on Congress met with some success, for in April Representative Samuel Dickstein found it "almost impossible to keep up with the mail" on the child refugee measure and Representative Anton Maciejewski (D.) of Illinois reported receiving 260 letters in one morning, all favoring the bill.⁸²

State branches of the Non-Sectarian Committee took shape in Ohio, Michigan, Texas, Illinois, Minnesota, Colorado, Utah, and California. Enjoying the support of well-known movie stars and such leading citizens as *Los Angeles Times* publisher Harry Chandler, Judge Goodwin J. Knight, John Steinbeck, and Stanford University president Ray Lyman Wilbur, the California division was particularly active. In response to efforts of the California group, the state legislature, with only one negative vote in each house, passed a resolution requesting Congress to enact the children's bill. Through the cooperation of many California newspapers, numerous editorials favorable to the Wagner proposal appeared in the state. The California branch supplied special material to the press, circulated a newsletter, and sent out speakers. Perhaps most important was the intensive effort, through a variety of channels, to influence the California delegation in Congress. This pressure, according to the California division's executive secretary, brought solid progress and some clear commitments in the endeavor to win Congressional backing for the Wagner-Rogers Bill.⁸³

The main lobbying effort for the child refugee bill centered in Washington. In large part labor and usual overhead costs were supplied free of charge, enabling the Non-Sectarian Committee's Washington office to operate on small funds. In late March a private polling service, engaged to test sentiment regarding the bill in the upper house, reported "a preponderant feeling in the Senate that this subject is 'too hot to handle.'" Only 45 senators were willing to reveal their views; of these, 21 favored the measure and 24 opposed it. In actuality, opposition was much stronger than appeared on the surface. The polling service pointed out that many of the 49 senators who were approached but refused to take a stand did comment that they were

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against "letting down the immigration bars in any degree." The survey bureau concluded that the bill at that time stood little chance of passage.³⁴

Analysis of the poll indicates, as might have been expected, least backing for the Wagner-Rogers Bill in the South. Less than 15 percent of the southern members of the upper house took a stand in favor of the measure. About one fourth of the senators of both the Northeast and the Far West supported the proposal. Unexpectedly, in view of isolationist influence in the Midwest, the main strength of the bill appears to have been among senators from that region. Nearly one third of the midwestern senators approved the measure. A breakdown by party shows that one fourth of the Democrats were behind the children's bill in contrast to less than one tenth of the Republicans. One third of the nonsouthern Democrats favored the proposal.³⁵

The poll turned up a few surprises. Senator Arthur Capper, Republican of Kansas, who less than a year before had advocated tighter immigration policies, approved of the Wagner-Rogers Bill. Pressure applied by William Allen White contributed to Capper's shift. On the other hand, Senator James F. Byrnes of South Carolina, who four months earlier had suggested to President Roosevelt that he ask Congress to widen the quota for German refugees, would not take a position on the children's bill. The same unwillingness to express his opinion came from Progressive Senator Robert M. La Follette, Jr., of Wisconsin, although his brother Philip appeared at hearings on the measure in April to testify in its support. Senator Lewis B. Schwel-lenbach of Washington disappointed sponsors of the bill by his opposition, though he reversed his stand later.³⁶

The Non-Sectarian Committee correctly perceived from the survey that the bill was in a very weak position in the Senate. With hearings due to begin in less than a month, attempts to develop support on Capitol Hill, particularly within the Senate Committee on Immigration, were intensified. For instance, in the endeavor to bring Republican Senator Warren Austin of Vermont into the camp, the committee sought the aid of Dorothy Canfield Fisher. Proponents of the bill hoped that through Senator Lister Hill, Democrat of Alabama, some influence could be brought to bear on Democrat Richard B. Russell of Georgia, chairman of the Senate Immigration Committee. The tactics of those working for the bill seem to have been successful. In any event, although only four of the fourteen members of the

Senate Committee on Immigration favored the refugee measure, the three senators appointed to a subcommittee to participate in joint hearings were all supporters of the Wagner-Rogers Bill.⁸⁷

Late in April four days of hearings took place before a joint subcommittee of the immigration committees of both houses. Two factors set the tone of these hearings. One was the make-up of the subcommittee: of the three senators and five representatives only one man was not sympathetic toward the bill. The other factor was the planning of the Non-Sectarian Committee regarding presentation of testimony favorable to the measure. In order to demonstrate a broad spectrum of support, as well as to provide clear evidence of the need for the bill and the practicality of the plans developed for the young refugees, a carefully selected succession of witnesses appeared. Quaker and Unitarian relief workers and former Wisconsin governor Philip La Follette, all recently returned from Europe, described conditions under the Nazis which made removal of the German children imperative. Three child welfare experts, including Katharine Lenroot, chief of the United States Children's Bureau, vouched for the adequacy of the plans formulated for care of the young refugees. In a significant shift from labor's traditional restrictionism, the AFL and the CIO each sent a representative to testify for the measure. College educators; members of women's organizations; and Protestant, Catholic, and Jewish clergymen spoke in favor of the Wagner-Rogers Bill. The appearance of Helen Hayes added color to the hearings. The actress introduced herself as the mother of two children and pleaded for entry of the young refugees.

Opposition to the bill consisted almost entirely of spokesmen for patriotic and restrictionist organizations and the American Legion. Some of their arguments simply repeated the usual restrictionist litany. Others reflected new reasoning particularly fitted to the Wagner proposal. A few were absurd, such as the assertion that, since the bill did not specify that the children must be refugees, 20,000 young Nazis might come over. And, as in all restrictionist discourse on the Wagner-Rogers Bill, witnesses repeatedly invoked their contention that the coming of 20,000 boys and girls would somehow deprive poor American children.

Displaying a nimble versatility, opponents of the bill objected that it would tear German families apart by separating children from their parents, yet suggested an amended version which would reserve

places for the same children, but not for their parents, within the regular quota. Some witnesses chided supporters of the measure for limiting its scope to German boys and girls. With Spanish, Chinese, Ethiopian, Russian, and numerous other hundreds of thousands of children suffering, they maintained that one should not single out the Germans for help. Such discriminatory legislation was unthinkable and, since all were not welcome, none should come. At the same time, they asserted that the move to bring in 20,000 German children was really an entering wedge calculated to produce the initial break which would be expanded ultimately into total destruction of the immigration walls. In other words, restrictionists claimed, backers of the Wagner-Rogers Bill actually were aiming to bring in all the world's suffering children, and millions of adults as well. Although "charity begins at home" formed the main theme in the fight against the children's bill, a careful reading of the joint hearings leaves the strong impression that restrictionists were concerned most of all that passage of the bill might start to undermine the Immigration Act of 1924.³⁸

While almost no overtly anti-Semitic statements came out in the testimony against the Wagner-Rogers Bill, the *Nation* stood on safe ground when it charged that a "subtle and effective argument is the *sotto voce* contention that this is a Jewish bill. The implication is that all the children are Jewish." In many quarters this was reason enough for keeping them out. At the joint hearings, Francis H. Kinnicutt, president of the Allied Patriotic Societies, put heavy stress on the predominantly Jewish composition of refugee immigration into the United States and presented a table to substantiate the point. Referring to job competition, John B. Trevor of the American Coalition of Patriotic Societies stated that "the American-born child in many places must yield to the foreign-born refugee because of race affinity." Miss Margaret Hopkins Worrell, spokeswoman for the Ladies of the Grand Army of the Republic, stopped in midsentence by a congressman when she protested that Congress might "decide to admit 20,000 German-Jewish children," proceeded to argue with the legislator when he pointed out that "they are not all Jewish." In a statement not made at the hearings, but given in an address before the convention of the United Daughters of 1812 held in Washington the same week, Mrs. Arthur J. O'Neill, president of that organization, advocated a resolution opposing the Wagner-Rogers Bill. Pointing out that most of

the child refugees would be Jewish, and noting that the United States is predominantly Christian, the speaker concluded that America's needy ought to be cared for before taking in new foreigners.³⁹

By repeatedly emphasizing that large numbers of the German boys and girls involved were Christian, sponsors of the children's bill revealed their awareness and their anxiety that anti-Jewish feeling was a real obstacle to the measure's passing. Most of these Christian boys and girls were "non-Aryans"; that is, children who were not Jewish by religion, but who had Jewish forebears. Estimates of the proportion of the children who were Jewish by religion ranged from 50 to 60 percent. Senator Wagner, Clarence Pickett, and others emphasized that selection of the boys and girls should be based on their need to emigrate and not on their "race or religion." Still, privately, some members of the Non-Sectarian Committee were by late June concerned because relief workers abroad had noted a smaller proportion of non-Aryans than had been expected among children needing to emigrate. They felt that a more equal division between Jews and non-Aryan Christians would have a better effect on Congress and on the American public.⁴⁰

Once completed, the joint hearings became the subject of evaluation in both camps. John Cecil, president of the American Immigration Conference Board, described witnesses who supported the bill as "sob sisters" who had been "appealing to the emotions" of Congress. The *Junior American*, monthly periodical of the Junior Order United American Mechanics, observed that "the early part of these hearings was given over to somewhat of a stage show," but when, in the final two days, "the working class of people, including the Junior Order, American Legion, Veterans of Foreign Wars and patriotic societies generally began to fire and fight the measure, the tables seemed to turn." Hinting at questionable motives, the same article mentioned that prominent people who were supporting the Wagner-Rogers Bill were without doubt "in the employ of large interests in this country." But only J. H. Patten of the Immigration Restriction League, Inc., author of the theory that Secretary Frances Perkins was born of Russian immigrant parents, had the perspicacity to discover that the conduct of the hearings, other activities of the Non-Sectarian Committee, and the history of former anti-immigration battles added up to a pattern of foreign conspiracy. Patten maintained that European countries, especially England, France, and Holland were

trying, if not plotting and planning, to dump refugees on us and are really back of all this high-pressure propaganda with such expensive headquarters in New York City and here in Washington, . . . where had been conducted the same "Wine, Women and Alien Lobby" that was finally revealed back of the White, Williams and Sterling refugee bills in 1922 and 1923. . . . All this lobbying and propaganda which is shown up in the Congressional Record in the form of editorials that disclose a common origin and source, ought to be investigated. . . . Such an investigation ought to particularly deal with . . . where they get all this money to try to influence Congress to pass this Wagner Resolution.

Further "evidence that foreign governments must be back of this Wagner Resolution" included presence at the Non-Sectarian Committee's office of a Mr. Rothschild who "could scarcely speak good english [sic]"; the revelation that Erich Warburg, who was also at the office, "is foreign born and if a citizen, has just been naturalized"; and the disclosure that others reportedly on the premises were connected with "Communitic and Internationalistic front organizations." Patten placed within this category the American Civil Liberties Union, the Women's International League for Peace and Freedom, and the Foreign Language Information Service.⁴¹

Clarence Pickett, spokesman for the Non-Sectarian Committee, concluded that the opposition at the hearings "did not seem to be very effective," predicted that the subcommittees would report the bill favorably, cautioned that the full House Immigration Committee was a "much more dubious" proposition, and warned that Senator Reynolds had threatened a filibuster if the bill should reach the Senate floor. Characterizing the hearings as "impressive," the Washington correspondent for the social work journal *Survey Midmonthly* commented in late April on the progress of the measure. Because of the effective work of its sponsors in organizing support and in presenting to the public the carefully formed plans for the child refugees, this observer reported, the bill, which had looked hopeless one month before, had advanced to the point where it stood "possibly an even chance" of being enacted.⁴²

In early May each subcommittee unanimously reported the bill favorably to its respective full committee. The few amendments suggested by the joint subcommittee served simply to clarify technical

problems and did not weaken the measure. But the apparent success of the Wagner-Rogers Bill in the hearings jolted its opponents into intensified activity. Attacks on the measure became more outspoken, often coming to the surface in the form of letters to the editor. Part of the newly invigorated opposition was anonymous and fell into the category of biased emotionalism. A *New York Herald Tribune* editorial noted that "it is rather surprising how much bad but bitter argument has been evoked by the Wagner bill" and went on to comment that the entrance of 20,000 boys and girls "is being opposed with as fiercely narrow a sincerity as if they were an invading host." The leader of the Washington office of the Non-Sectarian Committee thought the expanded drive against the measure had been launched because restrictionists "who felt that the bill would not even get this far are becoming pretty concerned." In mid-May, the American Legion's legislative representative in Washington reacted to what he saw as rapid progress of the Wagner-Rogers Bill by calling on the 58 departments and 11,580 posts to act swiftly to block the measure. He suggested that members contact congressmen by telephone, telegraph, and letter.⁴³

Further trouble for the children's bill was brewing in the House Committee on Immigration and Naturalization. Not convinced that four days of joint hearings had been sufficiently conclusive, the full House committee conducted five more days of testimony. In many ways the new hearings, held in late May and early June, were a repeat production. As before, the Non-Sectarian Committee planned carefully; its only major shift in strategy involved a special effort to have several Southerners testify. In general, both sides again aired the same arguments.⁴⁴

For the restrictionists, most of the same people, representing the same organizations, reappeared for the second round. Very likely the testimony of James L. Wilmeth of the Junior Order United American Mechanics provided the clearest insight into the reason behind the tenacious efforts to keep 20,000 children out: "We are afraid to lift the quota. We are afraid to see it lifted. We don't know where it will end."⁴⁵

The Non-Sectarian Committee had changed its cast a great deal, but its performance also largely repeated the April effort. A fresh slate of outstanding child welfare workers vouched for the practicability of the care plan for refugee children. A new group of clergy-

men, three Protestants and a Catholic, testified in favor of the bill. Once more, representatives of the AFL and the CIO spoke in support of the measure. Coming before the committee "as an American and as a father" of four children, two of them adopted, actor Joe E. Brown asked that Congress open the door to 20,000 young refugees. Of 30 witnesses who advocated admission of the children, 10 were Southerners, including Frank Porter Graham, president of the University of North Carolina, and Homer P. Rainey, president-elect of the University of Texas.⁴⁶

Despite similarities between the two sets of hearings, the atmosphere of the second hearings differed greatly from that of the first. The joint subcommittee had been sympathetic toward the measure and had even occasionally rebuked restrictionist witnesses. But the full House committee included several congressmen who, openly antagonistic to the Wagner proposal, did not hesitate to express their hostility in sharp and at times rude questioning of witnesses who favored the bill.⁴⁷

Several members of the House committee dwelt on the "charity begins at home" theme. Republican John Z. Anderson of California was concerned about American refugees, the "million and a half people . . . wandering around our own country at the present time without shelter, without necessary food, without proper clothing." Congressman Anderson asked if it was not "a rather sad commentary on our country" that people had offered homes to foreign children when American boys and girls were so much in need. Manifesting the same solicitude for the poverty-stricken children of the United States, Iowa Republican Henry O. Talle wanted to know "how many of those homes that might admit those [refugee] children will not admit the needy children in our own country." Cliff Clevenger, Republican from Ohio, emphasized that his thinking in reference to the Wagner-Rogers Bill was closely related to his concern for the working man. Two months before, Anderson, Talle, and Clevenger had demonstrated their regard for the poor by voting against a bill to provide supplementary funds to keep WPA workers on the job through the fiscal year of 1939.⁴⁸

Edward H. Rees, Kansas Republican, was disturbed about how "hundreds of thousands of these children and parents of these children that don't have just even a meager supply of food, shelter, and clothing" would feel about it if the country admitted 20,000 refugee chil-

dren. On the deficiency appropriation bill for WPA funds, Congressman Rees had two months earlier managed to appear on both sides of the issue. Rees first voted for a motion to send the WPA bill back to committee and probable death. Immediately after this motion had failed by a margin of more than two to one, the bill itself went through with Rees's help. In 1937, Representative Rees had followed the same procedure of voting for recomittal, seeing that motion fail overwhelmingly, and then shifting his support to the measure in the matter of the Bankhead-Jones Farm Tenant Bill, another proposal to aid American poor.⁴⁹

Despite their concern that entrance of unaccompanied refugee children would deprive needy American boys and girls, several committee members suggested granting the German children first preference within the regular annual quota. Spokesmen for the Wagner bill declared they could not support the measure with such an amendment because it would displace endangered German adult refugees from the visa waiting lists. In an attempt to satisfy supporters of the bill and still keep the quota system intact, Congressman William R. Poage, a Democrat from Texas, presented an arrangement for partial mortgaging of the German quota. Under the Poage plan each of the 20,000 refugee children would be issued a temporary visitor's visa, valid until six months after the child's twenty-first birthday. Upon reaching the age of 21, the young refugee could apply for citizenship and would then receive preference within the current German quota and with it the right to permanent residence. The Non-Sectarian Committee would have agreed to this proposed amendment since it postponed assignment of regular quota places to the children for at least seven years, by which time the refugee emergency, they hoped, would have ended.⁵⁰

Although proponents of the Wagner-Rogers Bill felt their willingness to accept the Poage compromise might enhance the measure's chances of enactment, they were not overly optimistic. Commenting at the end of May on opposition shown at the hearings by members of the House Committee on Immigration, Clarence Pickett reported that some of these congressmen were definitely hostile to the bill and committed to vote against it. In Pickett's opinion the American Legion had by then become the main force against the resolution. He felt uncertain about the bill's reaching the House floor.⁵¹

Clarence Pickett was not alone in his analysis. A statement made

at the House committee hearings by Colonel John Thomas Taylor, spokesman for the American Legion, conveying his "full confidence that this committee will not report out a bill at all," had elicited from Chairman Samuel Dickstein of New York some sharp cross-questioning and a remark which indicated the weak position of the bill in the 21-man committee. Dickstein had said:

There has been a rumor around the Capitol here, and there was before we started the hearings, that this committee was pretty well controlled to kill this legislation. In fact, they talked about having 11 votes in their pockets.

A private poll known to the State Department reflected the accuracy of the rumor. The poll found eleven committee members against the bill, eight for it, and two absent. By mid-June the Senate looked even more doubtful than the House. And a week later Quaker workers in Germany, who would have selected the children if the bill had succeeded, were told: "Don't count on its passing. It's going to be a close matter."⁵²

In fact, when the full Senate Immigration Committee did vote on the resolution, it was "a close matter." But, despite important progress made since March in drawing support to the Wagner-Rogers Bill, the gains were insufficient. On June 30 the Senate committee reported the bill favorably, but only after amending it to death. The revised measure granted first preference to the children, but they would be counted as part of the regular annual German quota. No mortgaging provision softened the blow. Expressing his own feelings and those of the Non-Sectarian Committee, Senator Wagner announced that the changed bill was "wholly unacceptable." Because the amended version would remove endangered German adults from their positions on the far overfilled quota list, Wagner preferred "to have no bill at all." He voiced his understanding that the Senate committee's action had occurred when some of its members were absent and asserted that he would urge reconsideration by the complete committee.⁵³

The paralyzing amendment had passed by only a narrow margin, and, as Senator Wagner indicated, a number of committee members were absent from the session.⁵⁴ Poor attendance reflected the quandary of several senators who usually backed Wagner on social legislation

and did not like to vote against him in this case. Yet they felt they would be criticized at home if they supported the measure. Consequently, some of the senators avoided the issue by failing to attend the committee session.⁵⁵

Soon after the Senate committee had acted, sponsors of the Wagner-Rogers Bill initiated efforts to salvage the measure. At first they hoped the bill could be brought to the Senate floor, repaired there with a mortgaging plan like Poage's replacing the immigration committee's vitiating amendment, and then passed. On the House side a substitute resolution including Congressman Poage's compromise was introduced in mid-July. Within days the futility of these moves became apparent and, as Congress neared adjournment, backers of the child refugee plan decided to let the matter drop for the time being.⁵⁶

Senator Robert Reynolds proclaimed in his *American Vindicator* magazine that, "although not successful in killing the resolution entirely," he and others had forced the crippling change. To the general press he announced his satisfaction because he knew supporters of the measure would not accept the committee's amendment. The *Nation* concluded that ruin of the Wagner-Rogers Bill had been the Senate committee's intention as evidenced by its simultaneous approval of another measure combining the children's bill with two of the five antialien bills earlier authored by Senator Reynolds. The resulting proposal provided for registration of aliens and a five-year ban on all quota immigration, but would have granted special entrance permission to the 20,000 children. In its report the Senate committee explained its generosity: "This is a humanitarian gesture of sympathy to enable these 20,000 children . . . living in Germany under tragic conditions to find a home." Although the first session of the Seventy-sixth Congress left in its wake these two devastated versions of the Wagner-Rogers Bill, sponsors of the children's resolution had not yet lost hope.⁵⁷

AFTERMATH AND CONCLUSIONS

The Non-Sectarian Committee worked through the summer of 1939. With congressmen at home, strategy turned to formation of additional state divisions and diversion of lobbying efforts more to the