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The Trial of Harry Dexter White: Soviet Agent of Influence

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THE TRIAL OF HARRY DEXTER WHITE: SOVIET AGENT OF INFLUENCE

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ABSTRACT

The Red Scare of the late 1940s and 1950s was fueled by claims of governmental espionage from former members of the communist underground. Harry Dexter White, Assistant Secretary of the Treasury was accused of being a Soviet agent of influence. This paper will analyze the current issues in the discussion of Soviet espionage and focus on White's activities in this regard. The evidence on White is clear enough to show that he did pass sensitive information to the Soviets. He also succeeded in subverting American policy to favor Soviet interests over U.S. interests. White's activities in government service suggest that American government officials passed on vital government information to the Soviet Union and subversive activity went on in the U.S. in the 1930s and 1940s.

INTRODUCTION

In 1945, the FBI began a major investigation into Soviet espionage in the United States. In November of that year, FBI Director J. Edgar Hoover sent the White House a memorandum naming more than a dozen prominent government officials known to have been actively giving information to or spying for the Soviet Union. Among those listed was Harry Dexter White, Assistant Secretary of the Treasury. 1945 was crucial because, at a time the FBI became interested in Communist activity, four highly placed and credible Communist sources volunteered information to the FBI in a six-month period.[1]

In March, the FBI requestioned Whittaker Chambers, a former courier for a Washington, D.C. based Soviet spy ring. Chambers had broken with the Communist Party USA (CPUSA) in 1939. At that time he had met with Assistant Secretary of State Adolph A. Berle and journalist Isaac Don Levine to warn of high-level Soviet penetration of the State Department, Treasury Department and the White House. Chambers' main concern in coming forward was not espionage so much as these Soviet agents' ability to influence U.S. policy to the advantage of the Kremlin.[2]

A former CPUSA leader, Louis Budenz, defected to the FBI in August. In September, Igor Gouzenko, a Soviet Military Intelligence (GRU) code clerk stationed in Ottawa, Canada, defected as well. Gouzenko was a low-level code clerk. He spirited more than one hundred pages of documents out of the Soviet embassy in Ottawa. The documents proved extensive espionage work in Canada and the U.S., however, he was not able to identify agents and assets by name. He only knew them by their position in government. One of these was a highly placed person in the U.S. Department of the Treasury. The Canadians shared his revelations with the FBI. Finally, in November, Elizabeth Bentley turned herself in to the FBI and signed two lengthy statements

naming more than eighty people she claimed were Soviet agents. Bentley's statements concerning White were that his most important contribution was his ability to place communists in government positions and to influence policy.[3]

In addition, in 1944 Katherine Perlo wrote President Roosevelt. The purpose of her letter was to warn him that her pro-communist husband was an active member of the Ware group. Harold Ware organized a group of like-minded government employees. Openly they discussed communist philosophy. Secretly they provided documents to the Soviets. Among the members of the group she would later name was White.[4] Bentley, Chambers, Budenz, Gouzenko, and Perlo all implicated White as a spy either implicitly or explicitly.

The FBI's investigation and claims threatened the reputation of the Democratic administrations of Roosevelt and Truman. Over the next four years, the ensuing testimony in court and before the House Un-American Activities Committee (HUAC)[5] became high drama with considerable political consequences. Among the witnesses would be Chambers and Bentley.

The accusations against White revolved around four incidents with which White was involved. First, he was the real architect of the Morgenthau plan to pastorialize Germany to punish her for starting two World Wars in thirty years. Second, he used his position in the Treasury Department to develop a hostile U.S. policy toward prewar Japan. The reason was to distract Japan from their plans to attack the Soviet Union and draw the U.S. into the war as an ally with the Soviet Union. Next, White delayed financial support to Generalissimo Chiang Kai-shek's Nationalist Chinese government causing the triumph of Mao Tse-Tung's Communist Chinese government. Finally, he was instrumental in handing over the Allied Military mark printing plates to the Soviets. This caused a $250,000,000 deficit in the occupational government

budget paid out by the U.S. Treasury. His accusers claim all this was done at the behest of the Russians to the detriment of U.S. policy and national security.

This thesis will examine these incidents and seek to determine whether Harry Dexter White's actions are consistent with the accusations of espionage and being an agent of influence for the Soviet Union. White's case is being considered for several reasons. White never stood trial like the Rosenbergs or Alger Hiss. Thus, he never acquired a vocal following of supporters declaring his innocence. As a result, his story does not carry the same emotional baggage as other suspected espionage cases. Consequently, White's case has not been examined and reexamined as much as the Hiss and Rosenberg cases. It is still possible to present original analysis of his actions. Being less controversial, his supporters do not deny a limited involvement in espionage and his critics question, at times, his usefulness.

The best primary materials are written in Russian and are archived in Moscow. Until recently, scholars could see only the tip of the Soviet prewar espionage iceberg. With the fall of the Soviet Union, many new sources have become available to historians. First, source files of the KGB were opened to the public. In 1991, Boris Yeltsin seized the property of the Soviet Communist Party (CPSU) and opened its records to the public as well. Among these records are an almost complete set of correspondence between the CPUSA and their Moscow masters. The Kremlin has realized the sensitivity of these archives and has curtailed unrestricted access.[6] Only a few writers have produced works based on their research into the original documents. Further, peer review of many supporting documents is difficult, if not impossible, at this time. In a like manner, the CIA classified the original Russian cables of the VENONA transcripts and they are unavailable to researchers. Thus, most of the current discussion and debate on the subject of

early Soviet espionage activity are historiographical. Therefore, concerning the Soviet archives and the VENONA messages, this paper will take an historiographical approach.

Scholars hold much of this discussion in a rather new venue for historical discourse -- internet discussion forums. Before the advent of the internet, the time delay for a book or article to appear in print, reviews written and rebuttals offered would be months, if not years. The internet can shorten this process to days or hours -- even minutes in some cases. This source, then, is used to examine the current discussion by those on both sides of the issues examined. Since several who argue in defense of those accused of espionage use the approach of an unbiased judge or defense attorney, this paper is organized as one might organize a courtroom trial.

A word on some of the conventions used. Russia's vast Soviet State Security organization had many names and acronyms. The most commonly known name was the KGB. To avoid con-fusion this is the name that is used, for the most part, throughout this paper. One exception will be its successor, the current Russian state police or the SVR. It is important to remember that the KGB is an intelligence organization separate from Soviet Military Intelligence or the GRU. This distinction will be crucial at times. Also, many people mentioned will be people with code names. These code names will appear in uppercase, such as BILL or JURIST, when used in VENONA decrypts, when we know no other name or when their aliases would have only been known to the people under discussion. In order to avoid undue confusion, when quoting VENONA decrypts or KGB documents, known names appear in italics instead of code names -- so "...circumstances would not allow them to leave CARTHAGE. ROBERT thinks that RICHARD would have..." becomes "...circumstances would not allow them to leave *Washington, D.C.*. *Silvermaster* thinks that *White* would have..."

THE ACCUSED: ASSISTANT SECRETARY OF THE TREASURY HARRY DEXTER WHITE

White's biographers David Rees, *Harry Dexter White: A Study in Paradox* (New York, 1973) and R. Bruce Craig, *Treasonable Doubt: The Harry Dexter White Spy Case*, (Lawrence, KS, 2004) take different approaches to White's life. Rees focuses on describing and analyzing White's economic accomplishments. Rees avoids the question of divided loyalties. He references the charges but chooses neither to accuse nor to defend White. Craig's purpose for writing is to use the charges against White as a mechanism for examining the politics, society and judicial system during the New Deal era and the crisis of the early days of the Cold War. Craig comes to the conclusion that White was guilty of "as species of espionage" but chooses to weigh that against White's motives.[7]

Harry Dexter White's parents were Lithuanian Jews who migrated to the U.S. in 1885. Harry White was born on 9 October 1892.[8] His father's successful hardware business provided White a middle class rather than poor immigrant childhood. Like many other future New Dealers who came of age during the beginning of the twentieth century, White became active in the Progressive Movement. White began running a house for war orphans. In 1920 White became the executive director of The Corner House, a settlement house in New York City.[9]

In 1922, Columbia University accepted White but he soon transferred to Stanford where he excelled in economics and received his Master's degree in 1925. He then went to Harvard where he received his Ph.D. in 1932. White also studied Russian with the intent of gaining a fellowship to study economic planning in Russia. He moved to Washington, D.C. in 1933 and started his official career with the Department of the Treasury.[10]

Several characteristics led to White's rapid rise in the Treasury Department in Washington. He could propose and explain difficult monetary policies to untrained decision-makers. White could forcefully and persuasively present his ideas even if he was, curt, abrasive and offensive at times. His Jewish heritage abetted his rise as well. Secretary of the Treasury Henry Morgenthau was only the second Jew to hold a cabinet position. White and Morgenthau shared a common faith, settlement experience in the Progressive Movement, and a hatred of Hitler's National Socialism. These common bonds gave White special access to Morgenthau. Craig agrees with the FBI's assessment of Henry Morgenthau's diaries that White developed considerable influence with him.[11]

In his early years in Treasury, White concentrated on the relationship that gold and silver had to currency management. He also became an expert on Japanese and Chinese monetary policy. One of his maxims was that free trade could prevent war. In 1935, he argued that the solution to Japan's imperialism lay in the removal of trade barriers, explaining that, to the Japanese, trade restrictions made their imperialism an economic imperative. One of White's ideas that brought him prominence was the creation of a Division of Research and Statistics in the Treasury Department. By 1936 he was the Assistant Director of this new department. Less than two years later Morgenthau appointed him the Directory of Monetary Research. About this time he joined Morgenthau's inner circle known as the "9:30 group." Under White's guidance, the Department of the Treasury's international monetary policy became a major priority. Besides China and Japan's policies, the Treasury watched the trade and gold policies of the future belligerents, Germany, Italy and Russia closely. After Pearl Harbor, Morgenthau gave White the responsibility to "take supervision over and assume full responsibility for Treasury's

participation in all economic and financial matters...in connection with the operation of the Army and Navy and the civilian affairs in the foreign areas in which our armed forces are operating or are likely to operate." Though he served as such, it was not until January of 1945 that Morgenthau appointed White Assistant Secretary of the Treasury.[12]

Harry Dexter White also had a second life outside his Treasury duties. He had long-standing contacts with the CPUSA. He was not a member but an independent source of information. As early as 1935 he agreed to pass on Treasury documents for Whitaker Chambers to photograph and return. Later, White worked with a spy ring known as the "Silvermaster Group."[13]

Named for and run by economist Nathan Gregory Silvermaster, this loose assemblage of government officials included White. The rolls of film they shipped to Moscow show the extent and success of the group. In 1942 the Silvermaster Group delivered 59 rolls of film to their handler. In 1943, it was 211 rolls, 600 in 1944, and 1895 in 1945.[14]

It was the group's very success that eventually resulted in its exposure. Controllers of the Silvermaster Group worried about Silvermaster's unorthodox methods. Belief that this group would produce more intelligence if left unsupervised triumphed over security concerns. Silvermaster was an economist and an idealistic revolutionary but he was not a trained spy. Members either disdained trade craft or used it only for the drama it provided. They openly socialized with one another and talked about their clandestine affairs among themselves. Disillusioned by Soviet excesses Whittaker Chambers, courier for the ring, left the communist party in 1938 . Chambers' replacement, Elizabeth Bentley, formed a romantic relationship with her Soviet contact. In 1945, Moscow attempted to impose discipline, compartmentalize the operation, and provide security

for the group. These efforts raised Bentley's suspicions and she then left. Because of the lack of discipline, when Chambers and Bentley talked to authorities they were able to reveal an unusual amount information about the groups' operations, it members' activities and White's participation.[15]

In 1948, Both Bentley and Chambers testified before HUAC and publicly accused White of espionage and policy subversion. White demanded and received permission to appear before HUAC to clear his name. As Craig points out, most people saw his testimony as a success at the time. He had defended his innocence but Craig concludes that only his death three days later kept the public from realizing he had lied under oath.[16]

THE ACCUSERS AND THEIR ACCUSATIONS

In signed statements and under oath before the U.S. Congress, Whittaker Chambers and Elizabeth Bentley explained their activities as members and couriers for the Soviet underground. Both Bentley and Chambers accused Harry Dexter White of espionage and being a Soviet "agent of influence."

Their testimonies told similar, complimentary, stories. They mention a wide range of people and activities; but they are, often, the same people and similar activities. They gave their initial interviews with the FBI without knowledge of the other's testimony. One cannot easily dismiss or overlook such independent corroboration.[17] Except for Chambers' "Pumpkin Papers," both accounts rely on oral evidence. There are some contradictions, and in Bentley's case, embellishments. The difficulty is to decide if the discrepancies are germane to the overall story or mere trivialities. Bruce Craig comes to the conclusion that while Chambers and Bentley may overstate their claims, they do hold up to tough scholarly scrutiny.[18]

The description of White's involvement in the Communist underground was an evolving process. Chambers said White was his least productive source while Bentley states he was one of her most important sources. In the interval between Chambers' contact with the Silvermaster Group and Bentley's work, White had risen within the Treasury Department. He now had more responsibility and authority with easy access to documents. Therefore, he could easily have been more important to Bentley than to Chambers. Chambers states that White was not in the party so Chambers could not give him orders only suggestions. Bentley says that she did not know if he had joined the CPUSA but "to all intents and purposes he was because he followed Party discipline." Chambers also commented that White "was a Fellow Traveler so far in the fold that

his not being a Communist would be a mistake on both sides." Additionally, he stated that White was very arrogant until Chambers inadvertently missed several meetings with White. White was more tractable after that because he hated feeling neglected by the CPUSA. Ideologically and emotionally it is not difficult to see White becoming more involved in the years between Chambers and Bentley. Finally, in 1938 Chambers tried to scare White away from spying when he left the CPUSA and he felt like he had succeeded. Bentley's testimony was that White had worked with Silvermaster in the 1930s but then quit abruptly. Sometime in the early 1940s, White said he was ready to participate again. Both used the term "timid" concerning White's personality. Between the two of them they captured details that suggest a growing determination to be a part of the Communist Party and its activities -- legal and otherwise.[19]

In condensed form the accusations against White by these two former Communist couriers are as follows. Chambers states that White volunteered Treasury documents in the early 1930s. When he began to meet with Chambers on a regular basis, they would drive around in White's car while he would give Chambers oral reports and handwritten notes. Also, White was able to place other communists within the Treasury Department. In December of 1937, White was presented with a Turkish rug for his services to the Soviet people. Bentley's charges against White were that he contributed documents through either George Silverman or monetary analyst Sonya Gold.[20] Although he handed over information to the Soviets, his most important contribution to the group was his ability to influence policy, place communists in government positions, and protect them from investigations about their communist and sympathies. Once public investigations started, Bentley testified that White, on instructions, "pushed hard" for the Morgenthau Plan, was the driving force behind giving the Soviets printing plates for the German

Occupation currency, and played his part in helping overthrow Generalissimo Chiang Kai-shek's Nationalist Chinese government.[21]

This thesis will address Bentley's three charges at the appropriate time. However, Chambers' story of the Turkish rugs needs examination. Around Christmas of 1936, PETER, Chambers' handler, gave Chambers $1000 to buy presents for his sources. Chambers was against the idea because he said they were communists on principle and payment would offend them and PETER would lose their trust. PETER was insistent. It was a matter of control. PETER said that "who pays is boss, and who takes money must also give something." Chambers then took the money and, as directed, purchased four expensive Turkish or Bokhara rugs as gifts. The four recipients were Alger Hiss, George Silverman, Julian Wadleigh and White.[22]

Chambers had the rugs delivered to Silverman's house. Silverman kept one and gave another to White. Chambers then gave one to Hiss. Chambers could not remember how Wadleigh received his rug. PETER was correct and Chambers was wrong about the reaction to the gifts. White and Silverman were very pleased to receive tokens of the gratitude of the Soviet People.[23]

Once Chambers revealed the story of the rugs in open court, the recipients offered other accounts for them. All four admitted to being given the rugs. Silverman, though, denied it for a while until finally stating to a Grand Jury that Chambers gave him a rug. However, he then added that Chambers had given it to him as repayment for a debt Chambers owed him. Hiss also said his rug was "payment in kind" for some "back rent" Chambers owed him. This admission by Hiss contradicts his Grand Jury testimony on when he had contact with Chambers. White's widow said the rug had been a gift from Silverman and not Chambers. Only Julian Wadleigh

confirmed Chambers' story about the rugs testifying that it was "the only recompense he ever received for his underground work." Silverman and Hiss would have reason to be less than truthful about the nature of the rugs. Mrs. White may have truly believed the source of the rug was Silverman but if she knew its true origin she might have still told the same story.[24]

In sum, Chambers account appears most credible. Bentley further bolsters his story. In one of her first depositions to the FBI, she stated that, according to Silvermaster, "the Russians used to give Harry [White] presents including a Persian rug." Years after the rugs were presented, one of Bentley's contacts who was a friend of White's was in their home. On seeing the rug she said something to the effect of "Why, that looks like one of those Soviet rugs." In the intervening silence White looked very nervous and when the friend returned to the house a month later, the rug was gone.[25]

Besides corroborating the other's testimony, recent revelations by several former communists substantiate Chambers and Bentley's accounts. John Abt, named by Chambers as a member of the Ware Group, has admitted that he was a secret Communist, and corroborated Chambers' details concerning the Ware Group. Josephine Herbst's biographer states that her husband, John Herrmann, had the important responsibility of courier for the Ware Group under Chambers. Hope Hale Davis has written her autobiography and confirms her role in the Communist underground. She, too, names many of the same people as Chambers and Katherine Perlo.[26]

THE EVIDENCE

Besides the testimony of Soviet and CPUSA defectors, new evidence of Soviet espionage and Harry Dexter White's participation has recently emerged. In 1995 the CIA released to the public WWII Russian cable traffic between Moscow and the U.S.[27]

With the outbreak of WWII in Europe, the U.S. Army Security Agency (ASA) began collecting copies of all cables entering and leaving the country. In the next four years they intercepted thousands of coded messages sent between Washington, D.C. and Moscow. In 1961, they named the messages and the whole decryption program VENONA.[28] The real surprise in the decoding was the realization that they were not reading diplomatic traffic but intelligence briefings between the Kremlin and professional intelligence operatives in America.[29]

VENONA showed that the Soviet Union had dozens of well-placed agents in every major department of the Executive branch. The ASA briefed the White House about the information garnered by VENONA, but not the source or the nature of the source. [30] Among the identified people named in VENONA were Nathan Gregory Silvermaster as ROBERT and PAL, and Harry Dexter White as RICHARD, JURIST and LAWYER.[31]

VENONA decrypts were too sensitive for a public trial and would have had trouble surviving legal appeal. However, they did provide independent corroboration of the information provided by Communist defectors Gouzenko, Chambers and Bentley.

Active work on VENONA ceased in October of 1980. VENONA remained classified, but leaks about the project started a few years later. References to VENONA were found in the newly opened Soviet archives and, as a result, the National Security Agency (NSA) and the CIA released the VENONA decrypts to the public.[32]

VENONA validates many of Chambers' and Bentley's allegations. Examining all fifteen cables mentioning White would be laborious. However, three decrypts are instructive.

VENONA 1119-1121 dated August of 1944 and reproduced in Appendix A confirms several details mentioned by both defectors. Specifically VENONA 1119-1121 states that during the time that Bentley was active, 1) White was meeting directly with a Soviet handler; 2) his friends were willing accomplices of espionage activities; 3) with bimonthly meetings, the number of people involved was considerable; 4) he proposed giving oral reports while driving around in his car as he did with Chambers; and 5) White was giving information directly. Unknown informants did not steal it out of his office without him being aware.

VENONA 1634 shows the lengths to which controllers went to get to know their sources and the extent to which they interacted with them. It shows that Mrs. White was aware of her husband's activities with the Silvermaster Group. Since it discusses the possibility of paying the college tuition for White's daughter, the Turkish rug may not have been the only gift White received for his services on the behalf of the Soviet People.

Finally VENONA 79 highlights the attempts to promote personnel in government agencies and provides organizational details of the espionage rings in Washington, D.C.

These decrypts show the breadth of activities of the Silvermaster Group. It also proves there was a sense of community within the group. This further bolsters Bentley's claim to know about the activities of people she had not met. In the course of working with the few people with whom she did have direct contact, she would have learned many details of the lives, activities, and accomplishments of the others in her group.

ARGUMENTS FOR THE DEFENSE

The exposed KGB archives and the VENONA decrypts lend support and validity to the defectors, investigations, and the espionage-related show trials of the 1940s and 1950s. As such material has not been well received by some Cold War revisionists and apologists for the various Red Scare "victims." Reaction to the new material has been diverse. Many have accepted and integrated the recent information into a newer understanding of the era. Others resist this new perspective.

The revisionist response has been to attack the traditionalist scholars, their credibility, and methodology. Writers supportive of White and others have either questioned or ignored references to KGB, Comintern, and CPUSA archives and their use.[33]

Those who support accused Soviet agents such as White have also attempted to use the KGB archives to their own advantage. The late Soviet general Dimitri Volkogonov researched the KGB archives at the request of John Lowenthal. In October of 1992, Volkogonov wrote Lowenthal stating that after researching the archives of the Soviet Union's intelligence agencies "I can inform you that Alger Hiss was never an agent of the intelligence services of the Soviet Union." Revisionists widely heralded this admission as proof and vindication of their defense of Hiss. What they ignored was Volkogonov's recantation one month later. Inquiry into his statement by skeptical scholars led Volkogonov to admit that he only spent two days with the KGB files. The GRU archives were closed to him and Hiss had worked for the GRU and not the KGB. Although Hiss seemed to accept the reversal with some aplomb, Lowenthal refused to acknowledge the retraction. In his 2000 essay defending Hiss (discussed below), Lowenthal mentions Volkogonov's assertion of Hiss' innocence without mentioning the disclaimer.[34]

If revisionist had lost an ally with Volkogonov, they have recently gained a new one in Major-General (SVR) Julius N. Kobyakov. Recently, on the internet discussion site H-DIPLO, he claimed that he was the one who performed the research for Volkogonov. He later claimed that neither White nor Currie knew they were agents. Again revisionists accept his claims while trad-itionalists and post-revisionists question them. Kobyakov claimed to have written the letter sent by Volkogonov. That letter stated that "Hiss was not registered in the [KGB] documents as a recruited agent." According to GRU spymaster Pavel Sudoplatov, GRU recruitment investigations were thorough but documentation was haphazard until the 1940s. Further, Kobyakov's first posting was rather vague whether he had actually examined the GRU files or not. Later he clarified himself and stated that he had asked the GRU to look for mention of Hiss and they replied to the negative. John C. Zimmerman added on H-DIPLO that it is in the Russian security organizations' best interest to deny anybody's association with them. It has always been official GRU and KGB/SVR policy that if an agent or his surviving relatives deny his involvement the agency supports such denials. Exposing former agents would cripple future recruitment. In this vein, the SVR denounces books and threatens authors who expose former agents and operations. Many of these authors have fled to the West, gone into hiding, and/or refuse to divulge information that may identify relatives residing in Russia. Considering the wealth of independent evidence pointing to White or Hiss as agents or sources for the Soviet Union, some believe that Kobyakov's undocumented and undocumentable claims may be part of Russia's disinformation policies.[35]

The VENONA decrypts have met a similar two-sided reaction. Most historians see the need to integrate VENONA's revelations into the accepted narrative. An extreme reaction against the decrypts would be William Kunstler who charged that the whole project is a giant

government fabrication. Similarly Brian Villa of the University of Ottawa has stated that there is another VENONA-like project still hidden that would change the entire context of the messages when finally revealed. Claiming there is a government conspiracy is one thing, proving it is another. Considering the difficulty with successfully forging one historical document, producing thousands of undetectable false messages is virtually impossible. Those charging conspiracy or forgery ignore the facts that Russian espionage experts have praised the decrypts' accuracy and some researchers have found the original cables in Moscow.[36]

A more reasoned attempt to explain away VENONA takes the approach that the interpretation of the messages is faulty. One such approach states that the messages are merely the boastful, exaggerated claims of field operatives about agent activity, some of whom may not even exist, to their superiors in Moscow. Considering Moscow's screening process for agents, this explanation is unlikely. Moscow vetted potential agents extensively and shifted handlers periodically to eliminate just this kind of deceitful activity. The Kremlin's anxiety over information bordered on the paranoid. Kobyakov's claim that "in a spirit of machismo, many people claimed [the Soviets] had an 'agent' in the White House" implies that Soviet espionage activity was some kind of huge fraternity prank gone wrong. He ignores the culture and times in which Soviet spies operated. In the Great Terror of the 1930s and the purges just before and after Stalin's death, Moscow used the GRU and the KGB against one another. In every instances the first move by those in power was to use the GRU to purge the KGB secretly. Before the Great Terror officially started, more than 3,000 KGB agents were shot on GRU orders. After they accomplished their purge of the KGB, the Kremlin turned the KGB lose on the Army's General Staff. The KGB and the GRU hated the other passionately. Isak Akhmerov is one of two agents

associated with the "machismo" comment about agents in the White House. Moscow recalled Akhmerov, examined his record and eventually returned him to service. Akhmerov survived the Great Terror. Had Moscow found any indiscretions he would have quietly disappeared. Instead, he returned to the U.S. many years later to continue his career as a spy. While it is true that every good intelligence agency has its disinformation branch, the VENONA messages were reports of field agents to the home office. This is the one kind of communication where honesty and clarity are essential. VENONA has its limitations; internal obfuscation is not one of them.[37]

Lowenthal made a much more reasoned challenge to the VENONA decrypts in a 2000 article in *Intelligence and National Security*. His primary objective was to uphold his client's innocence by showing that a tentative identification of Hiss in a VENONA decrypt is unjustified. His article also questions VENONA's objectivity, reliability and accuracy.[38] It is outside the scope of this thesis to weigh-in on the Hiss Case. Discussion of some aspects of Hiss' life is necessary to examine this criticism of VENONA.

VENONA only identifies Hiss, tentatively, by a code name in VENONA 1822. Moscow received VENONA 1822 on or before 30 March 1945. Its author, an unidentified A, recounts a "chat" he had with an information source known as ALES. ALES had been working with the GRU since 1935. His small group, "for the most part consisting of his relations," had recently received decorations from the Soviets for their service. A short time before meeting with A, ALES had talked with a Soviet official who relayed the GRU's gratitude to ALES. ALES believed the official was Comrade Vyshinski. The meeting with Vyshinski happened after the Yalta Conference. A footnote listed ALES as "Probably Alger Hiss." This is the main contention of Lowenthal's article -- the assignment of ALES to Hiss was not definite and is disputable.[39]

In his article Lowenthal tries to show that the details of VENONA 1822 do not fit with what we know of Hiss's life and the accusations against him. His reading of paragraph 6 of the decrypt was the most controversial. This paragraph states "After the Yalta Conference, when he had gone on to Moscow, a Soviet personage in a very responsible position (ALES gave to understand that it was Comrade Vyshinski) allegedly got in touch with ALES..." Lowenthal wants to read this passage as saying that Vyshinski was the one going on to Moscow after the Yalta Conference. It was only afterwards that Vyshinski contacted ALES. Thus ALES was not at the Yalta Conference as so many have assumed. Therefore, since Hiss was at the Yalta Conference, he could not have been ALES and VENONA 1822 proves it.[40]

In his conclusion he states, "The fact that Venona's obvious mistakes about Hiss have gone unrecognized and uncorrected ... for half a century is a testament to the power of myth over empirical reality. It is also a warning to view other Venona product [sic] with caution and scept-icism."[41] Lowenthal thus seemingly proved his client's innocence and wrecked the credibility of an important resource. No one challenged Lowenthal's premise for several years. A libel lawsuit had the effect of delaying discussion of the article until after his death in 2003. Thus, he could not answer his critics in the recent academic debates over his article.[42]

Two works seriously undermine Lowenthal's arguments -- John Earl Haynes and Harvey Klehr's *In Denial* (San Fransisco, 2004) and Eduard Mark's 'Who Was 'Venona's' 'Ales'? Cryptanalysis and the Hiss Case" also published in *Intelligence and National Security* (2003).

Haynes and Klehr deal with many historical inaccuracies in Lowenthal's article and his analysis of VENONA 1822. Lowenthal's reading of paragraph 6 is difficult if not impossible to reconcile with the rest of VENONA 1822. The most logical reading assumes that it was ALES

who left the Yalta Conference for Moscow not Vyshinski -- though Vyshinski was at Yalta. How one reads this paragraph is important. If ALES, a State Department employee, went to Moscow after Yalta, then he is one of a very small group of people. The only State Department employees to travel to Moscow after Yalta were Secretary of State Edward R. Stettinius and a small party of seven that accompanied him. While there, the group attended two social functions at the same time as Vyshinski; the perfect place for someone to pass on the GRU's gratitude without arousing any suspicions. Alger Hiss was in that group. Of all the members of that group, only Hiss fulfills all the requirements set forth in VENONA 1822.[43]

Mark challenges Lowenthal's conclusion from the other direction. If Lowenthal's reading is correct, Mark says, then sometime between the end of the Yalta Conference, on 12 February, and the posting of the cable, about six weeks later, ALES had to talk to Vyshinski and then have his chat with the KGB's mysterious A. In that period Vyshinski did not travel to the U.S. as Lowenthal implies. The only place Vyshinski traveled to during that time was Bucharest. No one in the small State Department staff in Bucharest either fulfilled the requirements to be ALES or left Rumania for the States at that time. Lowenthal's reading is totally impossible, logically and logistically. According to Haynes, Klehr, and Mark, contrary to Lowenthal's premise, VENONA 1822 further implicates Hiss as a spy and confirms the accuracy and integrity of the VENONA decrypts and analysts.[44]

Within the literature of the meaning of Soviet espionage, the Russian archives, and VENONA, James M. Boughton has emerged as the most loyal supporter of Harry Dexter White. His best defense of White is his 2001 article in *History of Political Economy*, "The Case against Harry Dexter White: Still Not Proven."

Boughton's defense of White touches on eight points. First, Chambers' allegations about White are contradictory and uncorroborated. Second is that all other 1940s era defectors have no first-hand knowledge about White. People like Bentley and Katherine Perlo only repeated what others told them. Third, KGB agent Vitali Pavlov's account of his meeting with White concludes by saying that White was never an agent. Next, Boughton brings up the issue of guilt by association. Having friends and co-workers who were fellow travelers, communists and active Soviet agents somehow means you were one as well. Allied to this is his next line of defense that White's ambiguous policy decisions do not make him a Soviet agent of influence. Again, in the postwar era, once White's sympathies were suspect so was his policy record. Boughton's sixth argument says White, and others accused of espionage, should be assumed innocent until proven guilty. This supports his next point, that VENONA, read with a presupposed innocence, does not implicate him in active espionage. Researchers cannot verify the Russian archives and, therefore, cannot prove guilt. Lastly, Boughton, as do others such as Craig, argues that evidence indicating White worked with Soviets or their agents was either loose talk among friends or part of White's talking with Soviet officials during his official duties.[45]

This thesis has already addressed some of Boughton's arguments. Discussion of his other arguments, will be occur in the proper context or within the concluding summary.

Most historians have accepted the new insights provided by the limited intelligence information recently revealed in Moscow and Washington, D.C. The arguments of others, while they may look good at first glance, cannot withstand intense scrutiny and reveal a limited or unrealistic knowledge of events or the reality of covert operations.

THE MORGENTHAU PLAN

On 6 August, 1944, Henry Morgenthau, Harry Dexter White, and a small staff boarded a C-54 Skymaster in Maine for a twenty-two hour trip to England. A simple administrative act by White radically changed Morgenthau's agenda for the trip and lit the fuse of a political time-bomb. White had a handful of papers that he needed to discuss with Morgenthau. White used this trip to do so.[46]

One of these papers was "Report on Reparations, Restitution, and Property Rights," a set of guidelines for the "German Problem." The Executive Committee on Economic and Foreign Policy (ECEFP), an interagency committee headed by Assistant Secretary of State Dean Acheson, prepared the paper. Roosevelt, Churchill and Stalin had agreed at Teheran that they must give Germany a hard peace and this paper was the State Department's and War Departments' joint proposal for carrying out the harsh policy of the Teheran Conference.[47]

For White and Morgenthau the ECEFP plan did not go far enough. White wanted the entire German war machine dismantled. He felt the current recommendations would make it possible for the Germans to go to war again in less than twenty years. Given that Germany had initiated two world wars in his lifetime, White wanted a deindustrialized Germany after the war so the militarily aggressive Germans could not threaten world peace again. He knew Morgenthau felt the same but White was not prepared for the violence of the Secretary's reaction.[48]

Morgenthau did not want Germany ever dominating Europe again. Until 1944 Roosevelt had refused to give any guidance on postwar Germany. Morgenthau took it upon himself to take the lead in establishing a punitive foreign policy guideline. In his meeting with Eisenhower the next day in Portsmouth, Morgenthau discussed Germany's future with the general. Eisenhower

favored Morgenthau's tough policy for Germany. On 12 August, Morgenthau addressed a group of U.S. and British diplomats and officials involved in postwar planning. White summarized his rambling ideas on Germany's future for the group giving some the impression that White had given more time and thought to the issue. Few present were enthusiastic about Morgenthau's program but no one was ready to challenge him publicly. Afterward, when British officials pointed out to Morgenthau that the pastoralization of Germany was impossible given the ratio of people to farmland. A vindictive Morgenthau replied that the surplus population "should be dumped into North Africa." Morgenthau wanted the factories and mills wrecked and the mines flooded.[49]

Back in Washington, D.C., Morgenthau lobbied heavily with Roosevelt for the acceptance of his ideas on Germany. Feeling victory was near, the fact that there was no plan to deal with a defeated Germany disturbed Roosevelt. Roosevelt then decided that the Secretaries of State, War, and Treasury, directed by his personal aide, Harry Hopkins, should meet to work out a plan for postwar Germany. While the secretaries' deputies met with Hopkins on 2 September, Morgenthau had tea with the President and First Lady at Hyde Park. He spent the time elaborating on his ideas. On 5 September the full committee met. Secretary of State Cordell Hull, thinking that Morgenthau's proposals and comments reflected Roosevelt's personal position, abandoned his earlier moderate position. Only Secretary of War Henry L. Stimson held out for a more moderate course of action. The next day the three secretaries met with the President. Hull, realizing that Roosevelt was more conciliatory, abandoned his previous hard line position for Stimson's more moderate one. On 9 September, Morgenthau asked for another chance to present his agenda. Later that day, Roosevelt and Morgenthau were on the same train

to Hyde Park. Morgenthau spent the entire trip and weekend with the President expanding on his proposal. As a result, three days later, Roosevelt asked Morgenthau, not Hull or Stimson, to travel to Quebec to explain the U.S. position to Churchill.[50]

Quebec was the high point of Morgenthau's draconian plan for Germany. Indeed, Morgenthau considered Quebec the capstone of his career. His euphoria would not last long. Hull, Stimson, and others disliked Morgenthau's backdoor tactics and misuse of his friendship with the President. Opposition to the Morgenthau Plan increased. Hull felt Morgenthau's plan was "mad"; Stimson went further and said it was "Jewish vengeance" and was not in accord with Roosevelt's humanitarian record. Worse, Morgenthau tried to create public support for his plan by leaking the broad outline of it to the press. 1944 was an election year and Roosevelt began to distance himself from what he now saw as a "false step." Harsh treatment of the Germans was not popular with either the public or the soldiers in Europe. Joseph Goebbels, Hitler's propagandist, ran the banner headline -- "ROOSEVELT AND CHURCHILL AGREE TO JEWISH MURDER PLAN!" General George Marshall said that it was stiffening German resistance on the battlefield. Thomas Dewey, the Republican candidate for the presidency declared the Morgenthau Plan was as useful "as ten fresh divisions" to Hitler. Morgenthau began to find himself increasingly isolated from presidential favor. Plans for the radical restructuring of postwar Germany would languish. When Roosevelt died on 11 April 1945, the Morgenthau Plan died as well.[51]

What was Harry Dexter White's role in the formulation of the Morgenthau Plan? Both Budenz and Bentley claimed that White was acting on orders from Moscow in devising and pushing the plan. Both claims are problematic. Budenz, in an FBI interview on 17 December

1953, stated that he heard that White authored the Morgenthau Plan during a staff meeting of the *Daily Worker*. This was just weeks after there had been a lot of press about White's espionage activity. Budenz's statement evokes images of communist workers standing around the water cooler discussing the latest activities of Soviet agents.

Bentley's charge that White "on [the Soviet Union's] instructions pushed for the Morgenthau Plan" needs context. On one hand, in 1944, the Soviet Union had no clear idea what form they wanted for postwar Europe, much less Germany. As late as June 1945, communist strategy for Germany required both a divided and a united Germany. Because of this it is hard to imagine Moscow directing White, or anyone else, to formulate an American plan that would benefit the Soviets in 1944. Russian archives do show that someone "close to the Secretary of the Treasury Morgenthau" leaked the broad outline of the Morgenthau Plan to Moscow. It was on Russian desks by 1 October 1944. On the other hand, Morgenthau's son claims that White did author the original concepts but that his father went beyond anything White could have imagined. Discussions between White and Morgenthau on Germany's postwar future began by July of 1942. Morgenthau, after reading the FBI's file on White in 1952, wondered for the rest of his life to what extent White had maneuvered him into pro-Soviet positions. As sensational as Budenz and Bentley's claims about the origin of the Morgenthau Plan were in the early 1950s, they must be modulated. The idea the U.S. could take a unilateral position on postwar Germany was Cold War superpower hubris. All members of the Grand Alliance would have to agree to the final details.[52]

OPERATION "SNOW"

After the end of the Cold War, retired KGB agent Vitali Pavlov revealed a previously unknown incident of attempted policy subversion by Harry Dexter White. Pavlov's "The Time Has Come to Talk About 'Operation Snow'" (Moscow, 1995) recounts his meeting with White in 1941. Jerrold and Leona Schecter's *Sacred Secrets* (Washington, D.C., 2002) provides the context for Pavlov's narrative.

In 1938, Soviet and Japanese fought many skirmishes across the common border their troops occupied along the Manchurian and Mongolian frontiers. Skirmishes, beginning in 1939, gradually grew into open warfare by the middle of the year. In a battle at Khalkhin-Gol on 20 August, the Soviets threw the Japanese back across the Manchurian border.[53]

The true importance of this battle was its timing. On 23 August 1939, three days after the onset of the battle at Khalkhin-Gol, Hitler and Stalin announced their Non-Aggression Pact. While Moscow had been negotiating this treaty with Berlin, the Soviets were fighting a major campaign against Hitler's ally Japan. Stalin feared a two-front war against Germany and Japan. After their defeat at Khalkhin-Gol and the announcement of the Non-Aggression Pact, Japan, realized that the Germans would not help them in a war with the Soviet Union. In mid-September, Tokyo signed a non-aggression pact with Moscow. Only after he had secured his Eastern border, did Stalin then turn and attack Poland on 17 September.[54]

Stalin now had non-aggression and neutrality treaties with the major powers on his borders. Still, Moscow was uneasy about its security. Stalin initiated negotiations with Hitler about joining the Tripartite Pact. Stalin also wanted to divert Japan's ambitions away from Russia on Japan's northern flank to the European empires to the south and the southwest. Would

Japan attack in Siberia? Japan, like Russia and Germany, knew war was coming and wanted to avoid a two-front war. Japan's dilemma was whether to take a northern tack against the Soviet Union or a southern one against China and Indochina.[55]

Moscow's intelligence services took an active role in attempting to deflect the Japanese away from the Soviet Union. First was their operative in Tokyo, Richard Sorge. Sorge controlled an agent of influence, Ozaki Hotsumi. Ozaki was a spokesman for the South Manchurian Railroad and had traveled extensively in China. Because of his experience in China, he had the ear and confidence of several Cabinet Ministers in Tokyo. He was also a Communist sympathizer. When asked his views on Japanese expansion, he focused on the fact that Siberia had few developed natural resources. Therefore, he stressed that the logical direction for Japan should be south to resource-rich Indochina. As an agent of influence, Ozaki failed to mention the possible U.S. response to such a policy.[56]

Pavlov's article recounts Moscow's efforts in Washington, D.C. Vitali Pavlov was twenty-seven when he came to America for this mission. The Soviets had drafted him into the Intelligence Service in 1938 and he survived Stalin's prewar purges due to his youth and inexperience. By 1939 he became the assistant to the Chief of Military Section for work in the United States and Canada. Pavlov then met with Isak Akhmerov. Akhmerov had run the Silvermaster Group before they recalled him to Moscow. Akhmerov and Pavlov discussed American intelligence assets used by the Soviets in the 1930s. Their goal was to find an official that could help formulate a U.S. policy that would dissuade Japan from attacking Soviet Siberia. The goal was to reactivate a U.S. agent of influence similar to Ozaki in Japan. Of all Akhmerov's earlier contacts, the one they decided to contact was Harry Dexter White.[57]

Contact with U.S. spy rings had lapsed in the early 1940s. The Nazi-Soviet Non-Aggression Pact, the Great Terror of 1937-1939, and Whittaker Chambers' defection led to many sources quitting in protest and forced a shakeup in some American organizations and operations. Therefore, one of Pavlov's biggest concerns was how White would greet a new emissary from Moscow. White had been chosen with care. Akhmerov had met personally with White. White knew Akhmerov as BILL. (In fact the operation was not code-named "Snow" until White was selected. The association between the two names was not coincidental.) As it turned out there was no need for concern -- White was still a true believer.[58]

The purpose of the mission was to present a series of policy initiatives to White. The Soviets' intent was for White to inject them into Washington's foreign policy discussion concerning Japan. They included the position that U.S. could not accept unlimited Japanese expansion in the Pacific effecting U.S. interests. The initiatives stressed that Washington was capable, by either economic or military means, of preventing Japanese aggression. However the U.S. preferred to negotiate a mutually agreeable solution provided that the Japan cease aggression in China and the surrounding territory, evacuate its military from the mainland, stop its expansionist policy in the region, and withdraw its troops from Manchuria.[59]

When Akhmerov first met White he had posed as an expert in Chinese affairs traveling to China and the Far East. Pavlov's cover story was that he had lived in China for a long time and was an associate of BILL. When they met for lunch in May of 1941, Pavlov said he had a message from BILL. The "message" was a handwritten note that listed the results of BILL's "research" into Japanese-American relations that BILL thought would help America counter Japanese expansion. When pressed for his views on the content, White agreed with BILL's assess-

ment of the situation. Pavlov's comment about living in China was to explain his inadequate English. Because of this, White spoke slowly and distinctly and asked Pavlov if he understood. Pavlov then repeated White's message to BILL to assure White that he had gotten it right.[60]

Akhmerov debriefed Pavlov when he, Pavlov, returned to Moscow. Akhmerov was confident White had accepted BILL's advice and would act on it. Later, other contacts informed Akhmerov that White asked mutual acquaintances of BILL about his whereabouts. White wanted to thank BILL for some ideas that he had used with great success. Pavlov's superiors told him to forget everything about the operation and leave no written account of any part of it. Pavlov did so until the mid 1990s when he read Congressman Hamilton Fish's *Memoir of an American Patriot* (Washington: Regenery Publishers, 1991). In the appendix of his book Congressman Fish listed two of White's memoranda to Morgenthau written on 6 June and 17 November of 1941. Reading these brought the entire operation back to Pavlov's mind. As a result he wrote up the details of "Operation Snow" for the general public.[61]

It is unknown whether Pavlov's recommendation to White was implicit or explicit. Regardless, White got the message and acted on it. His memorandum to Secretary of the Treasury Morgenthau shortly after meeting Pavlov contained a pro-Soviet anti-British slant. Rees concurs that White's last memorandum concerning the Japanese negotiations was incorporated into Secretary of State Cordell Hull's final ten point dispatch to Tokyo.[62] Hull's use of the harsh, demanding language made his peace and trade-initiatives appeared as ultimatums. This only strengthened the positions of the war party in Tokyo.[63]

In response to Japan's apparent intransigence, Roosevelt accepted White's proposals for economic sanctions against Japan. On 26 July Roosevelt implemented a full scale economic

blockade, froze Japanese assets overseas, and cut off their access to American oil. Japan then abandoned all plans against Siberia and firmly took the road to Pearl Harbor. An uncritical reading of Pavlov's article leads one to believe that due to White's involvement and influence, the U.S. set up a foreign policy that placed the Kremlin's interests ahead of the White House's.[64]

Pavlov's tale of "Operation Snow" needs to be taken with a grain of salt. One problem is that Roosevelt was anti-Japanese to begin with. Most likely, the U.S. position toward Japan would have been much the same despite White's efforts. Another argument is that Pavlov's story is just a bit hard to believe. Did the Soviets really think they could talk to one man and alter U.S. foreign policy? Finally, did Pavlov seriously affect White's thinking on this entire issue? All this misses the point. Russia, in 1940 and early 1941, was in the jaws of a vice. A two front war would have gone very badly for the Soviets. In the midst of doubt, uncertainty and fear Moscow authorized Pavlov to go to Washington, D.C. Whether "Operation Snow" had any chance of success, Moscow still tried. Of all Akhmerov's previous contacts, he chose White as the one able and willing to aid the Soviet Union. White willingly met with a man with a thick Russian accent who claimed to be from China and wanted to discuss and advise on U.S.-Japanese policy. This was in May of 1941 at least a month before Hitler attacked Stalin turning the latter into a U.S. ally. It is quite unusual that a monetary expert, who espoused free trade to promote peace, instead framed a policy of economic embargo on a belligerent nation that eventually helped to drive it to war against the U.S. The viability, success and failure of the attempt are less important than the target of desperate Soviet maneuvering and his response.

THE FALL OF CHINA

On 1 October, 1949, Chinese Communist leader Mao Tse-tung forced the Nationalist Kuomintang army under Generalissimo Chiang Kai-shek off mainland China and established the People's Republic of China (PRC). For the second time in little more than thirty years, a major nation had come under Communist rule. Leaders on both sides of Congress wanted to know why and who was responsible. The answers to those questions are still unclear.[65]

Harry Dexter White's name surfaced in the debate. Chiang Kai-shek himself would claim that White and his staff sabotaged his government's economic policies. Elizabeth Bentley stated that White's contribution was to delay economic assistance to Chiang by withholding gold shipments to China. These accusations carried some weight because White was intimately involved with financial aid to China.[66]

Before Pearl Harbor, both the U.S. and Russia sought ways to help the Chinese. Secretary of War Stimson mentioned to Treasury Secretary Morgenthau, China must be kept in the war "at any price." As an expert in Chinese and Japanese monetary policy, Harry Dexter White observed that China was "fighting Russia's war." Aware of China's need for assistance, in January of 1940, White asked Morgenthau to suggest that Roosevelt request a $50 million loan for China. The Treasury Department negotiated a complex three-way import/export arrangement between the U.S., China, and the Soviet Union. This loan was to support China's sagging economy and provide them the means to resist the Japanese militarily. As late as four weeks before Pearl Harbor, Roosevelt ordered Morgenthau to make another $50 million loan to the Chinese.[67]

Soon after Pearl Harbor, Chiang made a request for a billion-dollar loan to halt the steady decline of the Chinese economy. Apprized of the request, Roosevelt sent a note to Morgenthau

stating, “I am anxious to help Chiang Kai-shek and his currency. I hope you can invent some way of doing this . . . even if it means a partial loss [to the U.S.] later on.” Meetings on the matter between the Treasury Department and the State Department formed the consensus that they needed significant military action in China to counter Japanese aggression. It was also essential that Chiang’s economy stabilize to help the war effort. Representatives of the State and Treasury Departments and the White House worked out the details for legislation for the $500 million loan. The bill passed Congress in mid-February and Roosevelt signed it in March.[68]

Both Morgenthau and White believed that Chiang was close to establishing a separate peace with Japan. This concern led both men to hold a tight rein over moneys issued to China. Their intent was to insure that Chiang continued hostilities.[69] They developed two clear goals. First, they wanted to restrict the release of funds to achieve critical objectives. Second, they wanted to use the funds to keep Chiang focused on the Allied goal of fighting the Japanese. White would monitor and authorize funds only under strict circumstances. There was bound to be tension and conflict. Within days of ratification of the legislation, the Chinese made their first requests for a transfer of funds. They made the mistake of asking for the funds without conferring with Treasury officials. When White found out about the request, he sent an angry letter to the Chinese representatives stating that they would receive no fund without first consulting the Treasury Department.[70]

White became a “one man embargo” on funds to the Chinese. White proudly proclaimed to Morgenthau “we have stalled as much as we have dared...” The U.S. shipped very little gold in the first six months of 1945. The results of the meager gold shipments on China’s economy were predictable. During the war years prices in China rose a hundred fold.[71]

Despite White and Morgenthau's suspicions, Chiang's Nationalist government had a host of other difficulties unrelated to gold shipments. Anne W. Carroll's internet article, "Who Lost China," examines Chiang's various difficulties. The Japanese occupied the industrial areas of China. Refugees fleeing Japanese forces strained Chinese resources. Believing the allies would eventually defeat Japan, Chiang husbanded his meager assets for the postwar civil war with Mao's People's Liberation Army (PLA). Chiang's policy for trading territory for resources made him seem unwilling to fight. Mao was far from the front and used the war to train his troops. Mao was able to appear more anti-Japanese than Chiang. Chiang's army and government needed massive reform that was impossible to accomplish during the war. After the war, the Soviets turned captured war material over to the PLA. This gave Mao military parity to Chiang. U.S. policy during the resulting civil war limited Chiang's ability to resist Mao's PLA successfully.

Was Harry Dexter White's reluctance to release funds and gold to Chiang's Nationalist government the cause for the communist victory in China? Or was it Japanese imperialism, Mao's adeptness at propaganda and positive spin, Soviet support for the PLA, or badly formed U.S. foreign policy? The answer is so elusive that even the unabashedly anticommunist Carroll believes that "all of the above" is too simplistic an answer.[72]

In the late-1940s and 1950s many individuals were associated with the "fall of China." White was one of them. No one has ever associated his actions with distinct instructions from Moscow. The best anyone came up with was Budenz's weak rationale that White's seeming cooperation with and help for China in the late 30's and early 40's was a smoke screen so he could destroy Chiang's government later without arousing suspicion. In short no evidence exists that instructions from Moscow directly influenced White's activities regarding China.[73]

THE ALLIED MARKS AFFAIR

By September of 1946, Germany's postwar economy was suffering from rampant inflation. By that time the U.S. War Department had a $250,000,000 overdraft in its Allied Military marks (AM marks) redemption budget. Congressional investigations led to the revelation that the U.S. had given the Soviets a set of AM marks printing plates and allowed them to print their own marks from unsupervised and unregulated presses.[74]

In 1943, the U.S. and Britain had agreed that a unified currency should be used in occupied Germany after the war. They also agreed that it should be exclusively printed in the U.S. Later, U.S. government officials gave in to Soviet demands for their own set of printing plates. Moscow then printed up an inflationary amount of AM marks, which eventually cost the U.S. taxpayers over a quarter of a billion dollars. The Allied solution to postwar inflation in the Western Zone of Germany and Berlin was a change in their currency policy. This was the crucial reason Stalin instituted the Berlin Blockade.[75]

Again, Harry Dexter White figured prominently in the initial decision that led to the inflationary spiral in postwar Germany. It was Elizabeth Bentley's 1951 autobiography that first associated White with this issue. Bentley's accusation was that Moscow ordered White to produce samples of the currency so it could be counterfeited. However, in *Red Spy Queen* (Chapel Hill, 2002), Kathryn S. Olmsted's biography of Elizabeth Bentley, Olmsted concludes that Bentley's charges were false. Indeed, Bentley was prone to elaborate in her testimony. However, this charge was her first extended fabrication. White's apologists concur that Bentley's overall story of espionage is true but it is when she gets into details that her credibility suffers.[76] Yet, as will be shown, new evidence has recently become known that justifies the basis of her claims.

Shortly after the Teheran conference, Supreme Headquarters Allied Expeditionary Forces (SHAEF) requested that a common currency be prepared for the occupation of Germany. In the spirit of cooperation expressed at Teheran, a common currency would be a show unity for the occupying powers. SHAEF's planning was based on the successful occupation currency policies established in Italy. It was decided that the U.S. would print the AM marks.[77]

On 17 January 1944, the U.S. State Department cabled Moscow outlining the U.S.-British plan. It was not until 14 February that Averill Harriman, the U.S. ambassador to the Soviet Union, received a response from Soviet Commissar for Foreign Affairs Vyacheslav M. Molotov. Molotov's superiors agreed that a common currency was the best policy. However, Molotov's reply added one additional condition. Moscow felt it would be "more correct" if the printing of the AM marks also took place within the Soviet Union. He ended the cable by asking to be informed when the plates, inks and paper were to be delivered.[78]

Molotov's cable set off a series of interdepartmental and international discussions and meetings. At first, the request was passed to Under-Secretary of the Treasury Daniel Bell, who conferred with the Alvin W. Hall, Director of the Bureau of Engraving and Printing. Hall was adamantly against the idea. Never had two governments controlled the printing of one currency. It would violate all established currency security rules. Two sets of currency would make counterfeiting easier to do and harder to detect. Accountability would be impossible. Lastly, the contractor, the Forbes Company of Boston, might exit the contract. This would delay printing and thus deprive the occupying authority of timely delivery of their first batch of currency.[79]

Since White was responsible for military and occupational financial policy, he received Hall's memorandum objecting to the request. He then called a meeting with Bell, Hall and other

Treasury officials for further discussion on 7 March. Initially agreeing with Hall's arguments, White pointed out that the Soviets could construe this as a lack of confidence. Further he asserted this would not be in keeping with the administration's policy of cooperation with the Soviet Union. Perhaps relieved, all attending agreed with White that they should not decide without bringing Secretary Morgenthau into the discussion. They thought that Morgenthau could probably persuade Soviet Ambassador Andrei Gromyko to have Moscow withdraw the request. Also, it was felt the Department of State, the Department of War and the Combined Chiefs of Staff (CCS) should have a say in the outcome. Bringing others into the discussion would spare Treasury of the onus of rejecting the Soviet offer on a "narrow accountancy basis."[80]

Morgenthau and White then met with Gromyko, on the 18th, in an attempt to get the Russians to withdraw their request. Gromyko pointed out that the Kremlin had been apprized of the technical difficulties but wanted the plates delivered anyway. Morgenthau explained that the U.S. was ready to supply them any amount of currency they needed. The refusal to turn over a set of plates was to prevent the Forbes Company from withdrawing from the contract. He added that the U.S. desire to maintain control of the printing was not based on lack of trust of the Soviet Union. Morgenthau also pointed out that the Soviets could receive marks faster from the U.S. than by setting up an independent Soviet printing operation. Gromyko said that still did not change his government's position.[81]

Afterwards, Treasury officials discussed the prospect that a U.S. refusal to turn over a duplicate set of plates could lead to the Soviets printing their own occupation currency. White advanced the arguments that since the U.S. had offered to provide the Soviets an unlimited supply of AM marks, it hardly mattered where they were printed; that if the Soviets printed their

own distinct currency the other allies would be forced to accept it; and the U.S. had not been doing enough for the Soviets, so if they profited from having their own set of plates it would be a token of appreciation of their efforts. Hall and Bell were still opposed to surrendering the plates. Hall then drafted another memorandum outlining the objections to such an action. Included was the argument that the Soviets could not make exact duplicates of the U.S. printed notes and this made counterfeiting easier to accomplish and harder to detect. Also, if the Kremlin wanted to print their own notes, the U.S. Bureau of Engraving would be happy to assist them in the design and manufacturing of their own plates. In the final page of the memorandum White, or his assistant William Taylor, inserted a line stating "It may be politically undesirable at this time to give the appearance of a lack of financial uniformity among the three powers." This sentence undermined the entire thrust of Hall's objections.[82]

Morgenthau then temporized. He sent a letter to President Roosevelt's chief of staff, Adm. William Leahy, asking the CCS to decide. Morgenthau include a copy of Hall's latest memorandum with the letter. He informed Leahy that surrendering a set of plates to Moscow would delay the delivery of currency to General Eisenhower. He also sent a copy of his letter to Leahy and Hall's objections to Secretary of State Hull. The consensus of all the officials involved was to ask the Soviets to withdraw their demand.[83]

Before writing Leahy, Morgenthau sent White, with Hall's memorandum in hand, back to Gromyko one last time to convince the ambassador to withdraw the request. Gromyko asked several questions. According to White's notes of the meeting Gromyko wanted to know "why the Forbes Company should object to giving a duplicate set of plates to his government. He said that, after all, the Soviet government was not a private corporation or an irresponsible

government ... " White later said that Gromyko was "skeptical as to the reasoning contained in [Hall's] memorandum." Gromyko did notice Hall's mention of the Soviet's printing their own currency and asked if that were the official U.S. position. White replied that it was only one possible solution to the situation. In the end the meeting accomplished little.[84]

Morgenthau's letters to Leahy and Hull initiated a broader effort to dissuade the Soviets. Cordell Hull cabled Ambassador Harriman to inform Molotov that the administration was consulting the CCS in the matter and they were likely to refuse the request. Earlier, on Roosevelt's instructions, Harriman had met with Stalin to inform him that insistence on this issue was dampening the spirit of cooperation. On 8 April Harriman received Molotov's answer. It stated that the Soviets were unimpressed with U.S. objections and if the Treasury refused the plates, the Soviet Union was ready to proceed with manufacturing their own occupation currency.[85]

A week before Moscow's final reply arrived. Leahy turned over Morgenthau's letter to Leahy to the CCS. CCS then turned over the decision to the Combined Civil Affairs Committee (CCAC) for discussion. In a 1 April meeting at the Pentagon, Major General G. N. Macready, Britain's representative on the CCAC, stated that the UK was against a duplicate printing. Such a situation could lead to the entire issue of currency being discredited. Later in the meeting, James C. Dunn, Director of the Office of European Affairs for the State Depart-ment, mentioned that the Soviets were still asking for the plates. The CCAC postponed a decision to get more information from the Treasury. On 12 April the CCAC held its final meeting to discuss the matter. Major General John H. Hilldring, director of the U.S. Army's Civil Affairs Division, stated that this decision was "too hot" for the CCS and could not be decided on military grounds. It was, he said, a political decision. Dunn immediately pointed out that though there were political consid-

erations the CCS should decide the matter on technical grounds. Neither the State Department nor the CCS wanted to take responsibility for refusing the plates. White's two representatives from the Treasury Department, Taylor and L. C. Aarons, supported Dunn. Dunn then announced that the Soviets still wanted their own plates. This announcement had some impact on the CCAC members. Hilldring stated that it would be advantageous, on military grounds, to have all the allies use the same currency. Dunn remarked that "it would have a very nice effect on the German people" if a single currency was used. Taylor observed that if the Soviets used their own currency they might also establish other independent monetary and fiscal programs as well.[86]

Dunn and Taylor hoped that Hilldring's comment about the military advantages of a common currency meant the CCS would decide. It was not to be. The CCS position was put into a letter on 13 April. The letter stated that production of the supply of AM marks needed by SHAEF should be fulfilled by 1 May. After that time "if the United States Treasury and the State Department, in conjunction with the Foreign Office and the British Treasury, decide to furnish duplicate plates to the Soviet government, it appears that this action could be taken any time after May 1, 1944." Marshall also added that if the Soviets needed currency that SHAEF could release about two billion marks to them immediately.[87]

On 14 April, White received their reply and used the CCS letter to cut through all the bureaucratic red tape. White then called a meeting of Treasury officials. Without showing the letter to anyone he declared that "the Combined Chiefs of Staff had directed that the glass positives [of the plates] be turned over to the Russian government." When White informed Morgenthau, he was preoccupied with other matters and seemed annoyed at the interruption. In discussing the issue with him, Morgenthau decided that the Forbes Company not be told of the

transfer to keep them from exiting the contract and thus delay the printing of the U.S. and British AM marks. The transfer was to be a military secret.[88]

At the end of the meeting Morgenthau made phone calls to Dunn and Gromyko. The first was to tell Dunn that Morgenthau was about to inform Gromyko that the plates were to be furnished to the Soviet Union and to ask if the State Department was willing to share the responsibility. Dunn's reply was vague and evasive. Neither man mentioned the CCS letter. Not waiting for British consent, Morgenthau then called Gromyko and asked for a meeting that afternoon. Gromyko was delighted at the positive news. British concurrence arrived the next day. Basically, they said that if the U.S. authorities were satisfied the British would go along. On 21 April, the Treasury Department delivered the duplicate plates to the Soviet Embassy in Washington, D.C. and on 24 May the plates, paper and inks for printing the AM marks left by air for Moscow.[89]

The results of White's decision were disastrous. Moscow printed up enough AM marks to provide their entire army six years of back pay. There was little control on Soviet finance officers and soldiers were issued AM marks without regard for their regular pay grade. Soviet AM marks were issued with two caveats. Soviet soldiers could not redeem them for rubles or send the money home. They could only spend them in occupied Germany or exchange them for another currency. Buying western goods was the most common form of expenditure. U.S. servicemen could exchange their AM marks for dollars and send them home. Black market activity thrived. A GI could buy a package of cigarettes for eight cents and resell them to a Russian soldier for 100 AM marks or $10. A 5-cent candy bar sold for $5. K-rations brought $20 and a pound of coffee $25. G.I.s sold watches for the equivalent of $500 to $2500 each. By one

estimate, more than 33,000 GIs sent home an average of $12,000 from Berlin. Only when the U.S. Army reached an overdraft of $271,000,000 did Congress act.[90]

Original Allied plans called for approximately fifteen billion AM marks to be printed. Four and a half billion would be in 1000-Mark notes for banking purposes only. The Allies put the other ten and a half billion into circulation. The Soviets would have had a share of the initial issue, but they were printing their own. Against this original plan the Soviets printed more than seventy-eight billion of their own AM marks. Washington considered this to be inflationary and destructive to the economic stability of postwar Germany. Moscow called it reparations.[91]

The question is: What was Harry Dexter White's culpability in this? Rees, Craig and the Schecters clearly agree that White was the prime mover in the decision. It has only been recently that writers have begun to offer a defense of White concerning the AM marks plates.[92]

Craig attempts to absolve White with several broad arguments: 1) claiming Bentley's charges against White were flawed to the point of being irrelevant; 2) pointing out his ideas was only mirroring the current administration's foreign policy; 3) saying that his role was important, but not decisive; 4) inferring the CCS letter of 13 April was open to several interpretations; 5) arguing that no one could have really foreseen the effects of giving the Soviets their own set of currency plates; and finally 6) explaining away a recently discovered KGB document stating that his actions conformed to Soviet issued instructions.[93] This defense can and will be answered but it ignores other equally damaging arguments.

Going over Bentley's accusations as a defense implies her accusations are valid. It is understood she was lying about her involvement in this issue. Her story is that the espionage ring she was involved with asked for and received copies of the AM marks. These copies were then

flown to Moscow to see if they could be counterfeited. One look at them made Soviet experts realize they could not be duplicated. She then instructed White to secure the plates for the Soviet Union. Bentley's timetable is fantastic. There was a minimum of a two week round trip for documents or items to travel from Washington, D.C. to Moscow and back again. There is no logical period in the schedule of printing the notes by Forbes and the final decision for this to happen. Second, since the matter of a common currency was freely discussed among several agencies and countries, White had openly sent to the Russians and the British copies of the notes for their input and comments. Earlier writers, with no knowledge of VENONA or the recent information from Moscow, admit Bentley's story is flawed but either irrelevant or confirmed by sources other than Bentley or even Chambers. Since Craig, admits White was involved in espionage of one form or another, White's actions must come under question.[94]

White was continually concerned that the refusal to give the Soviets their own printing plates would hurt US-Soviet relations, affect U.S. foreign policy and mar the progress made at the Teheran Conference. As such, White's actions, arguments and final decision are seen by some as an innocent, even necessary, adherence to Roosevelt's foreign policy ideals of cooperation with Moscow. Focusing on the spirit of Teheran is anachronistic. Neither Secretary Morgenthau nor Hull would learn the details of Teheran until the following summer. The focus of all the interagency meetings and negotiations with the Soviets were driven by the desire to get them to quietly withdraw their request. From Roosevelt on down, all communication and negotiation with the Soviets had this goal. White went to see Gromyko with Morgenthau to achieve this end. White returned once by himself so Gromyko could successfully argue the point with Moscow. In the CCAC meeting of 12 April the consensus was that, desirable as a common

currency might be, the official position still did not include delivering duplicate plates to the Soviets. Roosevelt's policy was accommodation. Still, there were limits to what he would and would not do for the Soviets. There is no documentary evidence he was consulted. Furthermore, Roosevelt had two foreign policies: the public, Wilsonian one he used when addressing the public or Congress, and the realpolitik of Great Powers he discussed with Stalin. The differences in his *foreign* foreign policy and his *domestic* foreign policy were his personal property shared with only a few loyal insiders. No one has hinted White was in that group. Which policy was White pursuing and how did he know it was the right one?[95]

Looking at White's concern for foreign policy ignores his real job. White's responsibility in the Treasury was to advise on the financial and economic effects of the decision. Pushing the decision onto the Joint Chiefs and Secretary of State was a way for Treasury to avoid its own responsibility of giving decision-makers sound economic advice. White should not have been making foreign policy decisions as much as informing foreign policy makers of the economic and financial ramifications of their decisions. To say White was adhering to the prevailing foreign policy is to accentuate a minority opinion in a very complex landscape.

Craig claims that White's assistant William Taylor had more influence on the proceedings than White and the final decision was really made by Morgenthau and representatives of the State Department. Taylor's "influence" is only supported by the fact that he attended more interagency meetings than White. He did this because White's duties kept him busy on other matters and he, Taylor, attended as White's assistant. Saying Taylor had more influence than White infers that Taylor was advancing his own agenda at these meetings or that he had a lot of influence on White's thinking. No one advances the latter inference but by

contrast Craig and others have stated that White had considerable influence on Morgenthau.[96] This is part of a larger argument that wants to put the blame on Taylor, Morgenthau, Roosevelt's foreign policy, or GIs who profited from the black market in postwar Germany; anybody but White himself. White's responsibility for the decision to hand over duplicate plates to the Russians cannot be overlooked or denied.[97] Morgenthau had given White the mandate to supervise and take responsibility for financial and economic affairs in which the Treasury might become involved in relation to the Army and Navy and civilian areas in which they would operate. The issue of duplicate plates clearly fell under White's purview. Because of the trust Morgenthau placed in him, people would defer to White's judgment. White's responsibility for the decision has been obscured in several ways.[98]

This leads to the CCS letter of 13 April. As stated, White told his colleagues in the Treasury Department that the CCS had "directed" that the plates be turned over to the Soviets. Then White went to Morgenthau to see how the Treasury Department wanted to respond to the CCS "approval." White never showed the CCS letter to his staff or Morgenthau. As a result, during the 1947 Congressional hearing into the matter, most of the officials who testified said that Morgenthau's decision was sanctioned by the CCS letter. It would take a long time for White's interpretation of the letter to become known. The CCS made no decision. The Combined Chiefs' letter stated they did not want to make a military decision on political matters. Not objecting is not the same as approving. The military leaders were deferring to the experts in the field of finance and policy. Further, they expected the British to be part of the process. The British were informed after the fact and had no serious option but to concur. Also, the plates were delivered to the Soviets before 1 May, the date set by the CCS. White not only took

liberties with the Joint Chiefs position, he betrayed the spirit of trust they expressed in it. White was aware that General Hilldring felt the Soviet arguments were "persuasive." This information is used by Craig to justify White's broad interpretation of the CCS letter. If this were true, then White should have also known that Hilldring also spoke for CCAC when he stated that the issue was "too hot" for the CCS to arbitrate. This view of Hilldring's closes the door to any but a strict and literal reading.[99]

All the discussion of the transfer of plates is presented in a political or military framework. Yet the issues of printing and distributing a currency are essentially economic in nature. The results were economic as well for the U.S., the Soviet, and the German people. That there were political ramifications cannot be denied but the real problems involved were economic. Were the results unforeseeable as White's apologists claim?[100]

During White's meeting with Gromyko on 22 March, Gromyko stated "the Soviet government was not a private corporation or an irresponsible government." White let the statement go unchallenged. How "responsible" was the Kremlin in economic matters? Soviet occupation practices in Poland, Estonia, Latvia, Lithuania and Bessarabia in 1939-1940 are instructive. Unlike the areas of Eastern Europe occupied at the end of the war, these areas were considered "liberated" and subsequently incorporated into the Soviet Union proper. In order to ease the process of annexation, the Soviets had to lower the local standard of living and disrupt and destroy the prevailing socioeconomic structure. Their methods were simple, effective and brutal. To begin with the local currencies were still legal tender but so was the Russian ruble. The occupying Russian soldiers were paid in rubles and the established exchange rate inflated the ruble by as much as 2000 to 3000 per cent.[101]

Overvaluing made the average Russian soldier extremely rich. Local shop owners found their stores filled with wealthy Russians buying everything in sight. This huge influx of rubles started a wave of inflation that native merchants did not notice or mind -- at first. The joy of full cash registers started to give way to the trouble of empty shelves. Local suppliers were no longer able to replace merchandise. This shortage was caused by Soviet purchasing agents that fanned out through the newly occupied nations buying up wholesale goods in warehouses and the production of local factories. Armed with overvalued rubles, these purchasing agents were able to outbid local distributors and merchants. What goods that were produced locally were being shipped to Russia not local businessmen. Added to local merchants oversupplied with inflationary rubles and little else was a devastated production infrastructure. Russian propaganda stated that their goal was to help raise the ordinary working man's standard of living. To do this they froze prices and raised wages by as much as ten times. Merchants and factory owners caught in such a squeeze declared bankruptcy and closed their doors. Shortages of food and other necessities introduced growing inflation, a black market, and discontent among the population. These deliberate Soviet policies raised the cost of living but not the standard of living. Once annexation was complete, local stores and industries were then nationalized and their former owners arrested, stripped of their possessions, including their accumulated rubles, and shipped to the gulags of Siberia. Any workers still employed were then paid in rubles. Anybody who thought they could survive the new state of affairs by hanging on to their local moneys lost that when they were abolished.[102]

Harry Dexter White was the director of the U.S. Treasury Department's Division of Monetary Research. His specialty was monetary policies of China, Japan, and all the major

belligerents in Europe, including the Soviet Union. To argue that neither White nor anybody else in the Treasury could have anticipated a similar policy ignores the warnings of Hall, Bell, and Macready. If White truly felt the decision about the transfer of plates was a political one, then he should have completely handed the matter over to the Department of State while informing them as forcefully as possible of the potential Soviet uses of those plates based on their past experience. As it was, White kept the Treasury focused on political matters and only expressed technical accountancy and delivery concerns to the CCS and State Department.[103]

The arguments of defense have now come full circle as the above calls White's motives into question. A KGB document, dated 15 April 1944, has come to light in the last few years that may answer that question and put Bentley's accusation into a broader context. This document states "[on] 14 April that *Harry Dexter White* following our instructions passed through to *Silvermaster* attained the positive decision of the Treasury Department to provide the Soviet side with the plates for engraving German occupation marks...."

Only Bruce Craig has written in defense of White's actions since this document has come to light.[104] Craig's approach to this evidence is two-fold. First, he states that it only suggests White was working for the Soviets. The other, is to discount the cable as not being truly espionage related.[105]

To say the cable is only a suggestion means that White was already working to secure the plates for the Soviets when he was approached by Silvermaster in regards to the matter. This assumes some knowledge of when the instructions were passed on to White. Molotov's first demand for the plates was received on 14 February. It was not until 7 March that White became involved in the discussion on the issue. Addressing the 7 March meeting, Craig observes that no

one felt White was being overly "pro-Russian" only advancing current U.S. policy. Craig also points out that there is no documentary evidence that White ever changed his mind on the issue. Evidently, any discussion with Silvermaster came during the three weeks between 14 February and 7 March. Craig, in discussing of the process of reaching a decision, states one would expect different actions on White's part if he was working as an agent of influence. That may be so but it may also mean that White was much more subtle than Craig realizes. Ignoring past Soviet economic policy in occupied areas and focusing his people on political issues while asking the State Department and the CCS to make a decision based on technical currency issues was White's consistent approach. An approach consistent with an agent of influence. As an agent of influence, his job was to shift policy without calling attention to the fact he was doing so.

In attempting to wish the cable away, Craig states "There simply was no U.S. policy decision for the Soviets to subvert."[106] This contradicts the argument that White was advancing U.S. policy. There was either a U.S. policy White was following that could be bent to Soviet wishes or there was not. This is an inconsistency in Craig's reasoning.

One final observation on this argument. How much did Gromyko know about espionage activity in the U.S.? Most likely he did not know the nuts and bolts, day to day details of KGB operations and operatives. But he probably knew that there were highly placed people in the U.S. government working for the Soviets. During his final meeting alone with White, did he know White would not be taking a hard line with the U.S. position? In light of this cable, can one really agree with Craig that White "had done all [he] reasonably could to sway the Soviets."?[107]

This KGB cable, despite Craig's assertion otherwise, was related to viable espionage activities. As mentioned many KGB sources in the U.S. were run and operated on a very

unprofessional basis with little regard for traditional spycraft. Silvermaster had resisted the KGB's efforts to reorganize and professionalize his circle of agents and sources. That changed in early 1944 when Akhmerov returned to the U.S. to rein in Silvermaster's group. Moscow wanted more results in documents provided and policy influence. In light of this development, Craig sees the 15 April communiqué as nothing more than idle boasting on Akhmerov's and Silvermaster's part. He would have one believe that field agents and their controllers had no compunction about lying to Moscow and that anyone was permitted to decide what policies needed to be subverted. Akhmerov had been recalled during the Great Terror, charged by Beria himself and barely survived. He then had been put on reserve until his entire record could be reviewed. With this background it was unlikely Akhmerov would do anything to jeopardize his career and his life. Neither is the cable a boast about a policy coup Akhmerov and Silvermaster had pulled off. Moscow had several options with their request for the currency plates. One, they could ask for the plates with the intent of withdrawing it in exchange for concessions on other matters. They could ask for the plates and use U.S. reluctance to justify their own currency and administration policies in Eastern Europe free from Western control or interference. Lastly, they could insist on the plates for the leverage that printing their own AM marks afforded the Soviet Union. The decision of which policy to pursue would not have been left to members of a badly run network in a foreign country. Moscow would make that choice and issue orders to that affect. The cable can only be seen as a report of "mission accomplished."[108]

Coming full circle back to Bentley's statements, the cable gives renewed life to discredited charges. It also weakens the other points of defense and returns to the original question. What was White's responsibility for the final decision -- considerable. In this "pass-the-buck"

environment that was “too hot” for some participants, a man with a purpose could achieve much. The only official who repeatedly objected and would have denied the Soviets the plates was Director Hall. Hall was overruled and effectively blunted by White in their first meeting. The decision was White’s because no one wanted to make the decision *not* to give the plates to Moscow.

Much is made of the idea that this was a joint decision reached after extensive review by several officials in different departments. To quote Morgenthau’s biographer John Morton Blum -- “It was not primarily White’s decision, but the joint decision of the Treasury, State and War Departments, the Combined Chiefs of Staff and the British Government with General John Hilldring, Assistant Secretary of State James Dunn, and Morgenthau as major contributors to the final policy.”[109]

Of the eight organizations or persons named none of them contributed to the “final policy.” The CCS and Gen. Hilldring, and by extension the War Department, refused to make a decision. Dunn, representing the State Department during the final CCAC meeting felt it was the CCS’s responsibility to affirm or deny the Soviet request. When Morgenthau called Dunn he told him the decision had been made and asked if the State Department want to accept part of the responsibility. Dunn equivocated. White did not ask for input from anyone. Morgenthau was asked how he wanted to implement the CCS directive. The British were asked the next day after the fact. The initiative and the decision were White’s alone. As to Morgenthau‘s comment during the final meeting that if he had “known the facts a decision would have been made at a much earlier date.” This comment must be taken in context. He was upset at having been interrupted doing other work. This can easily be explained as a boss taking his frustrations out on his subordinates. The comment does not fit in with his earlier actions of trying to convince the Soviets to

withdraw their request. Later, Morgenthau would take credit or responsibility. He had to. The alternative was to give the impression that he stood by and did nothing while an assistant -- with Communist sympathies -- ran the Treasury Department. His defense is worth noting: “My decision was correct both politically and militarily.” -- but not economically.[110]

White’s action is atypical in some respects as well. He was negotiating other issues with the Soviets. There was a multibillion dollar loan for the Soviet Union. Also, exchange rates for the AM marks were still undecided at the time. The acceptance or rejection of the request for the plates could have been tied to either one or both of these. White, the tough negotiator and creative problem solver should have seen some way to use these and other issues to the U.S.’s advantage. Concerning the Morgenthau Plan, White wanted a dismembered Germany. A common currency was anathema to this position. Refusing the Soviet request and leading them to the conclusion they should print their own notes fits in with White’s ideological agenda for Germany. White took neither of the more natural courses of action for himself.[111]

Finally, once the plates were sent off to Moscow, the War Department was left to its own devices in developing a responsible redemption policy. White was incensed when he learned of the black-market conditions in Germany. Whatever White’s motivation for surrendering the plates to Moscow, he knew the potential dangers of multiple sources of currency. His expertise was currency and currency policy. His strength was finding solutions to currency problems. If he was going to give up the plates he should have followed through with either assisting or monitoring the War Department’s redemption policy. His failure to do so is inexcusable.[112] In a situation where the Treasury was making political and military decisions and the military was forming currency policy, maybe the Soviets did not need to interfere.

CONCLUDING ARGUMENTS AND VERDICT

Given the presented testimony, evidence, information against him and arguments in his defense, was Harry Dexter White an agent of influence for the Soviet Union? What is the standard to be? Bruce Craig, in his book on White, *Treasonable Doubt*, addresses the criteria for historians. In a normal trial, the burden of proof is on the prosecution and a good defense attorney can get damaging evidence thrown out on technicalities. Judges decide what evidence is considered. Juries then must decide the defendant's fate. Criminal proceedings use a "reasonable doubt" standard. Civil cases use a "preponderance of evidence" standard. Craig points out that historical investigations do not operate exactly like the U.S. court system. Historians are both judge and jury. They have to decide what, of all available, evidence is significant and then render a verdict. Craig believes a historian's standards must be higher than the preponderance of evidence but not to the point of reasonable doubt. One must determine that the preponderance of the evidence, even if circumstantial, links someone to espionage. Whatever the accusations one must also show that the person did commit the acts. Craig then adds a third criteria, that of *mens rea* or criminal intent of the accused.[113]

It is this last criterion that exculpates most of those accused of espionage in the 1940s. Such criterion requires one to read someone else's mind. The secretive nature of espionage makes determining *mens rea* a difficult task. Many, like Chambers broke with the CPUSA and assumed a bourgeois persona. A case in point is Kim Philby, an agent dubbed "the spy of the century." Philby was married three times before he finally defected and his last two wives had no idea he was a spy. He married his third wife *after* he lost his job at M.I.5 due to allegations of spying for the Soviets. She never suspected his true life. Philby was able to continue his

activities, even while under suspicion, because he knew there was no evidence against him. Had he not defected, no one would have been sure, one way or another, of his guilt. *Mens Rea* may be helpful after someone has made a judgment about espionage but it cannot be considered in making the determination.[114]

James Boughton's defense rests firmly on the "innocent until proven guilty" premise -- one that does not apply here. Bruce Craig's conclusion is that the evidence against White is credible but falls back on *mens rea* to state that White meant well. John Haynes states that White was an agent of influence. His only question is how influential he actually was. The material covered has met the preponderance of evidence criteria. Chambers and Bentley tell complimentary stories about White's activities. Katherine Perlo provides independent corroboration. VENONA and the Russian archives both are consistent in linking White to the Soviets' GRU and KGB apparatuses, covert activity and the delivery of information and documents. In this context, Boughton's reference to guilt by association is a valid argument but hollow. The shear weight of other evidence makes his position irrelevant.[115]

Reasonable doubt is determined differently. In White's case, two counts are considered. White's being an information source and being an agent of influence. Saying that White's meetings with Soviets were part of his official duties attempts to establish doubt. Among the contacts Craig and Boughton apply this logic to is Vitali Pavlov. Pavlov passed himself off as a Sinologist not a Soviet official. Others include journalists and Akhmerov who, as an Illegal, would never pass himself off as a Soviet government officer. What he was discussing with these "officials" were intimate details of U.S. policy or negotiating positions. It would hardly be part of his official duties to reveal U.S. negotiating strategy or to receive policy advice, especially

from traveling academics or journalists. This line of reasoning may create doubt but it is not reasonable.[116]

We must examine the accusation of agent of influence against the background of White's actions in their totality. Boughton establishes White's innocence by compartmentalizing the evidence against him. He discusses Chambers separately from Bentley, he avoids VENONA's corroboration by the archives and he never compares Pavlov's statement with the claims of other Soviet operatives. This approach can see White as innocent only if it does not examine the evidence as a whole. In discussing the four events presuming to show White's actions as an agent of influence, it was necessary to look at all aspects of the events to get a true picture of White's involvement and efficacy in each instance. Taken individually, none, except the AM marks affair, shows enough evidence of policy subversion to prove the charge. Taken together, does a pattern or a larger narrative emerge?

Policy subversion carries its own inherent reasonable doubt. John Haynes questions how effective an agent of influence can be. His argument against it rests on the fact and the presumption that in a big enough bureaucracy so many people and agencies are involved in the decision making process that one person cannot hope to prevail over the conflicting agendas and authorities involved in the process. There are several fallacies in this argument. The first is that policy subversion only becomes improbable not impossible. In the right circumstances one motivated person can prevail. Second is that this line of reasoning assumes only one person is involved. Lastly it assumes that the subversion is a one time event. In Washington, D.C. during the 1930s and 1940s, the Soviets had multiple people in several departments. They also had a long range approach. With enough people on enough committees supporting one another over time you

could accomplish much. Even if successful only five per cent of the time, eventually one could create a climate favorable to a particular viewpoint.[117]

The discussion on the Morgenthau Plan is a case in point. History calls his plan for postwar Germany the "Morgenthau Plan" because his ideas almost prevailed. It shows what one determined man can do when there is no guidance from above. Roosevelt had not even divulged the details of the Tehran Conference and was upset that Morgenthau had been briefed on it by British Foreign Secretary Anthony Eden. Roosevelt left the decision making to Secretaries of the main departments involved. Morgenthau kept the other Secretaries away from Roosevelt while he pitched the President his own ideas for postwar Germany. His plan almost prevailed. The administration rejected it only when the details became public and after President Roosevelt started to back away from it. Otherwise, Morgenthau might have succeeded. No one has ever implicated Morgenthau in subversion but he shows that in the right conditions, one man can control policy making.[118]

Comparing White's conduct with the Chinese gold shipments and the AM mark plates shows inconsistencies on his part. White's need to treat the Soviets like any other ally drove his consideration to transfer the plates. Yet he did not treat the Soviets in the same way he treated the Chinese. When the Chinese asked for the first shipment of gold, White sent them a sharp letter explaining how they were to request shipments. When Gromyko claimed that the Soviet Union was not an irresponsible nation did White send him a chastising letter about their economic occupation practices in the Baltic states? White argued for gold to be withheld from the Chinese until they enacted economic reforms and to reserve some for postwar recovery expenses. White did not tie the AM marks plates to any internal reforms in the Soviet Union nor

any other conditions. After all the lend-lease the U.S. sent to the Soviets, White worked on a separate postwar recovery loan for Moscow. Boughton says that the decision to transfer the plates may not have been economically sound but was a wartime concession to an ally. White did not extend the same courtesy to the Chinese. White's withholding gold shipments from Chiang did not cause the collapse of the Kuomintang but it did not help them either. In a complex situation he did what he could to weaken the opponent of a communist revolutionary group. Neither was it consistent with his policy toward the Soviets.

White's conduct during the AM marks discussion is a textbook case for any agents of influence. Work your way into a major decision making position. Keep others focused on issues outside their expertise. Tell associates that a third party has made the decision. Do not ask your superior to approve the decision but rather how they intend to implement it. Do not reveal crucial documentation so that three years later associates will still not know you made the decision and will testify before Congress that the third party was responsible.

Within this mosaic of activity, Akhmerov's instincts to select White as Pavlov's contact in 1941 were excellent. White was the obvious "go-to-guy" for the Soviets. Morgenthau shows a clear example of one man openly attempting and nearly succeeding in bending U.S. policy to his will. With "Operation Snow," White was a tertiary source. An advisor to an advisor, his ability to succeed depended on his ability to convince his superior to convince his superiors -- obviously a near impossibility. Still White tried. With China, he was a small piece in a larger puzzle but he did what he could. Finally, with the AM marks incident, White was able to gain control of the process and make a decision that was not in the best interest of the U.S. One must remember that for an agent of influence, to attempt to subvert policy makes someone as guilty as succeeding.

Here *mens rea* might apply. Advancing a foreign power's or any agenda above your own government's shows intent.

In cases of espionage, caution should used with the reasonable doubt standard. The very nature of espionage engenders doubt, deception, misdirection and disinformation. Anyone who wants to doubt will have plenty of reasons supplied for him. That aside, with Harry Dexter White the preponderance of evidence and his actions establish beyond reasonable doubt his guilt and complicity in Soviet espionage activities in the U.S. and attempted policy subversion.

In the final analysis this is the best verdict for Harry Dexter White, his life, his work and his reputation. Experts in the field regard White as a world class economist. Recently, Berkeley economist, Brad De-Long, ranked White number one in a list of the top ten people who did the most to win the Cold War. His reasoning was that White was the driving force behind the Bretton Woods agreement, the IMF and the "greatest generation of economic growth the world has ever seen." He was an economist who saw free trade as the best path to world peace yet he insisted on an economic boycott of a known belligerent that resulted in the attack on Pearl Harbor. He was a monetary and currency expert who willfully gave away printing plates to an irresponsible government. This caused a serious drain on the U.S. treasury and destabilized the economic and political situation in postwar Germany. The black market and inflation surprised him. His defenders mount elaborate and difficult to defend rationales to wish away the enormous amount of evidence of his subversive activities in WWII. If they are correct then White's policy decisions put a lie to his purported genius. Occam's Razor states that between two conflicting explanations choose the simplest one. The simplest explanation is that Harry Dexter White was a financial genius who sacrificed his economic principles to the demands of the Soviet dream.[119]

ENDNOTES

1. Jerrold and Leona Schecter, *Sacred Secrets* (Washington, D. C.: Brassey's Inc., 2002), p. 115. Sam Tanenhaus, *Whittaker Chambers: A Biography* (New York: Random House, 1997), pp. 205-206.

2. Tanenhaus, *Whittaker Chambers*, pp. 203-204. R. Bruce Craig, *Treasonable Doubt: The Harry Dexter White Spy Case* (Lawrence, KS: University Press of Kansas, 2004), p. 45.

3. Schecter and Schecter, *Sacred Secrets*, p. 114. Allen Weinstein, and Alexander Vassiliev, *The Haunted Wood* (New York: Random House, 1999) p. 104, 104fn. Kathryn S. Olmsted, *Red Spy Queen* (Chapel Hill, NC: The University of North Carolina Press, 2002), pp 78-79, 91-93, 94-95, 100. Tanenhaus, *Whittaker Chambers*, pp. 204-205. Craig, *Treasonable Doubt*, pp. 239-245, 382 fn16, 383 fn23. Craig dismisses Gouzenko's story but confuses the fact that Gouzenko only knew of agents by their position and his repeated denials of knowing whether Harry Dexter White, in particular, was an agent. Also, Craig gets his time line confused and assumes that the initial report to Truman was corrupted by Bentley's statements. Bentley had only met with the FBI once before Gouzenko defected and the FBI was not interested in her underground activities at that time. Craig, *Treasonable Doubt*, pp. 63-64, 383-84. David Rees, *Harry Dexter White: A Study in Paradox* (New York: Coward, McCann & Geoghegan, 1973), p. 212.

4. Craig, *Treasonable Doubt*, pp. 60-62. John Earl Haynes and Harvey Klehr, *In Denial: Historians, Communism and Espionage* (San Francisco: Encounter Books, 2003), p. 185. Olmsted, *Red Spy Queen*, pp. 66-67.

5. Although the committee's official name was House Committee on Un-American Activities, HUAC is the acronym by which it is most generally known.

6. Weinstein and Vassiliev, *The Haunted Wood*, pp. xv-xvi. Harvey Klehr, John Earl Haynes, and Kyril M. Anderson, *The Soviet World of American Communism*, (New Haven: Yale University Press, 1998), pp. xiv-xv.

7. Rees, *Harry Dexter White*, p. 11. Craig, *Treasonable Doubt*, pp. 4, 5, 263.

8. Evidently, "Dexter" was an assumed name. He was urged to take one at the prodding of a high school teacher to distinguish himself from all the other "Harry Whites" in the phone book. R. Bruce Craig, *Treasonable Doubt*, pp. 285-286 fn 11.

9. *Ibid*., pp. 18-20.

10. Craig, *Treasonable Doubt*, pp. 25-32, 288 fn 41. Rees, *Harry Dexter White*, p. 9.

11. *Ibid*., p. 32-33, 36-37, 253-254. Rees, *Harry Dexter White*, p. 54.

12. Craig, *Treasonable Doubt*, p. 38-40, 196. Schecter and Schecter, *Sacred Secrets*, pp. 118-119.

13. Chambers, *Witness*, pp. 369, 383-84. Rees, *Harry Dexter White*, p. 81. Craig, *Treasonable Doubt*, pp. 13-14. Haynes and Klehr, *In Denial*, pp. 188-191. John Earl Haynes and Harvey Klehr, *VENONA: Decoding Soviet Espionage in America* (New Haven: Yale University Press, 1999), p. 150. Weinstein and Vassiliev, *The Haunted Wood*, p. 226.

14. Weinstein and Vassiliev, *The Haunted Wood*, p. 157-159. Vasili Mitrokhin and Christopher Andrew, *The Sword and the Shield: The Mitrokhin Archive and the Secret History of the KGB* (New York: Basic Books, 1999), pp. 111, 129.

15. Mitrokhin and Andrew, *The Sword and the Shield*, pp. 106, 110, 593 fn56. Tanenhaus, *Whittaker Chambers*, pp. 117-118,123-133, 212. Craig, *Treasonable Doubt*, pp. 66-67. Chambers, *Witness*, p. 383. Pavel and Anatoli, with Jerrold and Leona Schecter, *Special Tasks: The Memoirs of an Unwanted Witness -- A Soviet Spymaster* (Boston: Little, Brown and Company, 1994), p. 229.

16. Craig, *Treasonable Doubt*, pp. 211-215, 276.

17. Rees, *Harry Dexter White*, p. 205. Rees in this section is following the reasoning and conclusions of Professor Herbert Packard. To Chambers and Bentley can be added Mrs. Victor Perlo's letter to the President on April 1944 which names White as well. Also, Igor Gouzenko's defection from the Soviet Embassy in Canada implicates someone very high in the U.S. Department of the Treasury. Thus there are three corroborating witnesses with a very likely fourth. See Haynes and Klehr, *In Denial*, p. 185. Craig, *Treasonable Doubt*, pp. 60-61, 239. Tanenhaus, *Whittaker Chambers*, p. 439.

18. Rees, *Harry Dexter White*, pp. 202-204. Craig, *Treasonable Doubt*, p. 277.

19. Chambers, *Witness*, pp. 429, 383-384. Rees, *Harry Dexter White*, pp. 13, 82. 199-200, 206. Craig, *Treasonable Doubt*, pp. 42, 268.

20. Craig, *Treasonable Doubt*, pp. 69-70. Rees, *Harry Dexter White*, pp. 199-201. Bentley mistakenly stated that Sonya Gold was either a secretary or assistant Secretary to White.

21. Craig, *Treasonable Doubt*, pp. 70, 308 fn64, 308 fn65, 309 fn66. Rees, *Harry Dexter White*, p. 200, 212-213.

22.Chambers, *Witness*, p. 414. Rees, *Harry Dexter White*, p. 83. Tanenhaus, *Whittaker Chambers*, p. 110. Craig, *Treasonable Doubt*, pp. 46.

23. Chambers, *Witness*, pp. 415-417. As to Wadleigh's delivery, Chambers did not remember even buying one for Wadleigh until the bill of sale was produced showing four rugs were purchased. Tanenhaus, *Whittaker Chambers*, p. 110. Craig, *Treasonable Doubt*, p. 46.

24. Chambers, *Witness*, p. 417. Craig, *Treasonable Doubt*, pp. 46-48.

25. Craig, *Treasonable Doubt*, p. 48. Chambers, *Witness*, p. 416.

26. Haynes and Klehr, *In Denial*, pp. 143-144.

27. Although the VENONA messages also include traffic between Moscow and London, Canberra, Mexico City and other cities the bulk are Moscow-U.S. based. For this paper the U.S. traffic is all that will be examined.

28. Early names were JADE, BRIDE, and DRUG. See Appendix A for a sample of a decrypt.

29. *Ibid*., p 9. Haynes and Klehr, *In Denial*, pp. 89-91.

30. Mitrokhin and Andrew, *The Sword and the Shield*, pp. 143-144. Haynes and Klehr, *VENONA*, p. 52.

31. Haynes and Klehr, *VENONA*, pp. 339-370. Weinstein and Vassiliev, *The Haunted Wood*, p. 399. Haynes and Klehr, *In Denial*, p. 7.

32. Haynes and Klehr, *In Denial*, p. 6 Schecter and Schecter, *Sacred Secrets*, pp. 299-301.

33. Haynes, "The Cold War Debate Continues," p. 115. James M. Boughton, "The Case Against Harry Dexter White: Still Not Proven," *History of Political Economy* Vol. 33, No. 2 (2001): pp. 236, 220. James M. Boughton, and Roger J. Sandilands, "Politics and the Attack on FDR's Economists: From the Grand Alliance to the Cold War," *Intelligence and National Security*, Vol. 18, No. 3 (Autumn, 2003): 77-78. Roger J. Sandilands, "Guilt by Association? Lauchlin Currie's Alleged Involvement with Washington Economists in Soviet Espionage," *History of Political Economy*, Vol. 32, No. 3 (2000): pp. 502, 506. George Sandilands even mentions the money for the book deal in an article criticizing President Bush's nomination of Allen Weinstein as Archivist of the United States. Roger Sandilands, "Is Allen Weinstein too Secretive to Become the Chief Archivist of the United States," <Http://hnn.us/articles/printfriendly/4604.html>, 12 April 2004 [accessed 15 Apr 2004]. Haynes and Klehr, *In Denial*, pp. 162-164. Craig, *Treasonable Doubt*, p. 333 fn 66.

34. Haynes and Klehr, *In Denial*, pp. 165-169. Lowenthal, "Venona and Alger Hiss," pp. 114-115. Eduard Mark, <Aspondos@cs.com> , "Lowenthal and Hiss," in H-DIPLO, <h-diplo@msu.edu> , 13 October 2003. Cited hereafter as H-DIPLO.

35. Julius Kobyakov, <jkob@yandex.ru>, "Lowenthal and Alger Hiss," in H-DIPLO, 10 October 2003. John Zimmerman, <zimm@ccmail.nevada.edu>, "Lowenthal and Alger Hiss," H-DIPLO, 13 October 2003. Eduard Mark, <Aspondos@cs.com>, "Lowenthal and Alger Hiss," H-DIPLO, 13 October 2003. John Zimmerman, <zimm@ccmail.nevada. edu>, "Lowenthal and Alger Hiss," H-DIPLO, 15 October 2003. Roger Sandilands, <r.j.sandilands@strath.ac.uk>, "Currie and White," in H-HOAC, <h-hoac@msu.edu> 7 January 2004, archived at <http://h-

net.msu.edu/~hoac/archives/>. Cited hereafter as H-HOAC Harvey Klehr, <polshk@emory.edu>, H-HOAC, 26 January 2004. Harvey Klehr, <polshk@ emory.edu>, H-HOAC, 10 February 2004. Sudoplatov, *et. al.*, *Special Tasks*, p. 228. Telephone interview with Jerrold Schecter by author 26 March 2004. Mitrokhin and Andrew, *The Sword and the Shield*, p. 571 fn2.

36. Haynes and Klehr, *In Denial*, pp. 95-97. Hayden B. Peake, "The Venona Progeny," <www.nwe.navy.mil/press/Review/2000/summer/re2-Su0.html>, 2000. Eduard Mark, <Aspondos@cs.com,> "Venona's Ales message," H-DIPLO, 15 December 2003.

37. Haynes and Klehr, *In Denial*, pp. 91-96. Roger Sandilands, <r.j.sandilands@strath.ac. uk>, H-HOAC, 23 January 2004. Suvorov, *Inside Soviet Military Intelligence*, (New York: Macmillan Publishing Company, 1984), pp. 21-22, 27-30.

38. Lowenthal, "Venona and Alger Hiss," p. 98.

39. For cover-names see Appendix A. Lowenthal, "Venona and Alger Hiss," pp. 106, 124 fn 50.

40. Lowenthal, "Venona and Alger Hiss," pp. 108-111.

41. Lowenthal, "Venona and Alger Hiss," pp. 111-113, 120.

42. Roger Sandilands, <r.j.sandilands@strath.ac.uk>, H-DIPLO, 3 October 2003, Roger Sandilands, <r.j.sandilands@strath.ac.uk>, H-DIPLO, 20 October 2003.

43. Haynes and Klehr, *In Denial*, pp. 152-153.

44. Haynes and Klehr, *In Denial*, pp. 160-162. Mark, "Who Was 'Venona's' 'Ales'," pp. 50-58. Lowenthal, "Venona and Alger Hiss," p. 110.

45. Boughton, "The Case Against Harry Dexter White." For other authors and articles advancing many of the same arguments in different contexts see Boughton, and Sandilands, "Politics and the Attack on FDR's Economists." Sandilands, "Guilt by Association? Lauchlin Currie's Alleged Involvement with Washington Economists in Soviet Espionage." Craig, *Treasonable Doubt*.

46. Craig, *Treasonable Doubt*, pp.156-158. Beschloss, *The Conquerors: Roosevelt, Truman and the Destruction of Hitler's Germany, 1941-1945*, (New York: Simon and Schuster, 2002), pp. 69-71.

47. Craig, *Treasonable Doubt*, pp. 156-157, 161.

48. Craig, *Treasonable Doubt*, pp. 157. Beschloss, *The Conquerors*, p. 77.

49. Vladimir Petrov, *Money and Conquest: Allied Occupation Currencies in World War II* (Baltimore: The Johns Hopkins Press, 1967), pp. 151-152, 163-164. Craig, *Treasonable Doubt*, pp. 161-163, 169. Beschloss, *The Conquerors*, pp. 72-74, 103-104. Beschloss points out that Eisenhower had ulterior motives for agreeing with Morgenthau. In 1942, Eisenhower had made some pragmatic concessions to Vichy French forces in North Africa and was then severely criticized by Morgenthau for the antisemitic aspects of Vichy policy. Schecter and Schecter, *Sacred Secrets*, p. 124-125.

50. Petrov, *Money and Conquest*, pp. 153-156. Craig, *Treasonable Doubt*, pp.164, 168-171. Beschloss, *The Conquerors*, pp. 105-106, 119. The chronology of these meetings is inconsistent in all three sources. I have tended to use Petrov's.

51. Petrov, *Money and Conquest*, pp.161, 163, 165. Craig, *Treasonable Doubt*, pp.174-176. Beschloss, *The Conquerors*, pp. 107, 126, 136-143, 163.

52. Craig, *Treasonable Doubt*, pp. 158-159, 346 fn 17, John Lewis Gaddis, *We Now Know: Rethinking Cold War History*, (Oxford: Oxford University Press, 1997), pp. 44-45, 116-117. Schecter and Schecter, *Sacred Secrets*, pp. 124-125, 336-338, Beschloss, p.153.

53. Schecter and Schecter, *Sacred Secrets*, p. 10.

54. *Ibid*. p. 12.

55. *Ibid*. p. 13-15.

56. Schecter and Schecter, *Sacred Secrets*, pp. 12, 36-39.

57. Schecter and Schecter, *Sacred Secrets*, pp. 3-4. Herbert Romerstein and Eric Breindel, *The Venona Secrets*, (Washington, D.C.: Regnery Publishing, 2000), p. 33. Craig, *Treasonable Doubt*, p. 385 fn 48. Pavlov, "Operation Snow," p. 4. Mitrokhin and Andrew, *The Sword and the Shield*, pp. 104-106.

58. Romerstein and Breindel, *The Venona Secrets*, pp. 37-40. Pavlov, "Operation Snow," pp. 3, 5. Mitrokhin and Andrew, *The Sword and the Shield*, pp. 105-106.

59. Pavlov, "Operation Snow," pp. 5-6.

60. Schecter and Schecter, *Sacred Secrets*, pp. 22-23. Romerstein and Breindel, *The Venona Secrets*, p. 41. Craig, *Treasonable Doubt*, pp. 247-250. Pavlov, "Operation Snow," pp. 4-6.

61. Pavlov, "Operation Snow", (Part 1), pp. 6-8. Craig, *Treasonable Doubt*, p. 388 fn 76.

62. Schecter and Schecter, *Sacred Secrets*, p. 24-26. Romerstein and Breindel, *The Venona Secrets*, p. 41-43 Pavlov, "Operation Snow", p. 7-8. Rees, *Harry Dexter White*, pp. 9, 116-123.

63. Schecter and Schecter, *Sacred Secrets,* pp. 22-23. Romerstein and Breindel, *The Venona Secrets,* p. 43.

64. Schecter and Schecter, *Sacred Secrets*, pp. 31, 33. Craig, *Treasonable Doubt*, p. 247.

65. Craig, *Treasonable Doubt*, p. 178. Anne W. Carroll, "Who Lost China," <www.ewtn com/library/ HOMELIBR/FR89102.txt>, 1996.

66. Craig, *Treasonable Doubt*, pp. 179-180, 70, 309 fn66. Carroll, "Who Lost China?".

67. Craig, *Treasonable Doubt*, pp. 180-184.

68. Craig, *Treasonable Doubt*, pp. 186-188.

69. Craig, *Treasonable Doubt*, p. 184.

70. Craig, *Treasonable Doubt*, pp. 188-189.

71. Craig, *Treasonable Doubt*, pp. 190-193. Carroll, "Who Lost China?" Rees, *Harry Dexter White*, p. 437.

72. Carroll, "Who Lost China?"

73. Craig, *Treasonable Doubt*, p. 179.

74. George Racey Jordan, with Richard L. Stokes, *From Major Jordan's Diaries* (New York: Harcourt, Brace and Company, 1952), pp. 218-219. Olmsted, *Red Spy Queen*, p. 170. Craig, *Treasonable Doubt*, pp. 113-114.

75. Olmsted, *Red Spy Queen*, p.170., Craig, *Treasonable Doubt*, pp. 113-115. Schecter and Schecter, *Sacred Secrets,* pp. 119, 122-123.

76. Olmsted, *Red Spy Queen*, p.170., Craig, *Treasonable Doubt*, p.9.

77. Petrov, *Money and Conquest*, pp. 110-112. Craig, *Treasonable Doubt*, pp. 116-118. Schecter and Schecter, *Sacred Secrets*, p. 119.

78. Craig, *Treasonable Doubt*, p. 118. Schecter and Schecter, *Sacred Secrets*, p. 119. Petrov, *Money and Conquest*, p. 114.

79. Petrov, *Money and Conquest*, p. 107. Craig, Bruce. *Treasonable Doubt,* p. 119. Schecter and Schecter, *Sacred Secrets*, pp.119-120.

80. Craig, *Treasonable Doubt*, p. 120. Schecter and Schecter, *Sacred Secrets,* p. 120. Petrov, *Money and Conquest*, p. 116 Rees, *Harry Dexter White*, p. 182.

81. Craig, *Treasonable Doubt*, pp. 120-121. Schecter and Schecter, *Sacred Secrets*, p. 120. Rees, *Harry Dexter White*, p. 184. Petrov, *Money and Conquest*, p. 118.

82. Craig, *Treasonable Doubt*, p. 121. Schecter and Schecter, *Sacred Secrets*, p.120. Rees, *Harry Dexter White*, p. 184-185. Petrov, *Money and Conquest*, 118-119, 122-123.

83. Rees, *Harry Dexter White*, p. 185. Schecter and Schecter, *Sacred Secrets*, p. 120.

84. Rees, *Harry Dexter White*, pp. 185-186. Petrov, *Money and Conquest*, pp. 121-122. Jordan, *From Major Jordan's Diaries*, p. 224. Craig, *Treasonable Doubt*, p. 122. Schecter and Schecter, *Sacred Secrets*, p. 121.

85. Craig, *Treasonable Doubt*, p. 123. Schecter and Schecter, *Sacred Secrets*, pp. 120-121. Petrov, *Money and Conquest*, p. 122. Rees, *Harry Dexter White*, p. 186.

86. Rees, *Harry Dexter White*, p. 187-188. Petrov, *Money and Conquest*, pp. 123-125.

87. Rees *Harry Dexter White*, pp. 188-189. Petrov, *Money and Conquest*, pp. 125-126. Craig, *Treasonable Doubt*, p. 124. Schecter and Schecter, *Sacred Secrets*, p. 121.

88. Craig, Treasonable Doubt, pp. 124-125, 127. Schecter and Schecter, *Sacred Secrets*, pp.121-122. Petrov, *Money and Conquest*, pp. 126-127. Rees, *Harry Dexter White*, p. 189.

89. Rees, *Harry Dexter White*, pp. 189-190. Petrov, *Money and Conquest*, pp. 127-130. Craig, *Treasonable Doubt*, pp. 125-126.

90. Jordan, *From Major Jordan's Diaries*, p. 230. Craig, *Treasonable Doubt*, pp. 114-115. Schecter and Schecter, *Sacred Secrets*, pp. 122-123.

91. Craig, *Treasonable Doubt*, p. 222fn. Schecter and Schecter, *Sacred Secrets*, p. 122.

92. For those who see White as responsible, see Petrov, *Money and Conquest*, pp. 130-131. Rees, *Harry Dexter White*, p. 191. Schecter and Schecter, *Sacred Secrets*, pp. 120-122. White's defenders include: Craig, *Treasonable Doubt*, pp. 120-134. Boughton, "The Case Against Harry Dexter White: Still Not Proven," p. 231.

93. Craig, *Treasonable Doubt*, pp. 120-134. Schecter and Schecter, *Sacred Secrets*, p. 122.

94. Craig, *Treasonable Doubt*, pp. 129-131, 263. Petrov, *Money and Conquest*, pp. 121, fn25, 130-131. Rees, *Harry Dexter White*, pp. 191-193.

95. Rees, *Harry Dexter White*, p. 188. Petrov, *Money and Conquest*, pp. 131, 125-126. Beschloss, *The Conquerors*, pp. 80-81. Craig, *Treasonable Doubt*, pp.120, 126. Daniel Yergin, *Shattered Peace* (Boston: Houghton Mifflin, 1977) pp. 47, 57, 66-68.

96. Craig, *Treasonable Doubt*, 253. The FBI, on examining the Morgenthau diaries, first came to the conclusion about the considerable influence White had on Morgenthau. Beschloss, *The Conquerers*, p. 152-153.

97. Rees, *Harry Dexter White*, p. 193. Schecter and Schecter, *Sacred Secrets*, p. 122.

98. Craig. *Treasonable Doubt*, pp.126, 6, 37, 253. Haynes and Klehr, *Venona*, p. 138. Schecter and Schecter, *Sacred Secrets*, pp. 188-119. Rees, *Harry Dexter White*, p. 191.

99. Craig, *Treasonable Doubt*, pp. 124-126. Rees, *Harry Dexter White*, pp. 188, 191. Petrov, *Money and Conquest*, pp. 126-128.

100. Petrov, *Money and Conquest*, p. 107. Craig, *Treasonable Doubt*, p.127.

101. Petrov, *Money and Conquest*, pp. 172 -173.

102. Petrov, *Money and Conquest*, pp. 173-175.

103. Craig, *Treasonable Doubt*, p. 40.

104. Actually Boughton and Sandilands wrote "Politics and the Attack on FDR's Economists," pp. 73-99 defending White and Lauchlin Currie from the evidence of VENONA. The timing of the appearance of the Schecters book *Sacred Secrets* and the production schedule of the journal may not have allowed for a discussion of this cable to be integrated into the article. Also, the "hear no evil, speak no evil" nature of the article's approach to VENONA may have put a discussion of the cable out of the context of the discussion.

105. Craig has a third tack and that is to impugn the provenance of the cable itself. He does this in his footnotes so, perhaps, it is the best place to address his concerns as well. The cable was copied verbatim for the Schecters by someone working in the archives of the First Chief Directorate of the [KGB]. Jerrold Schecter and a Russian friend translated the cable but unfortunately did not keep the original copy. What documentation the Schecters' have has been donated to the Hoover Library with a ten year hold to protect the identity of the archivist who made the copy for them. Craig is upset by this lack of a chain of evidence and he then goes on to attack the Schecters' credibility by citing one of "numerous incorrectly cited quotes." Schecter and Schecter, *Sacred Secrets*, p. 122. White's quote on that page is actually from Morgenthau. It is unfortunate that Craig takes this approach. His book, *Treasonable Doubt*, contains numerous historical errors as well. To cite three: Craig twice in the discussion on the AM marks states that Allied troops were "poised" to enter Germany. The time frame in which he mentions this is two to three months before the Normandy Invasion and while the Soviet Army is fighting the *Wehrmacht* deep in Russian territory. The outcomes of both campaigns were still in doubt in early 1944. No one was close to entering Germany in early 1944. Second, he points out that White's people discussed, in March, the possibility of the Soviets printing their own currency like they had done in liberated Rumania. The Russians would not enter Rumania for another 4-5

months and it would be late August or early September before the country was completely liberated. Most surprising is Craig's assertion of "'Mother Russia', the country of his birth." White was born in Boston to Lithuanian Jewish parents. Also, Craig's dismissal of this cable will introduce contradictions into his defense of White. For Craig's discussion of the cable with the Schecters see Craig, *Treasonable Doubt*, p. 333 fn 66. For the Schecters' view see this author's notes of telephone conversation with Jerrold Schecter. For Craig's discrepancies see Craig, *Treasonable Doubt*, pp. 116-117, 121, 275, 17-18.

106. Craig, *Treasonable Doubt*, p. 131.

107. Craig, *Treasonable Doubt*, pp.120, 121, 131, 132. In response to the assertion that White never changed his position is Petrov's comment that on 13 April 1944, the eve of White's decision, there was no change in the official position to make a positive decision to turn over the plates. So White was always at odds with official policy. Petrov, *Money and Conquest*, p. 125.

108. Mitrokhin and Andrew, *The Sword and the Shield*, pp. 105-106, 128, 142. Craig, *Treasonable Doubt*, pp. 132-133.

109. Craig, *Treasonable Doubt*, p. 134.

110. Craig, *Treasonable Doubt*, pp. 125, 134. Rees, *Harry Dexter White*, p. 188.

111. Rees, *Harry Dexter White*, p. 193. Petrov, *Money and Conquest*, pp. 117-118. Craig, *Treasonable Doubt*, pp. 119, 124.

112. Craig, *Treasonable Doubt*, pp. 127, 331 fn 48.

113. Craig, *Treasonable Doubt*, pp. 264-266.

114. Genrikh Borovik, *The Philby Files* (Boston: Little Brown and Company, 1994), pp. 37, 311, 363. Kim Philby, *My Private War* (New York: Grove Press, 1968) p. xiii.

115. Boughton, "The Case Against Harry Dexter White," pp. 227-229, 232. Craig, *Treasonable Doubt*, p. 263. Bruce Craig, <rbcraig84@hotmail.com>, "Currie and White" in H-HOAC, 13 February 2004. Haynes, "Reilly and Adams."

116. Boughton, "The Case Against Harry Dexter White," pp. 234-235, 226. Craig, *Treasonable Doubt*, pp. 149-150,

117. Haynes, "Reilly and Adams." Craig, *Treasonable Doubt*, p. 126.

118. Beschloss, *The Conquerors*, p. 85.

119. Brad DeLong <http://www.j-bradford-delong.net/movable_type/2004_archives/000129.html.>

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APPENDIX A
SELECTED VENONA DECRYPTS

95

UG

TOP SECRET [redacted]

USSR

[redacted]

Amendment to 3/NBF/T244 (of 8/10/1952)

Issued : [redacted]23/3/1961

Copy No: 204

KOL'TsOV's ACCOUNT OF A CONVERSATION WITH "JURIST" (1944)

From: NEW YORK

To: MOSCOW

Nos. 1119-1121 4-5 Aug. 44

AMENDMENT

On Page 3 amend the second sub-paragraph of paragraph 9 to read:

"As regards the technique of further work with us JURIST said that his wife was [B% ready] for any self-sacrifice[;] he himself did not think about his personal security, but a compromise[PROVAL] would lead to a political scandal and [B% the discredit] of all supporters of the new course[o], therefore he would have to be very cautious. He asked whether he should [5 groups unrecovered] his work with us. I [Q% replied] that he should refrain. JURIST has no suitable apartment for a permanent meeting place[;] all his friends are family people. Meetings could be held at their houses in such a way that one meeting devolved on each every 4-5 months. He proposes infrequent conversations lasting up to half an hour while driving in his automobile."

Distribution

[redacted]

3/NBF/T244 (Amendment)

TOP SECRET [redacted]

UG

71. New York 1634 to Moscow, 20 November 1944.

BRIDE

~~TOP SECRET~~ CANOE

USSR [redacted]

Ref.No.: S/NBF/T294

Issued: [redacted]/22/1/1953

Copy No.: 125

FINANCIAL ASSISTANCE FOR "RICHARD"

From: NEW YORK

To: MOSCOW

No.: 1634 20 Nov. 1944

To VICTOR[i].

According to advice from ROBERT[ii] RICHARD's[iii] wife has complained recently about [D% financial]

[65 groups unrecoverable]

in particular with business [BIZNES] since this would relieve them of heavy expenses.

ROBERT told RICHARD's wife, who knows about her husband's participation with us, that we would willingly have helped them and that in view of all the circumstances would not allow them to leave CARTHAGE [KARTAGEN][iv]. ROBERT thinks that RICHARD would have refused a regular payment but might accept gifts as a mark of our gratitude for

[7 groups unrecovered]

daughter's expenses which may come to up to two thousand a year.

ALBERT said to ROBERT that in his opinion we would agree to provide for RICHARD's daughter's education and definitely advised ROBERT, PILOT[v] and the rest against attempting to offer RICHARD assistance.

[Continued overleaf]

Distribution

[redacted]

S/NBF/T294

[2 pages]

~~TOP SECRET~~ CANOE

BRIDE

[redacted] VENONA

[redacted]

T247 (Reissue)

From: NEW YORK

To: MOSCOW

No: 79

18 January 1945

To VIKTOR[i]

According to ROBERT's[ii] report, he may be presented with an opportunity of obtaining from RICHARD[iii] ROUBLE's[iv] appointment to RICHARD's post, as the latter will soon be appointed assistant secretary. (MAJ's[v] note: It is possible that this is a slip of the pen, for RICHARD and others are already assistants if [C% ROBERT] [1 group unrecovered] NABOB's[vi] department, where he obviously can be promoted to the post of deputy.)[vii] ROBERT has repeatedly suggested that ROUBLE be turned over to him. According to our information he could get better results from ROUBLE than our line. He suspects that ROUBLE is connected with us through other ZEMLYaChESKIJ[viii] channels. ALBERT[ix] emphasizes that ROUBLE was passive in the REJDER[x] group although he was able to give [us] valuable material. Some months ago ROBERT complained that ROUBLE was hiding important documents from ZhENYa[xi] (his secretary). If we are convinced of ROUBLE's good faith toward the ZEMLYaKI[viii], ROBERT would like to take him into his group. ROBERT has always been against appointing two of our groups to one department and [D% instead asks] that our probationers[xii] from RICHARD's department be under his direction to avoid misunderstandings. In ALBERT's opinion, if ROUBLE is reliable from our point of view he ought to be turned over to ROBERT. ROBERT does not want to promote ROUBLE to RICHARD's post unless he takes him into his group; on the other hand he is not quite sure that he will be able to get ROUBLE into this post, as it is possible that somebody else is already earmarked for it.

Wire your decision by priority telegram not later than 21 January indicating the method of establishing contact between ALBERT and ROUBLE if you agree to including ROUBLE in ROBERT's group.

MAJ[v]

No. 58
18 January

[redacted] VENONA

Footnotes:

[i] VIKTOR: Lt. Gen. P. M. FITIN.

[ii] ROBERT: Nathan Gregory SILVERMASTER.

[iii] RICHARD: Harry Dexter WHITE.

[iv] ROUBLE: Probably Harold GLASSER.

[v] MAJ: Pavel Ivanovich FEDOSIMOV.

[vi] NABOB: Henry MORGENTHAU, Jr., Secretary of the Treasury.

[vii] MAJ's confusion is due to the fact that the proposed promotion, which later took place, was from "assistant to the secretary of the treasury" to "assistant secretary of the treasury." There was probably no slip of the pen, but he sorted the positions out correctly by using the Russian words for "assistant" and "deputy" respectively.

[viii] ZEMLYaChESKIJ (adjective) and ZEMLYaKI (noun) refer to members of the communist party of the country in question. Here, therefore, they mean "American communist party" (attributive) and "members of the American communist party" respectively.

[ix] ALBERT: Iskhak Abdulovich AKHMEROV, alias W. GREINKE.

[x] REJDER: i.e., RAIDER: Victor PERLO.

[xi] ZhENYa: Sonia GOLD, nee STEINMAN, employed in the Treasury Department from 24 August 1943 to 21 August 1947. If she was in fact GLASSER's secretary at the time of this message, the statement here is a strong confirmation of the identifications of ROUBLE and ZhENYa; if she was not, it strongly suggests that one or both identifications are incorrect.

[xii] Probationers: Agents.

29 September 1976

TOP SECRET [redacted] VENONA

MGB

From: WASHINGTON

To: MOSCOW

No: 1822

30 March 1945

Further to our telegram No. 283[a]. As a result of "[D% A.'s]"[i] chat with "ALES"[ii] the following has been ascertained:

1. ALES has been working with the NEIGHBORS[SOSEDI][iii] continuously since 1935.

2. For some years past he has been the leader of a small group of the NEIGHBORS' probationers[STAZhERY], for the most part consisting of his relations.

3. The group and ALES himself work on obtaining military information only. Materials on the "BANK"[iv] allegedly interest the NEIGHBORS very little and he does not produce them regularly.

4. All the last few years ALES has been working with "POL'"[v] who also meets other members of the group occasionally.

5. Recently ALES and his whole group were awarded Soviet decorations.

6. After the YaLTA Conference, when he had gone on to MOSCOW, a Soviet personage in a very responsible position (ALES gave to understand that it was Comrade VYShINSKIJ) allegedly got in touch with ALES and at the behest of the Military NEIGHBORS passed on to him their gratitude and so on.

No. 431

VADIM[vi]

Notes: [a] Not available.

Comments:

[i] A.: "A." seems the most likely garble here although "A." has not been confirmed elsewhere in the WASHINGTON traffic.

[ii] ALES: Probably Alger HISS.

[iii] SOSEDI: Members of another Soviet Intelligence organization, here probably the GRU.

[iv] BANK: The U.S. State Department.

[v] POL': i.e. "PAUL," unidentified cover-name.

[vi] VADIM: Anatolij Borisovich GROMOV, MGB resident in WASHINGTON.

8 August 1969

TOP SECRET [redacted] VENONA

VITA

Tom A. Adams was born and raised in Oklahoma City, OK. Graduating from College-High School in Bartlesville, OK, he was appointed a Midshipman to the U. S. Naval Academy at Annapolis, MD. After one and a half years there Mr. Adams resigned his appointment and then received his B.A. in Liberal Arts at Ambassador University in 1975. Mr. Adams had a career in property measurement and valuation before becoming and Netware Certified Engineer. He worked in the computer industry finally achieving his CNE/5 before deciding to pursue a doctorate in history full-time. After UNO he will work on his PhD. at Oklahoma State University in Stillwater, OK.