

In The Nation

Behind the Scenes in French Plane Affair

By ARTHUR KROCK

WASHINGTON, Feb. 20.—Enough has been divulged concerning the errand of the French aviation mission to establish these things: Ambassador Bullitt was the entrepreneur, and was less concerned about details than in seeing that the French Government got the planes it wanted; the President was not much more concerned about details; but the army and the Treasury objected firmly to certain aspects of the situation until some were eliminated and the President directed them to cease firing against others.

Even some of the most suspicious of Congressional critics have become persuaded that these are the facts. Senator Austin, Vermont Republican, has gone so far as to say that the entire transaction was "not unneutral, not provocative to any other nation, not an impediment to our own procurement program and not in violation of the army's priority rights to the latest developments in planes."

Yet there remains some undisclosed background which should be unveiled because of the persistence of certain misconceptions of the affair. Among the misconceptions are that the President enforced his order to the various Departments by dispatching an informal message or "chit"; that Secretary Morgenthau intruded the Treasury's civilian Procurement Division into a military picture out of a desire to use his office for anything that might be disturbing to the German Government; and that the only reason the British plane purchase went off smoothly and in secret, while the French did not, was because of the crash of the Douglas bomber in California.

What Really Happened

Taking these matters in their listed order, this correspondent feels able to state the following things:

1. The President, after a White House meeting on Jan. 16 which included Ambassador Bullitt, Secretary Morgenthau, Under-Secretary Hanes, Assistant Secretary Edison, Secretary Woodring and Assistant Secretary Johnson, sent to those officials concerned a direct and formal order, not a chit. It is said this document has been withdrawn from the files. But it is known it contained the words "You are directed," and was signed by the President. Officials to whom it was sent were left with the simple alternative of doing what they were told or resigning; and in the instance of army officers refusal carried with it the prospect of court-martial.

2. The Treasury's Procurement Division took over chaperonage of the French mission in California and other details at the suggestion of the President, who informed the functioning group, in answer to a direct question, that he wanted every facility save credit furnished to the prospective purchaser and remarked in the hearing of several that, after all, "France is our first line of defense."

3. Secretary Morgenthau actually leaned backwards in the direction of strict official restrictions and perhaps was more rigidly neutral and exacting because of German and Italian state racial policy. Before he left on his January holiday—which was prior to the White House meeting on Jan. 16—he declined to give the Treasury's assent to a French plan to set up a purchasing corporation over here, being determined to eliminate middlemen; and informed Jean Monnet, who was the French mission's financial agent, that unless "immediate publicity" was given to the presence and purpose of the mission, the Treasury would lend no facility of any kind.

4. The reason why the British were able to buy their planes without any advance publicity is because of the superior technique they employed which was partly made possible by their unquestioned ability to pay. They signed their purchasing contract in London and arranged for the fiscal transaction through the Bank of England and the Federal Reserve Bank of New York. After this had been done, they announced the dispatch of their agents since any need for secrecy had disappeared.

Morgenthau Kills Corporation

If the French ability to pay had been as clear to American aircraft manufacturers, and if the contracts had been signed in Paris, the French purchases would have proceeded as smoothly as the British. If the French had not insisted on secrecy after their mission was in this country, and the President had not assented to their wish, the presence of the French air attaché in the Douglas bomber would not have surprised the country and caused the uproar in Congress.

M. Monnet wanted to set up an American corporation with his own capita to cover "the cost of negotiating contracts" and to permit incidental matters to be cleared through it. This, he said, was to cut red tape and do away with the necessity of referring every little thing to Paris. The corporation was to be given the plane-purchasing credit of 65 millions. But Mr. Morgenthau wanted one straight avenue running from the Bank of France through the Federal Reserve Bank of New York to the American manufacturers. Also he saw in the proposed corporation a barrier to full publicity. He prevailed.

The gist of the case is that the President believed he saw an opportunity to fortify French defense and at the same time accelerate airplane production in this country and reduce military costs to the government. So believing, he arranged for the French mission to proceed pretty much as it wished.