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## The Case against Harry Dexter White: Still Not Proven

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**IMF Working Paper**

Secretary's Department

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**Abstract**

<p>The views expressed in this Working Paper are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.</p>
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Harry Dexter White, the principal architect of the international financial system established at the end of the Second World War, was arguably the most important U. S. government economist of the 20<sup>th</sup> century. His reputation, however, has suffered because of allegations that he spied for the Soviet Union. That charge has recently been revived by the declassification of documents showing that he met with Soviet agents in 1944 and 1945. Evaluation of that evidence in the context of White's career and worldview casts doubt on the case against him and provides the basis for a more benign interpretation.

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## I. INTRODUCTION

Harry Dexter White, arguably the most important U.S. government economist of the 20<sup>th</sup> century, acquired a bifurcated reputation by the end of his short life in 1948. On the positive side, he was recognized along with John Maynard Keynes as the architect of the postwar international economic system. On the negative, he was accused of betraying U.S. national interests and spying for the Soviet Union before and during World War II. Although he was never charged with a crime and defended himself successfully both before a federal Grand Jury and through open testimony before the House Un-American Activities Committee (HUAC), the accusations were revived five years later, in the late stages of the McCarthy era, and never quite died away.

Four recently published books have revived the espionage charges against White.<sup>2</sup> The new allegations are based primarily on a series of cables sent between Soviet intelligence agents in the United States and Moscow. Many of those cables were intercepted by U.S. intelligence, were partially decoded in the years after the war through the then-secret and now famous VENONA project,<sup>3</sup> and have recently been declassified and released to the public.

Selected other cables and documents from the Soviet-era KGB files were made available for a fee to two writers, Allen Weinstein and Alexander Vassiliev, by the Russian government. Far more extensive data from those files were smuggled out of Russia in the 1990s by a former agent, Vasili Mitrokhin. On first reading, these various releases appear to offer damning new evidence. On closer inspection, however, they reveal only how shallow the case against White and other prominent New Deal economists has always been.<sup>4</sup> That

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<sup>2</sup> Andrew and Mitrokhin (1999), Haynes and Klehr (1999), West (1999), and Weinstein and Vassiliev (1999). A raft of other books and articles have repeated the charges, but these four are significant because they purport to be based on new evidence. For a much more thorough and nuanced analysis of all of the evidence, see Craig (1999).

<sup>3</sup> VENONA was the code name for a U.S. government project to interpret encrypted Soviet cables sent between Moscow and diplomatic stations in the United States. Most of the cables were sent and intercepted between 1940 and 1948 and were at least partially decoded between 1947 and 1952. Efforts to decode, translate, and interpret the cables continued well into the 1960s. Most of the resulting "decrypts" were declassified beginning in 1996. For background and photographic images of the decrypts, see the web site of the U.S. National Security Agency ([www.nsa.gov](http://www.nsa.gov)).

<sup>4</sup> The other very senior economist in the Roosevelt administration who was accused of spying was Lauchlin B. Currie, who worked in the White House from 1939 to 1945. See Sandilands (2000) for a thorough repudiation of those charges.

conclusion is reinforced by even more recent evidence that emerges from Grand Jury records of 1948 that were declassified and released in October 1999.

An evaluation of the record must be made in context. Harry White, the son of Jewish Lithuanian immigrants, was born in Boston in October 1892. He served in the U.S. Army during World War I, graduated from Stanford University when he was 31 years old, and earned a Ph.D. in Economics from Harvard University in 1930. After teaching for four years, first at Harvard and then at Lawrence College in Wisconsin, he responded to a call from Jacob Viner to work at the U.S. Treasury in the new Administration of Franklin Roosevelt. There he spent most of his career and eventually rose to the highest level of responsibility, that of Assistant Secretary.<sup>5</sup>

Although White published very little, the scope of his economic contributions was extensive, and an analysis of it would be beyond the scope of this paper. Especially during his first six years at the Treasury (1932-38), he wrote a large number of internal reports and memoranda on domestic and international monetary issues that showed him to be a pragmatic New Dealer and a committed internationalist. (Later, his administrative responsibilities make it difficult for an outsider to separate White's own thinking from that of his staff.) He had a Keynesian fiscal instinct but took a more conservative view of monetary policy. He argued against a return to the international gold standard on the grounds that it afforded too little flexibility and had not succeeded in stabilizing prices except over very long periods. The dollar, however, should be linked to gold in some less rigid manner, to instill confidence and prevent policy excesses. He argued in favor of giving financial assistance to needy countries, but only if they could demonstrate an ability to use it properly and maintain policy discipline.

When the United States entered the war in December 1941, Treasury Secretary Henry Morgenthau, Jr., put White in charge of all international economic analysis. White almost immediately produced a plan, on which he had already been working, to create the institution that became the International Monetary Fund. That plan, rather than the competing one developed by Keynes on the British side, had the dominant influence on the final design. When the Fund became operational in 1946, President Truman named him to be the first U.S. Executive Director. White's health then deteriorated rapidly, and he resigned after a year.<sup>6</sup> In August 1948, three days after his dramatic testimony before the HUAC, he died of a heart attack.

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<sup>5</sup> For detailed biographies, see Rees (1973) and Craig (1999).

<sup>6</sup> Poor health may not have been the only motivation for his resignation. White was not as comfortable in the Truman Administration as he had been in Roosevelt's, and he was able to earn more as a private consultant to governments than as Executive Director.

## II. OLD EVIDENCE

From the historical record, it is straightforward to reconstruct the pre-VENONA case against White. It comprised three incidents that are alleged to have occurred from 1936 to 1938; three second-hand reports from ex-Communists; the suspicious appearance of some of White's friends, colleagues, and acquaintances; and inferences drawn from some of White's policy positions.

### A. Incidents in the 1930s

The first incident was acceptance by White of an oriental rug, given to him by a friend acting as an intermediary for a senior Soviet intelligence agent.<sup>7</sup> The agent, Colonel Boris Bykov, was in regular contact with Whittaker Chambers, who at the time was an active member of the American Communist Party. Chambers testified and later wrote in his memoirs that Bykov wanted to give money to several individuals to buy their services, but Chambers persuaded him that this would be counterproductive. In December 1936, Bykov gave Chambers \$600 to buy four carpets. Chambers did so, and either gave or sold at least two of them to George Silverman, an economist who had been a friend of White's for many years and who had introduced White to Chambers. Silverman then gave one of the rugs to White.

Although this incident has often been interpreted as evidence that the Soviets were paying White in exchange for information, a careful reading suggests otherwise. Silverman later testified under oath that Chambers had told him that he had obtained the rugs from a "connection" in the trade. He in turn gave one of the rugs to the Whites as a personal gift, in thanks for their having let him live rent-free in their home for two months.<sup>8</sup> Since, by Chambers' own account, Bykov's only knowledge of White at that time was through Chambers, it is clear that the attempt to give money to White was not in return for services but was aimed at securing future information. No direct or even circumstantial evidence supports the allegations that White knew that the rug was intended as a bribe from the KGB<sup>9</sup> or that he ever did anything in return for it.

Second, Chambers testified that in August 1937 he called on White at a home in New Hampshire where the Whites were vacationing, to discuss a proposal that White was preparing on how the Soviet Union should reform its monetary system. Some time later,

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<sup>7</sup> For varying accounts of this incident, see Chambers (1952), pp. 413-17, Tanenhaus (1997), p. 110, Weinstein (1997), pp. 189-92, and Craig (1999), pp. 83-86.

<sup>8</sup> Declassified Grand Jury transcript, "US vs. John Doe" (December 15, 1948), pp. 4513-24.

<sup>9</sup> The term KGB, which came into use in 1954, is used here for simplicity to refer also to earlier Soviet intelligence operations. For a chronology of the changing terminology, see Andrew and Mitrokhin (1999), p. xv.

White allegedly gave such a report to Chambers, apparently through an intermediary.<sup>10</sup> Chambers then claimed to have conveyed the paper to Bykov. Nothing in this incident—which may well not have happened at all—could be construed as espionage, but it has been cited as an example of White’s indirect contacts with the KGB and of his sympathies with the Soviet Union.

The third incident occurred early in 1938. White drafted several pages of notes on a variety of international issues, some of which involved confidential information and some of which was merely speculative.<sup>11</sup> The notes appear to record his thoughts and impressions from meetings or readings over a period of time, as they do not form a connected narrative or convey information in any organized manner. Chambers testified that White gave these notes to him in 1938, and that he (Chambers) gave a copy to a Soviet contact and hid the original. Chambers gave the papers to the Justice Department a decade later, in 1948. Whether White or someone else with access to White’s office gave them to Chambers is not known. If White gave them to him, the seemingly random structure and content of the notes makes the purpose of the gesture difficult to fathom.

In both of these latter incidents, the only ones in which Chambers claimed to have obtained specifically described papers from White, the material was White’s own writings, not government documents. Moreover, Chambers’ claim that White gave these papers to him directly is contradicted by his own sworn testimony before the Grand Jury, during which he stated, “I don’t think White ever personally gave me material.”<sup>12</sup> Chambers also alleged that White gave official documents to intermediaries to give to him over a period of several years. Those allegations, however, are not supported by any specific details of timing or

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<sup>10</sup> Chambers’ testimony about this incident was effectively rebutted during the perjury trial of Alger Hiss, who allegedly accompanied Chambers to New Hampshire. More importantly for the problem at hand, Chambers was always vague on how he obtained the report. Before the Grand Jury, he stated only that he spent 15 minutes at White’s home and that White never personally gave him any documents. His testimony seems to imply that Silverman gave him the document, but it is not clear (transcript, January 25, 1949, pp. 5632-37). His 1952 memoirs were even more vague, saying only that “White turned in his plan for monetary reform” (p. 431). For a detailed account, including a general analysis of the inconsistencies in Chambers’ testimony regarding material allegedly obtained from White, see Craig (1999), pp. 86-100.

<sup>11</sup> For a detailed account and the text of this document, see Rees (1973), pp. 76-97 and 432-35. Also see Chambers (1952), p. 737, and Weinstein (1997), pp. 151 and 211-14. Tanenhaus (1997), pp. 304 and 439, discusses this incident but confuses the document with the plan for monetary reform described above.

<sup>12</sup> Transcript (January 25, 1949), p. 5637.

content, and they are uncorroborated.<sup>13</sup> Even if the allegations are accepted at face value, it is impossible to know whether White actually gave documents to those individuals, whether they took them without his knowledge, or whether they obtained copies in the normal course of government business.

### **B. Second-hand reports**

In addition to these incidents, second-hand reports that White had provided information to Soviet intelligence in the late 1930s were given independently by Chambers, another former American Communist named Elizabeth Bentley, and a Soviet defector named Alexander Barmine.<sup>14</sup>

By some accounts, the earliest report may have been made by Chambers in September 1939, shortly after Chambers left the Communist Party. Accompanied by a journalist named Isaac Don Levine, Chambers called on Adolf Berle (Assistant Secretary of State) at Berle's home, and named several people as Soviet spies, Communists, or sympathizers. Berle took extensive notes during the meeting and did not include White's name on the list. After the meeting (apparently long after), Levine wrote up his own notes and did include White. Both Berle and Chambers later denied that Chambers had named White, though Chambers claimed that he was protecting White only because by that time White had stopped cooperating with the Soviets.<sup>15</sup>

That disputed episode aside, the first serious report to U.S. officials came later from Chambers, who told the FBI in March 1945 that White was a "member at large [of the

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<sup>13</sup> Before the Grand Jury, Silverman was not asked specifically whether he had given documents from White to Chambers, but he denied that he had ever discussed White with Chambers (transcript, December 15, 1948, p. 4531).

<sup>14</sup> In addition, Mrs. Victor Perlo (a former member of the Communist Party) provided information to the government in 1944 alleging that her husband, Silverman, and others had engaged in Soviet espionage and that Silverman worked through friends including White. She apparently did not know White and was unable to provide any specific information about him. Her testimony was largely discounted because of her mental instability. See Craig (1999), pp. 102-05.

<sup>15</sup> See Chambers (1952), pp. 466-70, which includes a transcription of Berle's notes. Also see Haynes and Klehr (1999), pp. 90-91, Rees (1973), pp. 84 and 86, and Weinstein (1997), pp. 291-93. Weinstein neglects to mention that Berle's notes did not implicate White. Andrew and Mitrokhin (1999, p. 107) cite Weinstein and mistakenly report that Berle did name White in his report. Levine's Grand Jury testimony reveals clearly that the inclusion of White's name was a distant afterthought: "It was not made that night, and I cannot recall for the life of me whether I recalled it myself later, and pulled out a pencil and wrote it in, or whether the circumstances were otherwise" (transcript, February 10, 1949, p. 6158).



Communist Party] but rather timid,” who hired Party members as his assistants at the Treasury Department.<sup>16</sup> The rather vague allegation “member at large” is contradicted by Chambers’ later testimony, where he described him as not a Party member, but a “friend of the underground.”<sup>17</sup> It is true that some of White’s assistants at Treasury appear, in light of the VENONA cables discussed below, to have been Communists or spies or both. Whether White knew that is not known.

Elizabeth Bentley gave the FBI a long list of names in November 1945, one of which was White. Bentley had never met White, but she knew people who worked for or knew him, were Party members, and were active purveyors of classified documents and related information.<sup>18</sup> When she went to the FBI as an informant, she named people who ranged from those she knew to be spies to those whom she knew only as friends or colleagues of her direct acquaintances. Some were guilty; some were innocent. Without corroboration, her list of names was useful only as a starting point for further investigation. The FBI passed the information on to the White House, with a note indicating the preliminary state of the investigation.<sup>19</sup> President Truman took no action on it, and in January 1946, he demonstrated his continuing confidence in White by nominating him to be the U.S. Executive Director at the IMF.<sup>20</sup>

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<sup>16</sup> See Weinstein (1997), p. 307.

<sup>17</sup> Tanenhaus (1997), p. 218, quoting from Chambers’ 1948 HUAC testimony.

<sup>18</sup> See Bentley (1951), pp. 164-66. Bentley’s direct contacts were with Nathan Gregory Silvermaster, his wife Helen, and William Ludwig Ullmann.

<sup>19</sup> See Rees (1973), pp. 377-90. Even after the FBI delivered a more detailed report on White in February 1946, all that it alleged was that documents that originated from White were photocopied by others and then delivered to Soviet agents. Craig (1999) describes the intensive follow-up investigation and 24-hour surveillance of White by the FBI, which “failed to turn up even a shred of derogatory evidence suggesting that White was engaged in espionage” (p. 130).

<sup>20</sup> Keynes had recommended White for Managing Director, the top management position in the Fund. The U. S. government, however, preferred to have an American heading the World Bank and to let the European countries select the Managing Director. See Harrod (1951), p. 629, and Horsefield (1969), Vol. 1, p. 135. Truman’s own confused explanation of events, made nearly eight years later under pressure from Republican attackers, suggested that he had not viewed the Executive Director appointment as sensitive on national security grounds. For the text of Truman’s statement, see *New York Times* (November 17, 1953). No evidence supports the mythology that evolved later that White was denied the post of Managing Director because of security or loyalty concerns.

Finally, in December 1948, a Soviet defector named Alexander Barmine told the FBI that more than ten years earlier, he had met in Paris with another defector, General Walter Krivitsky. He claimed that Krivitsky had named White along with several other people as Soviet sources in the United States.<sup>21</sup> He apparently gave no details and offered no corroboration of this second-hand report. Whether Barmine's recollection was accurate or was prompted by the intense publicity given to White's August 1948 testimony and subsequent death is not known.

In addition to these nearly contemporaneous reports, a Soviet agent named Vitaliy Pavlov published an account of his wartime espionage activities in a Russian intelligence periodical in 1995.<sup>22</sup> Pavlov claimed to have introduced himself to White in 1941 as a student of a Sinologist whom White had met once two years earlier. (The "Sinologist" was actually a KGB agent, Iskhak Akhmerov, who had met White through an unnamed spy who worked at the U. S. Treasury.) In the course of their one meeting, over lunch, Pavlov urged White to promote strong U.S. action against Japan. Since White and Morgenthau were already doing so, the meeting was congenial and—in Pavlov's view—successful. Pavlov explicitly denied that White had ever been an agent for Soviet intelligence. He was an important official with sympathetic views, whom it was important to know and to try to influence, but he was not an agent.<sup>23</sup>

Nothing in this incident could possibly be construed as inculpatory. Meeting with Soviet officials was a regular part of White's official duties at the Treasury throughout the 1940s, and he often met other Russians as well. Among others, he met frequently from 1941 through 1944 with Andrei Gromyko, both when Gromyko was the principal deputy at the Soviet embassy in Washington and when he was Ambassador. At those meetings, White was usually accompanied by William Ludwig Ullmann, his Soviet specialist at the Treasury. Ullmann was later discovered to have been a spy, but there is no basis for concluding that White knew him to be one. Ullmann might well have arranged meetings with other Soviet agents posing as legitimate officials or businessmen, such as Akhmerov.

### C. Guilt by association

As a New Deal economist from a liberal Ashkenazic background, White naturally surrounded himself with friends and colleagues of similar views and origins. Some of his

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<sup>21</sup> See Weinstein (1997), p. 311n; based on a 1949 FBI report.

<sup>22</sup> For a detailed account of the report, which has been published only in Russian, see Craig (1999), pp. 500-17. Pavlov's account is also described in Haynes and Klehr (1999, p. 412). For more on Akhmerov, see Haynes and Klehr (1999, p. 391), Weinstein and Vassiliev (1999, pp. 155-56), and Andrew and Mitrokhin (1999, p. 109).

<sup>23</sup> Pavlov made this point even more explicit in a 1996 interview with Bruce Craig; see Craig (1999), p. 515n.

choices were unfortunate or worse, either because their leftist views on economics and their associations with Communists turned them into postwar pariahs in the McCarthy era or, in a few cases, because they were spying for the Soviet Union.

Notable examples of Marxist economists among White's colleagues were Frank Coe and Solomon Adler. Coe worked for White at the Treasury on and off between 1934 and 1946, with stints in other agencies and in academic posts, ending up as White's successor as Director of the Division of Monetary Affairs. In 1946, he became Secretary of the IMF. Coe's entire career was distinguished and essentially without controversy, except that he was accused by two people who had never met him: Chambers named him as a Communist sympathizer in 1939, and Bentley named him as a Party member in 1945.<sup>24</sup> In 1948, he testified before the HUAC and denied both charges. Four years later, he was subpoenaed to testify before a Federal Grand Jury and a Senate subcommittee that were investigating alleged Communist affiliations of U.S. citizens working for the United Nations and other international organizations. On those occasions, faced with the possibility of being forced to implicate other people who might have once been Communists, Coe cited his constitutional right to silence and refused to answer questions about his own affiliations. Consequently, he was forced to resign from his position at the Fund. That record and continuing FBI and Congressional investigations made it impossible for him to find productive employment in the United States. In 1958, after lengthy efforts to find work in various countries, Coe moved to China, where he spent the rest of his life.

Solomon Adler, a British-born naturalized U.S. citizen, was a close friend of Coe's who also worked for White at the Treasury in the late 1930s. During the war, he was assigned as the Treasury representative in China. In the McCarthy era, he returned to England. In 1962 he moved to Beijing and joined Coe in a circle of expatriates working with the government.<sup>25</sup>

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<sup>24</sup> Perhaps because of those allegations, an FBI agent analyzing the VENONA decrypts suggested that a spy associated with Silvermaster, known only by the code name "Peak" and for whom no biographical details were revealed, was "possibly Virginius Frank Coe" (Coe's full name). Haynes and Klehr (1999, pp. 143 and 345) repeat the charge as if it were an established fact. See the VENONA cables cited by them on p. 448, note 59. Weinstein and Vassiliev (1999, pp. 158, 162, 169, and 229) claim that their KGB files showed Coe to have been a Soviet spy, but those files are not available to researchers. In 1953, two U.S. officials with the European Cooperation Administration (the Marshall Plan aid agency) accused Coe of having interfered with their efforts in 1949 to persuade Austria to devalue its currency, allegedly because Coe wanted to further Soviet economic interests. An investigation revealed that Coe had no involvement at all with the matter.

<sup>25</sup> On Coe's and Adler's life in China, see Rittenberg and Bennett (1993) and Galbraith (1973), pp. 48-49.

More seriously, four of White's friends or associates may have actively engaged in espionage activities: Nathan Gregory Silvermaster, Ludwig Ullmann, Harold Glasser, and George Silverman.<sup>26</sup>

Silvermaster, a friend of White, was an economist who worked at the Department of Agriculture and other government agencies. Bentley named him, along with his wife, as the head of the spy ring with which she was in direct contact. Numerous references in the VENONA cables corroborate that testimony and confirm Silvermaster's role as a spy. Those cables also reveal that Silvermaster actively sought to be the main source for gleaning information from White. When questioned about Silvermaster by the

HUAC in 1948, White acknowledged their friendship but denied knowing whether he was a Communist. Much was made of the fact that White had played table tennis in Silvermaster's basement, where Ullmann (an accomplished amateur photographer) maintained a photographic processing laboratory that he apparently also used for duplicating documents to be given to Soviet contacts.

Ullmann, who for several years lived with the Silvermasters, worked for White from 1939 until 1942. He then spent much of the war as an Army Air Force officer at the Pentagon, after which Coe rehired him at the Treasury. In 1948, Bentley testified that she had known Ullmann personally and that he had been an active agent for the Soviets. In 1956, after spending six months in jail for contempt of court (in punishment for refusing to answer questions), Ullmann denied under oath that he had ever been a Communist or had spied. The VENONA cables, however, provide corroborating evidence for Bentley's charges and show that he regularly informed Soviet contacts about military plans and developments.

Glasser worked for White throughout the late 1930s and early 1940s. In December 1941, the Secret Service reported to the Treasury that Glasser might be involved with Communists, but White thought the charge was spurious and took no action on the report. Several VENONA cables mention Glasser either by name or by the code name "Ruble." Those cables show convincingly that he was a member of the Communist Party and a regular source of documents and information to Soviet agents. In 1945, Silvermaster reported to his Soviet contact that he thought he could persuade White to appoint Glasser as Chief of the Division of Monetary Research when White moved up from that job to Assistant Secretary. (That effort, if it happened, failed. The job went to Coe, and it passed to Glasser only when Coe went to the IMF the following year.)

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<sup>26</sup> Haynes and Klehr (1999, p. 139) cite a list of eleven "Soviet sources" whose employment at the Treasury was supposedly sponsored by White. That list includes some with whom White had little or no contact (such as Sonia Gold, who worked for Glasser, and Victor Perlo, who was hired by Coe after White left the Treasury) and others who were not sources. Most egregiously, they accept uncritically the old allegation that William H. Taylor was a spy, even though no evidence supports that accusation. Taylor was cleared of all charges in 1956.

Silverman—the man who gave White the infamous rug in 1936—never worked for him but was a long-time friend dating back to their student days at Stanford. They maintained a close friendship throughout White's years in Washington, where Silverman worked at the Railroad Retirement Board and then as a civilian advisor at the Pentagon. Silverman was known by both Bentley and Chambers as a Soviet agent, a charge corroborated by several VENONA cables.

#### D. Policy inferences

In the supercharged anti-Communist atmosphere in the United States in the late 1940s and early 1950s, these circumstantial and second-hand reports and questionable associations were more than enough to brand White as a traitor. His reputation was further tarnished when people began wondering whether some of his policy positions might have been influenced by Soviet sympathies. Figuring prominently among those allegations were the Morgenthau plan for deindustrializing Germany, White's reluctance during the war to provide large sums of cash from the U.S. Treasury to the Nationalist Chinese government, his role in providing to the Soviet Union the plates for printing postwar occupation currency, and certain aspects of the design of the IMF.<sup>27</sup>

Morgenthau, White, and other senior Treasury officials developed the Morgenthau plan in the late summer of 1944 to implement a U. S. government goal for the allies to prevent Germany from regaining industrial power. As part of an anticipated surrender, Germany would have had to agree to convert much of its economy to agriculture. This naïve plan would have created a vacuum in the European economy that would have greatly inhibited both European recovery and the reintegration of Germany into world affairs. Some officials saw immediately what would later become obvious: the plan could have exacerbated the power vacuum within which the Soviet Union was able to assert effective control over much of Eastern Europe after the war. For those reasons, it was opposed by Britain, never became official Administration policy, and was soon dropped.

Once allegations of White's sympathies with the Soviet Union surfaced, the weaknesses in the Morgenthau Plan were put forward to demonstrate that he had used his position at the Treasury to advance Soviet interests. That, however, was clearly not White's intention. In 1944, White supported the view held by General Eisenhower, that the Soviet Union would be so preoccupied with its own reconstruction that it would be unable for many years to devote its resources to outward expansion. Moreover, he tried without success to soften the plan by allowing Germany to rebuild the industries in the Ruhr under international supervision; Morgenthau opposed that idea adamantly, arguing that "I want to make Germany so impotent that she cannot forge the tools of war."<sup>28</sup> Both Morgenthau and White

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<sup>27</sup> Craig (1999) provides a thorough analysis of each of these accusations and concludes that all of them are completely baseless.

<sup>28</sup> See Blum (1970), pp. 567-68 (for Eisenhower's views) and 584 (for the dispute between Morgenthau and White). The quotation from Morgenthau echoes an even stronger earlier

(continued...)

(and Roosevelt, for that matter) were driven and to some extent blinded by their intense hatred and fear of Nazi Germany. That emotional response is sufficient to explain the floating of the plan, without any recourse to complex intrigue. As early as 1938 and then throughout the war, White favored giving economic assistance to the Nationalist Chinese government headed by Chiang Kai-shek. Nonetheless, he also frequently expressed concerns that cash assistance might be misused or fall into enemy hands. After the U.S. government approved large cash loans, White tried to maintain control over how the money would be used, both through explicit conditions and by disbursing funds only as needed. After the war, White's critics seized upon that cautious approach and interpreted it as part of a scheme to undermine the Nationalists in favor of the Chinese Communists. No evidence exists to suggest that White held such sympathies. In any event, his position on this issue was in the mainstream for its time, and it emerged from an accurate assessment of corruption and administrative weaknesses in the Nationalist government.

The provision of currency plates to the Soviet Union in 1944 later became a major irritant to Republicans in the U.S. Congress. As part of the plan to occupy Germany after the D-Day landings, the Treasury arranged to print and distribute "occupation marks" as a replacement for German Reichsmarks. Since the Soviet Union would be part of the allied occupation force, the U.S. government reluctantly acceded to their request to print their own supply of the currency. This decision, which could have had substantial economic advantages for the Soviets, may have been understandable in the context of a joint war effort, but after the war it looked like an unjustifiable capitulation. Whatever one might conclude about the wisdom of the decision, no evidence exists to suggest that it was motivated other than by a desire to hold the alliance against Hitler together and avoid pushing the Soviet Union into printing its own competing occupation currency.

Finally, some opponents of the IMF claimed in the early 1950s that White had drafted the Fund's Articles of Agreement so as to favor Soviet over western interests. In particular, White had agreed to a Soviet request at Bretton Woods that member countries need not seek the Fund's concurrence on changes in the value of their currencies if such a change did not affect other member countries' payments positions. That provision was important to the Soviets because of the prevalence of bilateral agreements in much of their trade. White agreed to it because he thought that Soviet membership in the Fund would be an important part of an overall effort to promote economic and political cooperation between the Soviet and other allied governments. He made that case openly and often, and Soviet membership was an established goal of U.S. official policy. To argue against the validity of White's motivation on this issue requires an assumption that anything favorable to the Soviet Union was necessarily against U.S. interests, a concept that was totally alien to White and to the Roosevelt Administration. In the event, the Soviet leadership did not find the advantages of

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remark made to him by Roosevelt, in which the President spoke metaphorically of the need to "castrate the German people" (Blum, op. cit., p. 572).

Fund membership to be sufficient to overcome the perceived dangers of belonging to a U.S.-dominated organization, and they decided not to join.<sup>29</sup>

### III. THE VENONA TRANSCRIPTS

While the above catalogue of accusations reveals a certain lack of insight or foresight in White's dealings with the Soviet Union, it clearly contains nothing that would be construed as culpable in the calmer enlightenment of a half-century's reflection. If one is innocent until proven guilty, then White is obviously innocent when judged from the evidence that was available to his own peers. The Grand Jury record, which was known to law enforcement officials but not to contemporaneous observers, further supports that conclusion. In the 1990s, however, new evidence has become available through the public release of some 5,000 partially decoded cables sent between Moscow and Soviet intelligence officials in the United States from 1940 to 1948. Fifteen of those cables, if the analysis is accurate, mention White at least indirectly.<sup>30</sup> What can we learn from them, either confirming or adding to the pre-VENONA file?

First, the cables confirm that White met often with Soviet officials in 1944 and 1945. As noted above, such meetings were a regular and important part of White's official duties at the U.S. Treasury throughout the wartime period. The Soviet Union was a key U.S. ally in the war, White had a longstanding interest in the country, and coordination of international policies was a priority for Secretary Morgenthau. In January 1944, the Treasury issued a press release announcing the commencement of a series of meetings "concerning postwar monetary problems," specifically to discuss the possibility of Soviet participation in the United Nations Monetary and Financial Conference, which was to be held at Bretton Woods in July. Those meetings continued through May and involved several Soviets and officials from various U.S. government agencies. White was the head of the U.S. delegation in these

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<sup>29</sup> The negotiations with the Russians are described in Mikesell (1951). On the Soviet decision not to join, see James and James (1994).

<sup>30</sup> The background to the VENONA cables is summarized above, in footnote 3. Cables mentioning White fall into three broad categories. First, five cables sent from New York or San Francisco to Moscow relay reports of conversations between White and Soviet agents posing as economic officials, businessmen, or journalists (August 4-5, 1944, and May 4, 5, 13, and 26, 1945). Second, four cables from New York to Moscow relay reports from American spies that mention White's views (April 29, September 7, and November 20, 1944, and January 18, 1945). (The April 29 cable is ambiguous and may in part be reporting a conversation with White.) Third, three cables from New York (September 2 and October 1, 1944, and January 18, 1945), one from San Francisco (June 8, 1945), and three from Moscow to New York (March 19, March 29, and April 6, 1945) mention White in passing or provide background information related to him.

bilateral meetings, and he met with his Soviet counterparts socially as well as in official meetings.<sup>31</sup>

After Bretton Woods, White continued to have regular contacts in conjunction with Soviet ratification of the IMF Articles of Agreement and later with Soviet and U.S. participation in the April-June 1945 conference in San Francisco to establish the United Nations. In light of that sequence of events, it is not surprising that cables referring to meetings or conversations with White begin in April 1944 and end abruptly after the San Francisco conference.

Second, the cables confirm that seeking information from White was an important goal for the KGB. He was assigned a code name: first Lawyer (or Jurist, depending on the translator's interpretation), and later Richard. The use of a code name implies nothing sinister, because other public figures including Morgenthau ("Nabob") and Roosevelt ("Kapitan") were similarly treated, but the periodic switching of names suggests that the KGB was trying to protect a valued source of information.<sup>32</sup> Moreover, the KGB considered offering White money, looked for ways to help pay for his daughter's education, and instructed agents to keep in touch with him in San Francisco. White may have wanted only to help keep the Soviets in the loop, but they obviously hoped for and expected deeper secrets.

Third, the cables confirm that the Russians had great difficulty in obtaining information from White and that most of what they did get came indirectly. Until 1944, the main channel was Silvermaster. Whatever he could learn from his friend White, he would pass on to Soviet contacts. Chambers referred repeatedly to the frustration of his contacts because they felt they were getting very little useful information this way.<sup>33</sup> Then in 1944 and 1945, after White began meeting with Soviet officials regarding the Bretton Woods and San Francisco conferences, three cables refer to meetings between White and a Soviet agent. The agent, who was identified only by the code name "Koltsov," could well have been a member of the delegation with whom White was meeting.<sup>34</sup> One of those cables (October 1, 1944) reports only that a meeting between White and Koltsov had upset Silvermaster, who wanted to continue to be the sole channel between White and the Soviets. But the frustration

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<sup>31</sup> See IMF Central Files, "Pre-Bretton Woods Meetings – Master File; Meetings with the Russian Delegation, Jan. – May 1944," and Mikesell (1951). White described his social contacts to the Grand Jury on March 25, 1948 (transcript, pp. 2739-42).

<sup>32</sup> Mitrokhin's notes indicate that White was earlier given the code name "Kassir," apparently in the late 1930s; see Andrew and Mitrokhin (1999), p. 106. The Foreword of their book succinctly describes the broad use of Soviet codenames to encompass agents, targets, and "prominent policymakers." Weinstein and Vassiliev (1999, p. 165), citing a KGB file number, assert that White later had the code name "Reed."

<sup>33</sup> See Chambers (1952), p. 429.

<sup>34</sup> Craig (1999), p. 548n, also reaches this conclusion.



continued. In the last cable to mention White, sent from San Francisco on June 8, 1945, only a small fragment pertaining to White was decoded, reading "White . . . (as) a fool."

Fourth, the cables confirm that White was indiscreet in discussing policy issues with the Soviets. The first VENONA cable to mention White appears three months after White began meeting with Soviet officials to prepare for Bretton Woods. The decoded fragment (with real names replacing code names) reads, "According to White's data, [Secretary of State] Cordell Hull in a conversation with [Vice President] Henry Wallace touched upon the question of giving us a \$5 billion loan. The idea appealed to Wallace and he discussed it with . . ." The FBI identified the writer as Stepan Apresyan, head of the KGB's New York office. One can only guess whether the odd phrasing, "White's data," refers to a conversation between White and a Soviet official, a discussion during or in the margins of the pre-Bretton Woods negotiations, or a document given to the writer either by White or someone else. In any event, since White would not have been privy to a conversation between the Vice President and the Secretary of State, it appears that he passed on a second-hand account. This report came at a time when White was trying to persuade the Administration to offer the Soviet Union favorable terms on a large loan. For him to keep his Soviet contacts apprised of the progress of that effort would have been consistent with his usual working habits.<sup>35</sup>

VENONA cables report the results of conversations between White and Russian agents on two occasions: with the unidentified agent "Koltsov" shortly after the Bretton Woods conference in July 1944, and with one or more Russians during the San Francisco conference in May 1945. Koltsov reported that White had discussed a wide range of economic and political topics: Lend-Lease operations, plans for dealing with the German economy after the war, postwar trade policy, progress in securing a loan to the Soviet Union, plans for a forthcoming trip to Europe, attitudes in the government toward Finland and Poland, and the likelihood of Roosevelt being reelected. The cable suggests that Koltsov asked for but did not get a document on Lend-Lease. They agreed to meet again in a few weeks, but in view of the risks involved, White proposed that they meet for drives in his car. Koltsov presented all of this to his superiors as an example of White's "work with us," but it seems likely that White saw it in more benign terms, as a means of keeping an ally informed of pertinent developments. No further conversations with Koltsov have been reported, but White apparently had similarly frank discussions with a Russian journalist (who was actually a KGB agent) in San Francisco.

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<sup>35</sup> Morgenthau's biographer, John Morton Blum, concluded that White "was rude, abrupt, and impatient with opposition, which he often tried to circumvent by going outside of normal bureaucratic channels—a habit that could be identified with furtiveness or even confused with subversion. He appointed some assistants who were almost certainly members of the Communist Party, . . . and those assistants, in White's view, were as free to pass along information about Treasury policy to the Russians as was Averell Harriman, for example, free to talk to the British." Blum (1967), p. 90.

#### IV. KGB FILES

In addition to the Soviet cables decoded by the U.S. National Security Agency, a limited number of cables from the same period were shown recently by Russian intelligence officials to a former KGB agent (Alexander Vassiliev) who was working with an American co-author (Allen Weinstein) on a book on Soviet espionage in the United States. Unfortunately, the use that they made of those cables makes it impossible for a reader to evaluate them. Regarding White, Weinstein and Vassiliev cite several KGB files. In most cases, they simply cite a file number in support of statements made in their text, without giving any indication of the nature of the source material. Since no one else has access to the file, a reader has to accept the attribution entirely on faith. Moreover, the points supported by these citations are general and add little to the picture that emerges from less opaque sources. They claim, for example, that White had contacts with Jacob Golos (a Soviet operative based in New York), that he was “nervous,” “reluctant,” and even “cowardly” in meetings with Russians, and that after the FBI questioned White about Silvermaster in 1942, White “promptly informed Silvermaster” (pp. 90, 158, and 161). Much of this appears to be based primarily on publicly available material such as Elizabeth Bentley’s unreliable reports; whether they are supported by KGB files cannot be determined.

One instance in which the authors quote from a document in the KGB files concerns a cable from the head of the Soviet intelligence operation in Moscow to the head of Soviet State Security. The writer complains that the New York office had been slow in translating and transmitting information from the Silvermaster group. As an example, he notes that New York had received in February or March 1944 but had forwarded only on May 25, material including a three-page draft memorandum composed by White for Morgenthau about amendments to the Soviet-American agreement on lend-lease and about granting a loan to the Soviet Union for reconstructing the national economy, etc.” (pp. 163-64). No indication is given on who might have given the memo to the Soviets.

Weinstein and Vassiliev apparently did not track down the document in question, but it is in White’s papers at the U.S. National Archives.<sup>36</sup> The paper, which was given by White to Morgenthau at a meeting in the Secretary’s office on January 5, 1944, included 9 pages of attachments, although the cable refers only to the 3-page memorandum itself. Copies were sent at that time to seven Treasury staff, including one known spy, Harold Glasser. Glasser could well have been the source; or White might have thought it useful to give a copy to a member of the delegation with whom he was discussing monetary issues; or any one of many others who would have received copies in due course might have passed it on. Again, the incident provides no evidence that White was engaged in illegal activity.

If one abstracts from the accusatory tone of Weinstein and Vassiliev’s prose, the other quotation that they offer from an unspecified file is arguably exculpatory. In 1945,

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<sup>36</sup> “Memorandum for the President. Ten Billion Dollar Reconstruction Arrangement with Russia” (January 5, 1944). NARA, Box 10.

Silvermaster is reported to complain that none of his colleagues wants to work. "White 'doesn't pass information or documents,' believing that his major role for the Soviet Union now was 'to give advice on major political and economic matters.'" (p. 169). Taken in its totality, the available evidence indicates very clearly that this was White's intention all along.

## V. CONCLUSIONS

Read in isolation, the historical record pertaining to Harry Dexter White's relations with Soviet officials can be interpreted in various ways. The evidence from recently declassified Soviet diplomatic cables does not resolve the ambiguities that have always plagued those who seek to fairly assess White's life and professional contributions. Those who are inclined to infer that he must have been a Communist or a spy will continue to do so, and those who are inclined to infer innocence can draw comfort from the absence of proven guilt. What should not be lost in this thicket is the fundamental contradiction between White's dedication to furthering U.S. economic and political interests throughout his career and the allegation that he secretly acted to undermine those interests to the benefit of the Soviet Union.

To more fully comprehend White's role in Soviet-American relations, one must acknowledge his belief that the interests of the two countries converged despite their radically different political and economic systems. He was an unabashed internationalist whose views increasingly grated against an isolationist trend in the United States, especially after the end of World War II. Along with President Roosevelt and Treasury Secretary Morgenthau, he believed that no country could achieve prosperity unless other countries prospered as well, and that balanced global growth required cooperation among governments. In the 1930s, the most important bilateral relationship for the United States was with Great Britain. The war, however, weakened the British economy, necessitated a broader alliance, and convinced White that postwar peace and prosperity depended crucially on America's relationship with the Soviet Union. Roosevelt instructed his aides to treat the Soviets exactly like any other ally, and White did so with full conviction.

The keystone of White's effort to secure cooperation was to bring the Soviet Union into the IMF and the World Bank. On the British side, Keynes was skeptical that the Soviets could reconcile their system of central planning, reliance on non-market pricing, and dependence on secrecy with the requirements for Fund membership. White shared Keynes's abhorrence of the Soviet system, but he argued that to design the Fund so as to preclude their membership would be an "egregious error." He spent much of his time in the first half of 1944, leading up to the Bretton Woods conference, negotiating agreements that would make Soviet membership possible. He succeeded in getting the Soviet delegation at Bretton Woods to sign the Fund's Articles of Agreement ad referendum, but his effort fell short when Soviet Premier Joseph Stalin refused to ratify the agreement in December 1945. As White watched the origins of the cold war unfold, he greatly regretted that failure and correctly foresaw that it marked the beginnings of a catastrophic breakdown in relations between the world's two great powers. He had dedicated himself to bringing his parents' and his own countries into greater harmony, but his efforts and his life ended in a bitter defeat.

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