

WAR DEPARTMENT
HEADQUARTERS, SERVICES OF SUPPLY
WASHINGTON, D. C.

To: Lt. Colonel Clifford V. Morgan, Chief of Commodities Division.
Headquarters, S. O. S.

First Report on
Reasons for Strength of German Economic War Machine and
Important Recommendations for the U. S. A.

by

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July 3, 1942

MEMORANDUM FOR LT. COL. CLIFFORD V. MORGAN, M. C.

Subject: Reasons for strength of the German economic war machine and recommendations effecting conservation and standardization through organization and otherwise from what I have found to date, with substantiating reports inclosed herewith in interviews with former German Bankers and industrialists now in America.

Most Important: Ex-German Soldiers. Point 1.

1. Any survey of the present successful German economic war system should not under estimate for one moment the mentality of the German soldiers, coming back to their homes after the Armistice, were convinced that the one and only reason for their awful defeat, with the disillusionment they had in returning home and finding their homes wrecked and families in misery, was caused only by the lack of knowledge of the seriousness of war by those who remained at home - those who were in charge of the industrial and banking world. They were sure that had the economic forces at home been properly organized and not left in the hands of men who had not suffered like the men at the front, the defeat of 1918 might not have taken place. From a military point of view, they felt that they had won the war but that they had been knifed in the back at home without the proper economic system to support their war efforts. Here lies, in my mind, the secret of the success of their new German military machine in this war as a result of what these men experienced themselves in the last war. May I say that it is very difficult for anyone who has not lived in Germany for years during the period of 1919 - 1939 as I have had the opportunity of doing, to understand what this desperate, determined mentality meant.

2. These men from 1919 on started to avenge the defeat of 1917 and 1918 with the idea of eventually taking over Germany for the next war. It is the spirit of win or die, and is their greatest strength. This mentality is still under estimated in the democracies.

3. Important leaders of the National Socialistic Party, such as Hitler, Goering, Hess, and nearly all the others except Goebels, were among these men mentioned above. The whole idea of the National Socialistic Party was that this mistake of industry did not happen again. They went to great lengths to prevent such a tragedy and their efforts, as we see, have been very successful. This is a fundamental reason for what has happened and why the

other part of their war machine, the economic war machine, this time works so powerful and is the reason for their success as much as their armed forces. General von Secht, who built their present army, played no small role in building the economic military machine for total war, as he did in helping the Russians as well as the Chinese. His plans were taken over by the Japanese and his officers helped train the Japanese army in the German methods of total warfare - both from a military and economic point of view. There is much that we can use from these plans and experiences which should be done without delay to prevent such a catastrophe from happening to us as happened to Germany in the last war, which results I saw for years after in that country. May I say at this time that for the last 20 years I have held positions in industry mostly abroad and here which have permitted me to see, first hand, the developments in industry and to compare them with what has been happening here. I wrote a review from a political, economical, and military point of view in a book called "America Next," published in November 1940, which is now history and nearly all of my predictions in that book have come true. Had my advice been taken then, much could have been prevented.

4. I believe that the suggestions given herein and the work that can now be done, if my suggestions are accepted, are from a military and economic point of view, as important as the suggestions I made then on the military and political fields. Among others Col. Marvin McIntyre, Mr. Robert Hinckley, Assistant Secretary of Commerce for Air; as well as Col. Warner McCabe, former Chief of G-2; Col. Robert Ginsberg, who was assistant to Col. Louis Johnson, and the Assistant to the Under Secretary, Judge Patterson, know the correctness of my predictions in my reports, which have been submitted to friends in the War Department since 1933.

Vitally Important: Organization of German Industry. Point 2

1. The system of industry association which is not very well known outside of Germany had long before even the last war been in operation in that country. This organization was called the Reich Verband for Industrie and comprised an overall association with subdivisions which included every kind of industry, banking, farming, and professions in that country. These organized industrial associations, which were self-administered, had the help of the Government insofar as that it was compulsory for everyone in that particular branch of industry or profession belonging to the organization, so that it was not possible to get a license in business without being a member of these trade organizations. The associations were fair for both the larger members and the smaller members and they did not exclude anyone of good standing. They were not a monopoly from our point of view, and there was no objection on the part of the Government that industry within itself could organize - quite in the opposite, they were encouraged to do so, but they had protective measures for all members.

2. I was in Germany when Hitler came into power in 1933. One of his first steps was to put his men in the important chairmanship of each one of these associations and sub-associations. These were not committees, they were associations, and through this organized industry, Hitler was able to

completely control industry for war from 1933 on.

3. Very few people realize that this was the beginning of the building of this powerful economic-military machine which has been so successful. I had the opportunity, through a sales organization and through a manufacturing organization in that country, to see how efficient these trade organizations worked before and after Hitler's ascendancy to power. They are the back-bone of what you see today.

4. The present position of industry here is such that they are afraid to get together because of the anti-monopolistic laws. This, in peace time may be all right, but at war time, it is dangerous to the war program and a system similar to the German's must be considered seriously if we are going to win the war. A complete control of industry to see that it carries out the wishes of the Armed Forces, as well as the Government, would not be difficult, if industry was permitted to organize within itself and only as a war-time effort at Government control. The present situation is delaying our development perhaps in some cases 50% or more from my own observations here. I would go so far to say that, if some system similar to the German idea is not carried out, we may lose the war. This should be done as a military measure, the same as any other military measure.

5. Some people have an idea here that all of this was done in Germany under pressure and with a great deal of bad will. From my observations it was quite the contrary, as Hitler through his methods obtained in most cases the good will of industry and labor in his war efforts, as explained in the reviews herewith attached from talks with Mr. Strauss, Dr. Frank and others where he could not get the good will of certain people, those that were resisting were put out of their positions like anyone would be in the army. This happened very seldom, however.

6. We are facing a terrible crisis in this country at this moment, and it is impossible to expect that purely on a voluntary basis we can do what the Germans are doing under a splendid organization and with involuntary methods. If we face the issue of possible defeat, we must not overlook this point. I am working upon a complete set-up of how Hitler ran his economic plans, and one of the men who is a statistician, formerly employed by the American Embassy in Berlin, and recommended to me by the Honorable Raymond Geist, head of the Economic Section in the State Department, has this material at his finger tips and an outline of same which I shall submit to you shortly. In order to save time, I am submitting the reports I have completed without further delay. You will see from these plans, which I am working on, that much can be done without any difficulty in using the German set-up, and that we can push ahead our plans months, even years, and save in strategical materials in unlimited amounts.

Point 3

1. My second suggestion is that those few men in this country who know German industry thoroughly, not from reports which, after all, can never give one a true picture on the inside workings of such a complicated thing as industry, but actually living and working for years - a life time in many cases in the country, that these men should be brought to Washington as consultants,

or otherwise in a unit for the Government, to advise and to help quickly complete suggestions and plans as to how we could use part or all of their experience for our country. I can assure you that nothing in my mind in this dangerous hour could be more helpful to us at this time. Some would come at their own expense, others who would leave important positions must be paid. But the expense is very small compared with what they can do for us immediately. There are many people who claim they know the inside workings of the German economic system, but I am convinced that the ones I am mentioning here are the best in America, as there are only probably ten to fifteen at the most of well-informed people inside this country from Germany with recent information. I have spent twenty years in Europe, as I said before, and I know most of the important people in all countries, so from hundreds, these are the outstanding figures I believe, without any doubt. I have checked these men from many sources and all information is the same - that they are tops. With their help, we will have the actual help of these experts on our problems.

a. Dr. Felix Somary, Shoreham Hotel, Washington, D. C. He was former financial adviser to the Swiss Embassy in this country and one of the Rothschilds bankers in America. He is a man of considerable wealth, and by the various Government sources, both here and abroad, is considered one of the best posted men in the world on economic and financial affairs. I have known Dr. Somary for some years and have worked intimately with him.

b. Dr. Otto Jodels, formerly a partner of one of the largest Berlin private banks - Berliner Handels G es. I have known Dr. Jodels for a number of years, and in 1933, I introduced him to Mr. Stewart of the Export Import Bank of the United States. Dr. Jodels was not only one of the outstanding figures in German economic life, but is perhaps one of the most brilliant men on economics alive. Incidentally, he was called in by the British Government when he was in Germany to reorganize the Indian Government Exchange. He is now a member of the banking house of Lazare Freres, New York City.

c. The next man is Dr. Albert Frank, Navarre Hotel, New York City. Dr. Frank was one of the members of the Board of Directors of the Bayerische Stick Stoff Ges. of Munich until late 1938. He is an authority on explosives and has a good knowledge of the rubber situation in Germany. He was one of the leading industrialists of south Germany and is very well informed on all industrial problems.

d. Mr. Friederich Kempner, 230 Park Avenue, New York City, of the well-known law firm, Kempner, Beuthner and Schwidt, of Berlin. Dr. Kempner is well acquainted with the potash syndicate of that country, as his father was chairman of that syndicate for years. A review of the potash syndicate will be given you with report as it gives you a picture of how one of these trade organizations, spoken of above, works.

e. Mr. Moritz Strauss, formerly of the Argus Motor Ges., of Berlin. Mr. Strauss is outstanding in his special field of building motors for the German Air Ministry, and is especially valuable as he was kept in Germany by Goering and Udet personally until late 1938 because he was such a valuable asset to that country. I am also submitting a short report with my letter regarding my recent interview with him. He is invaluable to us and I believe should be used immediately as he has the latest information about motors for the Air Ministry of that country.

f. Dr. von den Porten, who is now with the Spring Unit Machine Company, 52 Richard Street, Brooklyn, New York, Dr. Von den Porten is outstanding in his knowledge of the metal industry in Germany, as he was Chief Commissioner in control of all metals of that country throughout the last war, and, until 1934, he played a leading role - perhaps the leading role in metals and ordnance of Germany. He knows all substitutes used besides how the iron scrap and other metals were collected in Germany. He started and developed the whole Aluminum Industry of Germany. In 1934, he left Germany and headed the entire metal control of Turkey until 1939. I am sure that this man's services at this time can be invaluable, because of his great experience and knowledge.

g. It is difficult to find another man in this country who is well acquainted with the German steel industry, but Mr. Paul A. Metzger of Glendale, Long Island, New York, has some good knowledge. I did not get an opportunity to review Mr. Metzger's complete knowledge, due to the fact that I left for Washington. However, he was associated with Otto Wolff, coal and iron industrialist of the Rhineland, Germany for some years. There is hardly another important steel man outside of Europe, but much can be done on this question, too. Incidentally, Prince, Waterhouse & Company of New York City had a branch in Dusseldorf, Germany, which for years controlled the only big steel company there and in turn, they have information of great value to this Government if used. Mr. Neil of Price, Waterhouse & Company was in charge of this work and would be available to us at any time. A study of these records would be of great help to us.

h. Mr. Erich Albricht, 292 Madison Avenue, New York City. He is one of the directors of the Research Institute of America, located at that address and has at hand a great deal of the statistics of Germany.

i. Another man of great capacity is Otto Stern, who recently came from Rumania and who is with the Shell Oil Company at New York. He is an expert and industrialist on oil and has the last experience and information.

j. Mr. Alexander Berglas, the outstanding German in this country on textiles knows how Hitler handled this end of the War Economy and would gladly help us in any way.

k. Mr. Oscar Kohorn, who is the inventor of Kohorn synthetic wool, as well as the inventor of most knitting machines used in Europe, South America and even in this country, is an expert on synthetic textile materials used by Germany.

2. I have seen from my experience in this country that we are in many, many respects being forced to adopt the methods that the Germans used. If we would carry out the plans as suggested above, we could see exactly where we are going and speed them up, as mentioned above.

3. Very Important: In discussing some of these ideas with Dr. Jadels, I have come to the conclusion that nearly every bottle-neck in this country can be traced, directly or indirectly, and compared to the lack of bottle-necks in Germany, to their trade organization set-up. This organization

in Germany is the answer to nearly all their problems and without such an organization, no country can prepare for total war.

4. My dear Colonel, I do not think I can impress upon your mind from all the many facts that I have on the German economic war machine, how important the above mentioned points are. I have not exaggerated one iota in what I have said or on the value of these men and what this set-up would be to us, as their intimate knowledge of German industry, if properly used, is like having 10 German generals who would be willing to leave Hitler and be on our side with inside information.

5. There are many other points which a long report could bring out and which I am working on, but I wanted to get these points to you without further delay, even in the rough, as time is so important.

6. Inclosed are copies of notes on my conversation with Dr. Jaedels, Dr. Kempner, Mr. Strauss, Dr. Frank, Dr. von den Porten, and Dr. Somary and Mr. Erich Albright. Time does not permit me to give you long reports now, but I am submitting many others for your analysis.

7. In conclusion, the total war unit of Germany, which has been adopted by the Japanese and Russians but, unfortunately, not by the British, or ourselves, has proven very successful. We see what this has meant to the Russian resistance as well as to the Japanese progress. The lack of such a system in the war industrial economy by the British and because they did not adopt this system but maintained very much the old system is one of the principal reasons of the continued defeat. I am convinced, by all of my studies, that it is impossible to fight the nations organized under this total war economy basis unless we use the same thing; the German system is by far the best one with the least disturbances of industry and at the same time they have the development and the proper organization for a successful war. There is today hardly any argument, as we see so clearly the facts in world affairs happening before our very eyes, so that every moment of time lost is very dangerous to us, if we do not take advantage of this system and these experts who are now at our very call. I am very glad to help the Government in this matter in every possible way. It has been only because of the years that I have spent abroad that I have been able to gather the information and to know these few men who can help us in our fight for existence. Time is most important.

ALFRED BERGMAN,
Consultant.

3 Incls.

- Exhibit A - Memo of 6/27/42
- Exhibit B - Interview with Mr. Strauss - "Motors for German Air Ministry."
- Exhibit C - Interview with Dr. Kempner - "Outline of Potash Syndicate."
- Exhibit D - Interview with Dr. Otto Jaedels - General Information of German Economic Set-up.
- Exhibit E - Interview with Dr. von den Porten - Minerals and Conservation.
- Exhibit F - Interview with Dr. Felix Somary - German Allocations.
- Exhibit G - Interview with Dr. Albert Frank - General Set-up and Rubber Review.
- Exhibit H - Interview with Mr. Erich Albright - Extract Regarding Set-Up German Industry for War.

EXHIBIT A

June 27, 1942.

MEMORANDUM FOR LT. COLONEL CLIFFORD V. MORGAN, M.C.

Subject: Persons contacted in New York.

1. In reference to my trip to New York for the information you requested, I wish to state the following facts. As I informed you and Colonel Kenny, my purpose in going to New York was to confirm many of my deductions, having been in Germany for twenty years, as to German plans--their advantages and disadvantages, and how some of these ideas could be used perhaps in our system. I wanted to get the latest information, as I left Germany in 1939, and I wanted to be sure that any recommendation that I made was up-to-date and complete because of the vital value of such statistics and recommendations.

2. Among the persons that I saw were probably five or six of the most important persons outside of Germany on these problems. May I say at this time that there are many people in this country who claim to know the inside of Germany, but the group who probably are really best informed are a very small group, some of whom I have known for years and all of whom are most anxious to help this country. With my twenty years background in Europe, knowing many of the important people all over the continent. I was able to sift, through that period of twenty years, those people who really are informed and those who are not who have been able to leave that country. As a matter of fact, the basis of my reports to the members of the government for a period of ten years and the reason for their accuracy and for their correctness is because I do know the sources and I do always check my own opinions against other experts as I have always felt that the situation is too serious not to go to the greatest of trouble to get accurate information before putting anything on paper. I am very pleased with what I have been able to gather on this visit in confirming many of the opinions which I already had and in obtaining even more new information which I believe can be made up into a report of great value to the country. As you asked me to come back, I did not quite finish my work, and there are a number of people whom I still think should be contacted. Those whom I saw and who were helpful and from whom I shall give you the reports were the following:

(a) Dr. Felix Somary, Shoreham Hotel, Washington, who was a former financial advisor to the Swiss Embassy, one of the Rothschilds reported in America, a man of great

standing and wealth, and considered one of the best posted men, perhaps in the world, on economic financial affairs. I have known Dr. Somary for some years and known of him for many years. He is a close friend of one of my most intimate friends, F. F. Beer, former European representative of the Central Hanover Trust. Dr. Somary was able to get some information for me on allocations and other general information which I am writing up in my report.

(b) Dr. Otto Jaedels, formerly a partner from one of the largest Berlin private banks, Berliner Handels. I have known Dr. Jaedels for a number of years, and in 1933, when I was closely associated through personal connections with the Export Import Bank, I put members of the Export Import Bank in contact with Dr. Jaedels, especially Mr. Stewart, who was then Vice-President of the Bank. Let me state that Dr. Jaedels was not only an outstanding figure in German economic life and is perhaps one of the most brilliant men in that country from the point of view of economics and financing, but he was also very highly regarded by the English Government, and, I believe, was requested by the British Government when he was still with the Berliner Handels Ges., to go to India to help reorganize the Indian exchange. He is now a member of the New York firm, Lazare Freres. As I said above, he confirmed my ideas and gave me some new information which I am transmitting to you. I consider him tops on this subject and a man who can be very valuable to us.

(c) Dr. Albert Frank, Navarre Hotel, New York City. Dr. Frank was one of the members of the Board of Directors of the Bayerische Stick Staff Ges. until 1938. This staff is located in Munich, Germany. He is an authority on explosives and has a good knowledge of the rubber situation in Germany. He is a fine man of high standing and is also one of the leading industrialists outside of Germany in this country. I would consider him one of the best posted men on these subjects that I know. He is also a man of considerable wealth.

(d) Mr. Frederick Kempner, 230 Park Avenue, New York City, of the well-known law firm Kempner & Sons, whom I also knew in Germany, and who is well acquainted with the Potash Syndicate of that country. His father was chairman of the Syndicate for many years. I am giving you a report on that set-up, as it gives you a pretty good picture of some of those ideas I am trying to work into my report. I have known the Kempners for many years, and especially his brother, Paul Kempner, who was one of the partners of the well-known bank and company, Mendelsohn and Company of Berlin. This was the oldest private bank in Germany of importance.

(e) I contacted Mr. Moritz Strauss, formerly of the Argus Motor Ges., Ltd., of Berlin. Mr. Strauss was in Germany until 1939, and is no doubt the leading expert in this country, probably outside of Germany, on the way the Germans handle the building of motors for the Army, Navy and Air Corps. As you know, the air corps is an independent unit, including the Army and Navy. I would say that this man is very valuable. He confirmed many of the ideas which I had and also gave me much new information which I am including in my report.

(f) I also contacted, through Dr. Somary, Dr. von den Porten, who is now with the Spring Unit Machine Company, 52 Richard Street, Brooklyn, New York. Dr. von den Porten was in charge of all metal control in Germany during the last war and played an important role in that country until 1934, when he had to leave. He is an expert in aluminum, copper, steel, and other minerals, and knows a great deal about Ordnance. In 1934 he left Germany and headed the metal control in Turkey. He remained in this position until 1938 or 1939. He is well accredited, I believe, to our government as well as to the English.

(g) In regard to the steel situation, I also contacted Mr. Paul A. Metzger, whose offices are at Glendale, Long Island, New York City. Mr. Metzger is one of the few men who knows anything about the German steel industry in this country. He was close to the Otto Wulff Coal and Iron Industrialists of the Rhineland, and he was giving me some information when you asked me to come to Washington. I am getting a report from him, and I would advise that I contact him again. The steel industry is one of the most difficult to get intimate information from, as practically all the leading figures are still in Germany, at least those who have an intimate knowledge of recent affairs. Dr. von den Porten, mentioned above, has some good information, but he has been out since 1934.

(h) I contacted Mr. Alfred Bergmann, of the Anaconda Copper Company, who was in Germany until 1935 and in Switzerland until 1940. He is a Swiss and very well posted on the copper situation.

(i) In an effort to get in touch with some German experts before I saw Mr. Bergmann on the copper situation, I contacted Mr. Harold Rothschild of American Metals. We discussed the question of getting some information and he was going to write someone who knew the situation in England, which he did not do. I think I covered it as far as possible with the man mentioned above.

(j) I also saw, in an effort to complete my picture of the rubber situation, Dr. Carl Mueller of the General Aniline Company, New York City. Dr. Mueller could not help me very much, in view of the very thorough information I received from Dr. Albert Frank. He did add a couple of very important suggestions which, I think, will help us on our very important rubber problem. I think that my review of the rubber situation in certain aspects may be very helpful.

(k) I also saw one of the men from the Standard Oil in an effort to locate some Germans to check my experience. The other gentleman whom I did not have time to contact when I was in New York, as I was very busy getting this information in the few days I was there, I believe can still be very helpful. I had appointments with them for today and tomorrow.

(l) Mr. Jacob Goldsmith, Savoy Plaza Hotel, New York City, who is one of the outstanding bankers in Germany and has a good picture of the industry, as he was chairman of the Board of over 120 companies. I know Mr. Goldsmith well, having arranged appointments here for him to leading men in the Cabinet and in high official positions, and consider him very well informed.

(m) Otto Stern, who has recently come from Rumania, and who is with the Shell Oil Company, an expert and industrialist with oil; Frederick Adler, an expert on leather, of the Adler and Oppenheimer Company, one of the leading leather people in Germany. Another man I intend to see is Dr. C. Otto, 500 Fifth Avenue, New York City. I did not get to see this gentleman because of shortness of time.

(n) I saw Mr. Hans Arnhold I knew in Germany. He is one of the leading German bankers, who was active in industry as well as banking. His particular line is ceramics and steatite. I am giving you a report on my conversation with him.

(o) Mr. Erich Albricht, 292 Madison Avenue, New York City, an expert on German statistics. This man was doing work for the American Embassy in Berlin and I knew him through the Honorable Raymond Geist, Chief of the Commercial Division in the State Department. He was Consul General in Germany for ten years during the time I was there. Mr. Albricht knows a great deal of the details on statistics.

(p) There are still a few others, including Mr. Schweirn, who is an expert on flax, hemp, and jute. He is giving me a report in writing.

3. I believe this covers, in short, the people I saw, and among them are some of the leading and best informed men whom I know. Let me say in closing that I believe a careful study of the reports which I can now write up in part will bring out some very fundamental facts showing how the German machine operated and why it was so successful. I am convinced from all of my experience --copies of my reports are on file here which have proven quite true in their predictions--that we must, if we are to win the war, adopt some of these suggestions and experiences of this very powerful well-organized machine. I am only too glad to be of service to the country in this critical time in preparing this material for you!

ALFRED BERGMANN,
Consultant

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Vitaly Important: It is most interesting to study the German development compared with ours and to see that we are forced to do many of the things that they have been doing. I think that with a thorough analysis of our problems compared to the German problems, we can jump over some of these experiences and push our war economic machine ahead by many months-even years. This I have been able to deduce already from my studies and from my experience.

Exhibit B

Interview with Mr. Mauritz Strauss
Barbizon Plaza Hotel
New York, N. Y.
June 25, 1942
Formerly Managing Director of Argus Motors, Ges.
Left Germany end of 1938

From the conversation with Mr. Strauss I obtained the following information:

1. The Nazis' idea was that in order to get proper production everybody had to earn well. This became the practice in their war production.
2. The background of Mr. Strauss consists of being an engineer, motor constructor and owner of one of the best motor manufacturing companies in Germany. His firm constructed motors only for the Air Ministry of that country.
3. The idea of an Air Ministry was Goering's. It was successful and had very little resistance from the army and navy, as it took in officers of both services, not only for the staff but for the general administration. Goering personally knew very little of the technical end, but Generals Udet and Milch did this work very well. Goering, incidentally, was very popular in the Air Corps, and in forming the Air Ministry he brought in line officers and also officers of the old army in order to have the old army esprit de corps in the Air Corps. Mr. Strauss informed me that the success of the German production in motors was greatly the result of the following factors:

- (a) Industrialists were not bothered with Cartel regulations.
- (b) There were no worries about taxes.
- (c) There were no anxieties that all profits would be taken from them.
- (d) If one person or factory worked better than another, they earned more.

These fundamentals were carried out in all cases.

4. With about 8% profit on the capital, which the Nazis first tried to operate under, production was slowed up, as well as the desire to increase factory space, and generally this phase of the German total war production was not so successful.

5. This was later changed to the following methods:

- (a) Each company met together with the procurement officers of the Air Force.
- (b) A cost price of the last year's production was established.
- (c) The number of orders was controlled from the last year.
- (d) The capacity of the factory was controlled.
- (e) The price was then fixed in agreement with the Ministry of Air and the manufacturer of planes or motors. This agreement ran from one to two years. An 8% profit was laid on sales, not any longer upon capital. However, a clause was put into the agreement that if more than 10% profit was reached, then everything over 10% had to be given back to the Government. Naturally this percentage was different according to the article. The advantages of such a system are apparent; they make the price cheap, and they increase production, quality being kept by the Ministry of Air men in the factory.

6. One organization for the Army and Navy production of planes was established under the Air Ministry.

- (a) The Chief of the Technical Division was General Udet - a very efficient officer and a very able technician.
- (b) Udet, in 1936, reduced the eighty-six types of airplanes to eight types.
- (c) Only those chosen types could be produced.
- (d) However, the other factories were licensed to build the types chosen, and the company giving out the license was paid for the license by the Air Ministry. This naturally made everybody want to build the best type of machine, because not only would they receive the profits of their own business but they received the profits from the license to other companies.
- (e) Not only were licenses exchanged, but engineers and other important employees.
- (f) There were no longer any secrets allowed in Germany as far as individual companies were concerned.
- (g) Not only types, but all equipment and screws and parts had to be standardized. Even if the Navy planes were different in the respect mentioned below, the parts and the screws were standardized except where there were changes as mentioned below.
- (h) Very important - When shipments of planes and motors were made to Africa only a few parts had to be sent through this standardization. This is important when you consider shipping at such distances.
- (i) Very important - Naturally the manufacturing costs, the amount of machines produced, parts produced were greatly reduced through this standardization. Standardization was almost entirely completed to include Army and Navy planes, the only difference being that the Army planes had to be prepared for ground landing, while the planes for the Navy were for sea landing; otherwise there was practically no difference.

7. A separate air force for the Germans, as called for by the Air Ministry, had the following advantages:

- (a) Independent of Army and Navy, but had Army and Navy officers in general staff, so they had the full co-operation of the Army and Navy.
- (b) According to the German idea, bombers had nothing to do directly with Army and Navy, but were there to protect the Army and Navy. The same was true of dive bombers.
- (c) With the extensive fronts and the great distance of German occupation of all of Europe and its drive into Russia, as well as the North African campaign, found the separate Air Force a great help as far as carrying freight and troops. A great many German troops and a great deal of freight was carried by air, in spite of the extensive travel. Expense played no role; only the question of oil, etc.. Air transportation of troops and materials proved a great success.
- (d) With modern warfare, parachute troops became very important through the separate air force. This can prove a great success.

8. As in all industries, the German air industries organization is very important.

- (a) The Chairman of this industry was formerly, before Hitler came into control, a member of one of the large airplane companies. He was replaced by an admiral who formerly headed the Air Department of the Navy before the Air Ministry was put under one head. His duties were the following:
 - i. To negotiate prices and patent licenses with the Air Ministry and with industry.
 - ii. He saw to it that the services of production and development were given uniformly to all firms.

9. The Air Corps had as much money at its disposal as it wanted.

- (a) When in 1933 Hitler began to ask the airplane industry to increase their factory space, the industry informed Hitler that they didn't want to do that because when the armament program was finished they would be at a complete loss. Hitler even offered them money without any obligation to pay it back to the Government. This so astonished industry that they did not even want it without promise of repayment, so a plan along the following lines was set up:
- (i) For instance, a million marks was allotted to an industrialist for the building of a new plant. After one year the factory was written down to 800,000 marks; after two years 600,000 marks, and after three years 400,000 marks. After the three-year period it was no longer reduced. In other words, the manufacturer could buy the factory for 400,000 marks any time after that time.
- (ii) This 1,000,000 marks was charged onto the price of the raw material, so that the government finally got back in the overcharge of the material. This satisfied the manufacturers who would not take a gift. In other words, it came out of the same pocket and went back to where it came from. To those manufacturers who would not borrow the money, a million marks would be appropriated, of which 200,000 would be written off yearly for three years, so that the manufacturer could also buy such a factory at the end of three years for 400,000 marks, and also the money was charged on the raw material.

ALFRED BERGMAN,
Consultant.

Exhibit C

Interview with Dr. Frederick Kempner
230 Park Avenue, New York, N. Y.

June 24, 1942

1. Dr. Kempner, formerly of the Berlin firm of Kempner and Son, which later was called Kempner, Beuthner, and Schmidt. Dr. Kempner was an international lawyer in Berlin, and his father was the head of the Potash Syndicate.
 - (a) The Potash Syndicate was organized by law in 1910.
2. As a matter of fact, it was organized in order to protect German interests from American interferences.
3. The principal object of this organization was to establish quotas for the various members of the Syndicate and was established after the following incidence. A certain Mr. Schmidt in 1910 had refused to remain a member of a very loose organization not under government control or organized by law, and he sold his interests to Americans. Dr. Kempner's father came to America to see if this matter could be straightened out, but was not successful.
4. He then returned to Germany and the Government made a law in which it was obligatory for every producer to join in the syndicate established by that law.
5. Under the law members could only market goods through channels of the syndicate.
6. That meant that a contract was brought out between all

these members and all members had to admit every producer of potash.

7. Then the government formed a government agency called the Reich Kalarat. This was a government office which had a Chairman, Vice-Chairman, and a government representative on the Board. The head of the Board was generally the head of the Syndicate, and for many years Dr. Kempner's father held this position.

(a) The task of the Board was to allot quotes and establish prices.

(b) The selling was conducted by the organization called the Potash Syndicate.

(c) They divided the whole world into sections and all the orders that individual companies or miners received were passed on to the Syndicate, and the Syndicate decided who was to receive the orders by allocation.

8. In 1910 to 1912 there were about 200 mines in operation.

9. All other mines were given two years to get into operation.

10. After the two years they were told that they would not give any quotas at all if they were not in operation by that time. In other words, it was made impossible to open further mines after the two-year period.

11. These quotas were made transferable so one mine could transfer quotas to others. It was obvious in the interest of everybody that those mines which operated at the lowest cost could make the best profit. So those who had food mines bought up quotas, and as a result all the smaller and less profitable mines were closed so that after a while potash was produced in Germany from only about ten mines.

12. The result, as far as prices were concerned in Germany under this system, was that the domestic price was reduced. The Syndicate in 1912 was able to contract a large loan of fifteen million pounds. The whole set-up was advantageous to the whole economy.

13. In wartime competition as a matter of course is eliminated as far as the Army and the Navy are concerned, to the extent that Army and Navy agrees to the elimination in their own interests and, if Army and Navy interests are paramount to win the war, then Army and Navy must be permitted to eliminate that competition which is not necessary.

14. It is not in the interests of the Army and Navy that the producers be prevented from getting together in very many fields both in regard to their operations and the division of the business between them, because if industry does not do it themselves the government must force them to do so.

15. If they had organization of industry with government control, the procurement work would be greatly facilitated and loss in time, money and machines would be avoided.

16. In the German set-up it is Reich Verband de Deutache Industrie subdivided into numerous groups according to the object of manufacture. The purpose is

- (a) Formed in interest of industry
- (b) Elaborate control allocations of material and to control sales of material.

ALFRED BERGMAN,
Consultant.

Exhibit D

Interview with Dr. Otto Jaedels
June 23, 1942.

1. The pre-war organization of German Industry set-up was not a Nazi set-up but was in existence even before the last war. The only change the Nazis made was to relieve persons they did not want and to put in their own representatives as chairman of the Organization of Industry.

2. In other words, the Germans had a prepared economic organization for war.

3. Many things could be helped through such a set-up, for example: (a) Synthetic rubber lost 1½ years preparing for same in this country while IG have been developing the same since 1936; (b) We will perhaps lose another year before we can really produce synthetic rubber.

4. The scientific work and discovery on rubber was done by the IG in Germany.

5. They intrusted the developing in the hands of IG, as it was extremely difficult to develop. Dr. Jaedels left Germany just before the second unit of 24,000 tons was developed in 1938 in the Rhur district.

6. The first unit of 24,000 tons was developed in 1937 in the Leipzig district. According to Dr. Jaedels there were four other units. He believed it would be best to let the Standard Oil and Rubber Companies develop with definite termination in the country.

7. Dr. Jaedels brings out clearly that nearly every difficulty or bottle-neck could be traced back to the fact that this country does not have trade organization like Germany; he gave the following reasons: (a) Coordination, (b) Immediate competence, (c) No outside person could acquire such competence, (d) Rubber companies know very little about chemistry, (e) the Thurman report: One unsatisfactory point is the fact that responsibility is not given one person.

8. Dr. Jaedels has knowledge of the rubber situation because he was on the Board of Calcium Carbide and Acetylene, which is one of the raw materials for making synthetic rubber.

9. In times of war such organization, under government control are necessary to win the war - (a) The technique of cooperation between various units in a certain industry, (b) the expert knowledge, (c) put their own people in as far as Army and Navy are concerned.

10. Synthetic fiber: (a) general organization of fiber industry firms, which Dr. Jaedels well.

11. The Army and Navy procurement in Germany was under Colonel Thomas, who is a most ingenious person and who looked upon the organizations of Industry as his best method of obtaining total production. It was easy enough for the Army, with the organizations of Industry in Germany through their directives to give every instruction to the industry without any difficulty.

Naturally, in this country such an arrangement similar to the German's can be done as a War measure, so that the people who are in general, against organization of this kind due to our fear of monopolies, will understand that at a time of emergency this is more or less a necessity. Naturally, if there are any men in such Industrial organizations, who are objectionable for any reason whatsoever they can be relieved as a danger to the country. But some sort of a copy of this system is necessary to assure total advantage of any economic system for war.

ALFRED BERGMAN,
Consultant.

EXHIBIT E

Interview with Dr. von den Porten,
Spring Unit Machine Company,
New York, New York,
June 26, 1942.

1. Dr. von den Porten is one of the most important men in this whole picture and could be used from many points of view immediately.

(a) He was the president of the Aluminum Industry in Germany from its inception, as Germany had no aluminum in 1916. He was appointed by the Government to start aluminum development at that time. He carried on all the developments practically until 1934.

(b) In December 1914, he was appointed Chief of all metal and ores in Germany and remained in that position until 1918. In this position, he was in charge of all mines and all smelters in Germany and in the occupied countries during the last war, having in his department under him 8,000 men and 1,000 officers.

(c) He was chief of demobilization after the War and remained the high commissioner for metals after the war in the Department of Economics, as it was called then.

(d) Besides this, he was in charge of the copper refinery work in Germany for a great many years.

(e) He was on the Board of Directors of 50 leading metal companies in that country.

(f) In 1919, he was appointed president of all industrial companies for all ordnance, including those which could not be used any longer under the Versailles Treaty.

(g) He was president of all companies where the shares were in the hands of the German Government, including the leading German Government-controlled banks where the shares were in the hands of the Government, called the Reich Ges.

(h) He was general manager of the Octavus mines and railway company of former German Southwest Africa, which is the biggest producer of combination copper, lead, and silver mines in the world - that is, of the three products in one group of mines.

(i) He also built up the Italian aluminum industry.

(j) From 1921 to 1933, he was president of all the aluminum companies of Germany and was the president of the Rhine Metal Ges, which also belonged to the Government.

(k) The Rhine Metal Ges was one of the leading metal-producing companies in Germany.

(l) At the same time, he was president of the Deutsche Werke Kiel, where the pocket battleships were built and

(m) In 1934 - 1939, he was called to Turkey and placed in charge of all their minerals. He was especially active in their chromium production, which is the largest in the world. Steel and aluminum were also under him. In 1939, he was called to Australia to head their metals but he came to the U. S. as the war was coming on.

2. Important. He was especially active in the last war in his capacity in charge of all metals. In 1916, the first aluminum was made - one ton in 34,000 kilowatt hours. This was reduced to one ton in 23,000 kilowatt hours and although the price was prohibitive, Dr. von den Forten was ordered to develop the industry at any price, which he did. He was in charge of collecting all necessary metals, steel, raw material in stocks not used, semi-manufactured materials in shops, mobilization of finished material, which, his guess, in this country would be 20 to 30,000,000 tons. Incidentally, in Germany they even took out bridges in the last war. Where there were towns that had five bridges, the government took two for scrap. They took the steel out of old buildings, old cars, railroad tracks, keels of ships,

and copper from the distilleries. Of course, my attention to the fact that all this should be done by experts only should be acknowledged, otherwise the work is worse than nothing.

3. In the information that he gave me is the fact that Erft Work Grevenvoith, 19 miles northwest of Cologne on the River Erft is the largest aluminum works in Germany of the nine companies and could be bombed easily. It was not hit in the recent bombing of Cologne. The Bergheim is an aluminum factory making aluminum oxide and is the second largest in the whole of Germany. If this was bombed, it would be a great blow to the Germans. The bombing of Cologne was in the inner city on the left side, while the factories are all on the right side. At Cologne, Mulheim and Cologne Deutch and Cologne Kalk are all on the right side of the river -- the die they did not bomb. Another aluminum factory is the Lippe Work, an aluminum factory south of the small town of Luenen Lippe which is 35 to 39 miles northeast of Essen.

4. According to his estimates, Dr. von den Porten maintains that the Germans have about 43,000,000 to 46,000,000 tons of steel. Of these, 8 are Swedish, 12 are French, 4 are Belgium, and 6 are Austrian and Polish. There are probably another 10,000,000 tons extra from scrap in other countries, making a total of some 53,000,000 tons.

5. According to him, the Germans have from 12 to 13,000,000 tons of oil including all occupied territory. Russia has 31,000,000 tons. Three and one-fourth million tons of their oil is near Rostov, so if the Germans get this city, they will be in a very strong position.

6. Germany's copper supply is as follows:

Germany	32,000
Yugoslavia	45,000
Sweden and Norway	15,000
Poland, Austria and Bulgaria	15,000
Spain	25,000
Turkey	8,000
Total	<u>140,000</u> tons

They can mobilize perhaps 300,000 to 500,000 tons more of scrap. There are about 1,000,000 tons in the reserve in all occupied territories counting all scrap possible. They have used up 260,000 tons in the last war in a year and they're using now not much more than 350,000 to 400,000 tons yearly.

7. Substitutes in Germany.

(a) Some of their substitutes are aluminum, zinc, and even iron. In some cases they used iron for electric conducting lines. In order to buy copper they had a government corporation, which would buy above the selling price. Their job was to buy, transport, and develop all copper which could be gotten through normal channels and to distribute same. Copper in the last war was even brought in submarines and smuggled in other manufactured articles. They brought as high as \$1 a pound, if necessary. The normal price was \$.20 a pound. Money never played a role. They took the lamps, church bells, pots and pans, as they were preparing for a long war and had stocks when the war was over of great amounts.

8. (b) Nickel, tin, tungsten, vanadium and molybdenum were practically impossible to get. They substituted for tungsten a mixture of vanadium and molybdenum; for tin they substituted lead, calcium, and lithium. It proved so good that the railroads used it after the war.

ALFRED BERGMAN,
Consultant.

Exhibit F

Interview with Dr. Felix Somary

Washington, D. C.

June 21, 1942

Former Swiss Financial Advisor to the Swiss Government and Important Swiss Banker and Economist. One of the best informed men on political and economical matters available in the country.

GERMAN METHODS OF ALLOCATING RAW MATERIALS

I. The Historical Development

1. The present system of allocation in Germany has tie roots in the currency troubles of 1934, which caused imports to be subject to licensing. As a matter of fact, an indirect system of import control through exchange control and devisen quotas had been established under the impact of Great Depression as early as 1931. With the breakdown of German exports and the rise of an unfavorable balance of trade, purely monetary control proved ineffective. Therefore, in fall, 1934, a priority system was introduced in order to restrict imports in accordance with the Hitler program for expanding specific sectors of domestic production, especially the armament sector.

Special agencies, later on called "Reichsstellen," were charged with the control of particular groups of commodities. Eleven in the beginning, they expanded eventually to thirty-one, embracing metals, cotton, wool, leather, rubber, asbestos, etc. Thus import control was organized in accordance with the basic material used, establishing the general pattern of future production control: from the supply of raw materials through the manufacturing process to consumption.

2. The next step was taken quickly. The control agencies were entrusted with licensing also the purchase of domestic raw materials. Different methods were applied. In some cases each individual purchase was licensed; in others, general licenses were granted for a basic quota

beyond which again special licenses had to be applied for. Computation of the quotas also followed different standards, and even the terminology varied with the different agencies.

Here we have an important characteristic of the German system of allocation. With the exception of only four agencies which form part of the "German Agricultural Estate" (Reichsnachstand), the control agencies are subordinated to the Reich's Ministry of Economic Affairs (Reichswirtschaftsministerium). But they are quite free to adjust their methods of control to the peculiarities of the different industries. Through difficult to survey theoretically, these organizations are highly flexible and adaptable in practice.

3. Import and purchasing licenses were followed by inventory regulations. The firms were enjoined to introduce inventory bookkeeping, and not to increase their stocks beyond a maximum which fluctuated from time to time and from industry to industry. Whenever stocks exceeded the maximum allowed, purchase licenses were denied until the surplus was used up, or the excess had to be disposed of within an appointed time.

4. Purchase licenses did not work within vertically organized enterprises which processed their own raw materials. To cover such cases processing licenses were introduced which incidentally enhanced the use of domestic raw materials. Thus hemp and flax were subject to purchase licenses only while jute required both an import and a processing license. By allotting smaller or larger amounts, industry could be induced to mix German fibers with imported material, without the Government's resorting to compulsory admixture. In some cases a larger import quota was granted as a premium for a high percentage admixture of domestic raw material. They were, however, also cases of

compulsory admixture decreed by the control agencies, such as, e.g., admixture of alcohol to mineral oil motor fuels.

5. Processing licenses and compulsory admixture constituted real encroachments upon the manufacturing process. So did the restrictions and prohibitions in the use or manufacture of certain goods, the number of which increased considerably as time went on, particularly after the outbreak of the war. Their common purpose is to prevent the use of war materials of military importance for the manufacturing of unimportant goods. In other instances the same aim was attained by compulsory standardization (e.g., cans, stationery).

6. The counterpart to prohibition is compulsory production. Thus as early as in November 1936, the control agency for bast fibre (Bast-facern) flax, hemp, and jute ruled that part of the raw material was to be used for the production of agricultural binding thread (Ernte-Bindegarn).

7. During the last two years preceding the war, full employment was attained in Germany. Thereafter, and particularly after the outbreak of the war, the utmost economy in the use of all the other factors of production besides raw materials became imperative; however, new standards of urgency for their optimum distribution had to be established. Since the price mechanism had been practically eliminated as a means of regulation since 1936 orders were from now on restricted by direct intervention.

On the one hand, aggregate demand was subdivided according to degrees of "urgency." Orders for which the qualification "urgent" or often even "very urgent" was denied had little or no chance to be filled. On the other hand, demand was rationed in every stage with the purpose

of balancing consumption with production quotas. Eventually, both methods were combined; i.e., a general scale of urgency was established within the framework of raw material allocation. Here again individual methods were developed for each group of commodities to be modified according to experience.

II. Representative Types of Allocation

Out of the many methods of allocation the four most important types are now to be analyzed in some detail.

1. The control agency fixes the raw material allocation to the processing plant according to its former purchases. The plant rations its customers who in their turn fix the quotas for the following stages of production according to former deliveries. This method was originally used on a large scale and worked very satisfactorily in a number of industries.

One instance is the tobacco industry. The cigarette and cigar plants are being granted tobacco allotments which represent quotas of their purchases during some pre-war period. They on their part allocate their output to the cigar stores which, until recently, provided their customers according to their stock in using their own judgment. Early in 1942, however, tobacco rationing for the final consumer had to be introduced. One of the reasons for the tobacco restrictions for civilians is the large demand of the armed forces that enjoy an unquestioned priority. One can therefore say that the method of allocation described is based on some sort of "urgency scale."

Since the outbreak of the war, a similar method has been introduced in the coal trade for domestic consumption. The home consumers have to enter their names on the customer lists of their coal dealers.

They are supported according to their consumption during a certain pre-war period. The quota actually allotted to them depends, however, entirely on the amount of coal shipped from the mining districts to their particular community. If the regional supply is satisfactory, the population receives a large quota of their former purchases. When transportation difficulties arise, the coal consumers must be content with a low quota.

In other sections of industry the same principle proved not flexible enough. In the leather industry, up to the middle of 1940, the manufacturer (whose hide supply is subject to Government allocations) provided the leather processing industry in proportion to their former orders. Thus every processing plant was made to buy from the source of supply from which it had bought during the period of reference. This dependency often caused serious friction. Furthermore, during the war many leather manufactureres had curtailed their assortment. But a processing plant which depended on a particular material no longer produced by its former suppliers was not able to buy from another source.

The principle was a complete failure in the armament industry, since it restricted orders to the range of firms which commanded sufficiently high allocations. As rearmament proceeded, firms of military importance outgrew their allocations based on some period of reference, and the firms working for civilian consumption had to contract accordingly.

Gradually the reverse method prevailed; instead of the order following the allocation, the allocation now followed the order, and the order was given to those plants which commanded the necessary labor and equipment. Thus the standard of past turnover was replaced by the principle of allocating raw materials according to current demands of recognized urgency.

2. The control agency examines each individual order. Approval includes the permission to use an adequate amount of raw materials. In this group falls the so-called code number method (Kennziffer-System), introduced in the iron industry in 1937, in the textile industry in 1939.

The manufacturer who receives an order applies for a code number. If the matter is urgent, according to the affidavit of the customer, it will be recognized as a code number order, or even an urgent code number order. The control agency is guided in its judgment by priority lists.

In the textile industry; e.g., this list establishes the following sequence: supply for the field army, and for other public necessities (Government agencies, hospitals), for technical demand of military importance (driving bolts, filter material, etc.) for export demand, for vital necessities (clothing), and for other needs. Code numbers authorize the manufacturer to use stocks and to buy raw materials. They bind him, on the other hand, to give preference to such orders. Orders for which no code numbers can be obtained are not illegal, but have little chance of being filled in view of the prevailing shortages.

In the bottle glass industry a similar control was introduced in the middle of 1940. This industry then faced a vast and urgent demand of bottles for the army. The following sequence was fixed for the execution of orders: first of all, the armed forces, then export, then army reserve. In this instance export was considered more urgent than part of the Wehrmacht orders. At the bottom of the list is civilian demand, designated as "other supplies." All deliveries except those for field army are subject to license. The power to issue such licenses was delegated to the Hollow Glass Ware Syndicate (Hohlglas-Kertell).

In the rubber industry the distinction between urgent and less urgent demand ("Dringlichkeitsplanung") was left to the judgement of the individual manufacturer. Because of the multiplicity of rubber articles, governmental allocations were confined to auto tires and driving belts, both subject to licenses, and to a number of unimportant articles the manufacturing of which was practically prohibited. The manufacturer on whom the responsibility rests for all the other rubber articles is bound to check carefully whether his customers use them for vital demands only, keep no excessive stocks, are unable to replace them by substitutes, etc.

3. The Government agency grants allocations to consumer groups, and the orders covered by the allocation are executed according to their urgency.

In the iron industry the code number method, described sub 2, has been combined with the so-called method of "beneficiaries of allocations" (Kontingentsstraeger-System). Here two classes of beneficiaries have been created. One class comprises the large official contractors, such as the Wehrmacht, the Party, Labor Service (Arbeitsdienst), the Minister of Transportation as representative of the Government-owned railroads and waterways, the Inspector General for the German Public Highways as administrator of the auto road system (Autobahnen). To each of these beneficiaries a certain iron quota was allotted for an extended period of time.

The other class comprises the iron consumers who produce for the free market. There new problems arose. In the beginning e.g., the iron and steel allotment for civilian consumption were administered by the industry. Later on it was transferred to the dealers because the industry looked familiarly with the needs of the consumers. Here, too, the sequence of the execution of the order depends upon the code number

granted. Aside from the allocations for the free market (domestic and foreign) the industry disposes of special allocations for maintenance and renewal.

Considering the size and urgency of the demand for iron products, the method described was too rigid. Orders piled up, resulting in even longer term for delivery. Therefore, in 1939, it was decreed that any orders had to be rejected which might disturb the normal sequence of the execution. However, if the beneficiary of an allocation insists on his order being carried out, the control agencies have to find a compromise as to the sequence in which the orders should be executed.

In the building trade, too, the method of "beneficiaries of allocations" has been introduced. There, however, the Administrator for the Building Trade decreed that licenses for all building materials required by the builder had to be issued by one and the same agency. In this case a difficulty has been overcome which has proved rather troublesome in other trades; the necessity of granting to the entrepreneur all the materials he needs at one time.

4. The control agency fixes the allocations for the entire demand in proportion to the entire production. The purchase licenses granted to any consumer serve to the purveyors as a basis for their own supply.

In a rough way this method has been used in the Jute industry as early as 1934. A mill requiring jute sacks had to apply for a license (Bedarfsdeckungsschein). The license was granted if the demand was considered justified and if the processing allocation fixed for the jute plants was not yet exhausted. The jute weaving mill which received the order covered by the license executed the order according to the number of the license, except for orders marked "urgent" which were given preference. If the weaving mill wished to buy jute yarn, it sent the

license on to the spinning mill. The spinning mill had to return the license to the control agency where it was checked, and that not only for the amount of material consumed but also for the prices paid. Weaving and spinning mills had to mark their prices on the license.

After the outbreak of the war this method was introduced in a number of consumer goods industries, often modified with regard to technical details. The way it was used in the soap industry was rather simple. In August, 1939, soap rationing cards were issued. The soap merchant now gathers the rationing card coupons of his customers and delivers them to the "Wirtschaftsaemter," the lowest local branches of the Reich's Ministry of Economic Affairs. Thereupon the storekeeper received a retail license (Sammelbezugschein) from the Wirtschaftsamt authorizing him to purchase from the wholesaler an amount corresponding to the coupons delivered. The wholesaler exchanges the retail licenses received from the storekeepers for a wholesale license (Grossbezugschein) which authorizes him to buy merchandise from the soap factory. Of course, the condition for the success of this method of allocation is that the soap production does not fall short of the aggregate quantity represented by all the coupons gathered in.

In the shoe trade a method has been found which even allows for a temporary disproportion between production and consumer allocations. The shoe retailers exchange the consumer coupons (Bezugscheine) for purchase licenses (Bestellscheine). Since during the first months of the war the retailers kept comparatively large stocks more coupons were delivered than purchase licenses could be granted considering the shrinking production. Therefore, the purchase licenses available were distributed in proportion to the consumers' coupons delivered by the retailers.

For the distribution of typewriters a slightly different method

is used. The rationing card (Bezugsschein) for typewriters consist of one section containing the name of the consumer and of a coupon which the dealer has to give to the manufacturer in order to replenish his stock. Since the coupon does not show the consumer's name, the dealer need not be afraid that the manufacturer directly contact the consumer (practically no others than Government agencies and firms) for future orders.

4 In the clothing trade the method described has been highly perfected. A shortlived experiment with consumer licenses (Bezugsscheine) proved a failure, and today only shoes, winter overcoats, and professional uniforms are subject to licenses. For all other clothing the clothing rationing card (Kleiderkarte) was introduced toward the end of 1939. The Government computed the amount of textile available for one year (the term of the First Clothing Rationing Card) and divided this figure by the population. The quantity of textiles available for every adult rationing card holder was made equivalent to one hundred "points" for which the coupons of one rationing card were made out. A list was printed on every card showing the number of points to be cut off for each sort of wearing apparel. Whoever bought a man's suit had to surrender sixty points, the equivalent of a man's shirt was twenty points, that of a tie only a few points, etc. Within the framework of one hundred points the consumer was free to choose whatever he needed most urgently.

This method has several advantages. On the one hand, it controls consumption. When the first clothing rationing card was introduced, white goods were more scarce than clothing material. Consequently, a shirt "cost" as much as one third of a suit although the material needed for a shirt weighs much less than a third of that needed for a suit. When towards the end of 1940 the Second Clothing Rationing Card was

distributed, the supply situation had changed and during its term white goods "cost" much fewer points.

Furthermore, the consumer can be diverted from scarce materials to substitutes. For instance, for a woolen product many more points have to be surrendered than for a similar article made of rayon, in some instances almost twice as many.

At the same time, this point method serves as a supply basis for the dealers. The retailer sends the coupons detached from the clothing rationing cards of his customers to a sort of regional "point clearing agency" (Punktverrechnungstelle). This agency credits his point account with the amount of points surrendered. The retailer is not bound to buy from the wholesaler who supplied him during a certain period of reference, but is free—at least theoretically—to buy from any contractor he may choose. The retailer giving an order to the wholesaler makes out a "point check" on the amount of points equivalent to the merchandise in question and has this check certified by the clearing agency. It is in his interest to make sure that he remains "liquid" regarding his point account. The wholesaler after having received this check transmits it to his point clearing agency. Thereupon the point account of the wholesaler will be credited, that of the retailer charged. The procedure is repeated when the wholesaler buys from the manufacturer. However, the "point method" is not applied beyond the clothing manufacturer; for transactions between spinning mill, weaving mill, and clothing factory, the code number method as described above is in use. In 1940 the point method was temporarily introduced in the coat trade, but did not turn out well.

III. Allocation as an Instrument of General Economic Control

Allocation of raw materials is only one of many instruments of economic control in the National Socialist State. Its implications are, however, very wide. No enterprise can be started without the Government's granting allocations; no firm can expand without the concession of more raw and auxiliary materials. By cancelling or curtailing allocations, an enterprise may be compelled to shut down. Thus the control of raw material supply operates as an indirect method of investment control. The fact that it extends into production control has been shown above. The following example shows that allocation decrees can also serve the purpose of price control.

In April 1941, the Reich's Minister of Economic Affairs introduced a decree concerning the manufacture of standard goods in the textile industry. The purpose of this measure was to provide the masses of the population with work clothes of good quality but without expensive trimmings. The Administrator for the Textile Industry was, therefore, empowered to standardize certain articles, first of all, mechanics' work clothes, flannel shirts, and smocks.

The new idea is that standardization has been made comprehensive, beginning with the thread, and that the Government grants allocations only to those firms which submit to its calculation. It fixes maximum prices for the fabrics used for these articles; only weaving mills ready to sell at or even below these prices are granted yarn allocations. Likewise, the fabrics are made available only to those finishing plants that are ready to refine it at maximum rates. That stands, too, for clothing factories and linen mills provided the material is not sold by the yard.

5

IV. Problems of Administration

1. The examples quoted from different industries have confirmed the principle of decentralization stated at the beginning. The Reich's Ministry of Economic Affairs leaves free scope of action to the control agencies (Reichsstellen). This applies even to their budgets, since the "Reichsstellen" are entitled to cover their expenses by fees.

In accordance with the judgment of the "Reichsstellen", some markets were controlled early while others came in only comparatively late. Some trades are rigidly controlled, others rather loosely. An industry composed of thousands of firms is directed by general regulations published in the Official Gazette (Reichsanzeiger). Another one comprising only a few enterprises or even united in a syndicate may be controlled behind closed doors, the control agencies not being bound to publish their decisions.

With the war approaching, the tasks of the control agencies become even more comprehensive. This changed the general direction from the prescription of abstract rules to the concrete administration of individual firms, a development which made for further decentralization.

2. A number of "Reichsstellen" established so-called distribution agencies (Verteilungstellen). To adjust these organizations to the peculiarities of the different trades, as a rule, the industrial associations and cartels were entrusted with this task.

In the textile industry fourteen such distributive agencies were established. The twelve distributive agencies of the coal industry are in personal union with the twelve coal and coke syndicates; the seven distributive agencies for the paper trade with the cartels and syndicates of that trade. The cartel of the battery and anode

battery industry has also been made a distributive agency. These organizations have little in common with the traditional cartel, since they have stripped of all functions relating to price policy. On the other hand, they control and supervise every detail of production and distribution.

3. It may be asked how, within such a widely decentralized administration, coordination is assured. The most important "synchronizing" factor is the "Landeswirtschaftsaemter", regional departments of the Reich's Ministry of Economic Affairs. They are well acquainted with the individual firms of their district and are kept informed of important changes in the allocation of raw materials. They are concerned with the coordination of raw material and of labor allocation, and also with the solution of transport problems, etc. Besides these are special Government Commissioners entrusted with the task of ironing out differences of opinion among Government agencies and between them and industrial associations.

Exhibit C

Interview with Dr. Albert Frank,
June 26, 1942
Navarre Hotel, New York City,
Former Director, Bayerische Stick Stoff Ges., Munich.

1. This company manufactured nitrate acid and TNT and other explosives, as well as fertilizers.
2. The most important factor in the German total economy, as far as the industrialist was concerned, was that nothing was done to hinder the industrialists in the war development.
3. Industry was organized in associations long before the first war, and two days after the first war started the leading people in industry were called together and they were told what to do and how to do it. They did not fear that anything would happen to them if they worked together. This peacetime organization of the association of industry was one of Germany's strongest advantages and played almost as important a role, according to Dr. Frank, as the actual fighting machine.
4. Industry under the Nazis had every advantage. Any amount of money needed was allotted to invest. Industry was subsidized by the government in every extent as far as war matters were concerned. Through allocations and having a party member as chairman of the association, the Nazis were able to control industry 100 per cent, which is a war measure of great value. Often the heads of these industries became Army and Navy officials, usually party members.

SYNTHETIC RUBBER

1. Dr. Albert Frank is very well informed on synthetic rubber, as his family as well as himself have been interested indirectly and directly in this matter for years. Synthetic rubber was first attempted to be made about

1905 in Sweden or Russia. However, only in 1912 were some quantities produced. The I. G. made the first synthetic rubber experiments, and storage batteries of hard synthetic rubber were used in submarines in 1912. The first tires made of artificial and real rubber appeared about 1926 to 1929, but they were not very successful. The I. G. had three plants - one at Ludwigshofen, one at Hochst/n, and another at Leverkusen near Alberfeld. All of these were pilot plants. Leverkusen had a capacity of 100 tons monthly which was in operation in 1936.

2. In 1936 the first synthetic rubber was allotted to industry. Hitler was present at a meeting in 1936 of the rubber industry to inspect synthetic rubber. Goering, at this meeting, stated that synthetic rubber was now an established success and Goering told Hitler what the industry had done and could do. At this meeting all rubber companies were given synthetic rubber and told to experiment with it and then report in a month or two, which they did.

a. Some were very successful in their experiments.

b. Some were not successful.

c. All had to exchange their experiences and no secrets were allowed. Those who were successful received not only their own profits but the licenses from the profits given to other companies. Often technical aid was exchanged by the order of the government.

d. At this time, it was decided that the synthetic rubber had to be ready by all companies at a certain time and under certain conditions and this limit had to be kept by the industry.

3. At the same time in 1936 a new system was set up which is very important in Germany so that all essential war production as far as raw materials were divided into three parts:

- a. In the area within a radius of 150 kilometers of Berlin industry was asked to develop all its needs for war time.
- b. The next area was within a radius of 300 kilometers of Berlin. In other words the area between 150 kilometers and 300 kilometers from Berlin was the second one.
- c. Everything over 300 kilometers was the third area. It was stated that in each of these areas needs for all manufacturing should be provided including synthetic rubber.

4. The plan, however, as far as power was concerned was different, as power was established along the following lines and had one control even before this division of the country and afterwards.

- a. Water power came from the following places: - German Alps; Lignite around Leipzig; Ruhr coal from the Ruhr, later Saar black coal; lignite brown coal from the Rhineland from upper Silesia, black coal.
- b. The following water powers have been added with Germany's conquering of Europe: The French Alps, the Austrian Alps, and the Italian Alps have all furnished waterpower for Germany, making her position in this respect tremendous.

Although these power companies are sometimes owned by private companies and some of them belong to the state, they are all under one central government control. There is no secrecy here, either, as the government sees that all information on water goes to the central power.

5. At the meeting in 1936 it was decided to build three rubber plants. The first one was proposed to have production by the end of 1937. It was a pilot plant of about 2,000 tons monthly and was located at Schkopau between Halle and Merseburg but it took 18 months instead of 10 months before the first rubber was produced.

6. In July 1938, 1,200,000 marks was allotted by I. G. to the Bayerische Stick Stoff for four carbide furnaces to be built for the rubber companies. About 2,000 tons monthly was produced from the first plant beginning October, 1938. The second plant at Frankfurt was not built because of ^{the} lack of materials in that area. Instead of the second plant at Frankfurt being developed, the first plant was enlarged more than 50% and probably produced over 40,000 tons yearly. The third plant was at Huls and was to produce 2,000 tons monthly or 24,000 tons yearly.

7. The full capacity of all Germany was 60 - 70 tons annually.

8. In the years before the war about 100,000 tons yearly were brought in at any price but in reality the Germans did not buy at very high prices because rubber was cheap during those years and the cost was 6 - 7 - 8¢ per pound. The price of artificial rubber when it first came out was about 5 marks a kilogram; later it went down to 2 - 3 marks. This meant about 50 - 60¢ per pound. However, that played no role, as labor, according to the Germans and paid in marks, costs them very little.

9. The German rubber was made of acetylin and this is the only experience they had in building synthetic rubber. The price of building the Schkopu plant was supposed to be, including the power plant, 72,000,000 marks or \$28,000,000. The tires made of acetylin in 1938 were satisfactory; they went about 10,000 miles on light cars.

10. The Germans mixed synthetic rubber with scrap very well from the information known to Dr. Frank. To use synthetic rubber, nearly all machinery had to be changed, as the natural rubber machines could not be used without some important adaptations.

11. Important: 25 - 30% carbon black was used in the synthetic rubber production, but no carbon black was available.

Therefore, in 1936, synthetic carbon black plants were built and were very successful. Dr. Frank is well posted on these plants as his company had to do directly with it and he can give us much information on this matter. These carbon black plants which are so important to the whole synthetic rubber situation of Germany are within easy bombing range of England. One is at Dortmund and the other at Neus. The exact location can be had through Dr. Frank. The third one is in Rumania. If they were destroyed, the whole synthetic rubber situation in Germany would be finished.

12. It is interesting to know that Dr. Frank's information states that all workmen and engineers had to work on machines producing war material for years before the war for at least 2 hours a day, so that when the soldiers marched to war, the workmen were actually marched to their machines.

1. In reference to the rubber situation, I also visited Dr. Mueller, who has been in Germany since 1935 and who is now with the Acetyline Company. He gave me the following information. I do not consider his information anything in value compared to that of Dr. Frank. He claims the following:

- a. That in 1925 the price of rubber went down so far that work on synthetic rubber in Germany was stopped.
- b. Later they took up this work, with the hope that synthetic rubber would be so strong that it would last at least double the life of normal rubber and therefore they could get a high price for sale. I do not think this is the theory of the Germans, as they were determined to make synthetic rubber at any price in order to be independent in case of war.

2. However, Dr. Mueller brought out one important point - that synthetic rubber is a very difficult thing to develop. From the German's experience, the

Buna must be uniform in quality and material in every respect and the same Buna from the same producing company must be given to the rubber company receiving it continuously. If they receive Buna from various sources there will be a catastrophe, as the uniformity plays such an important role.

3. Important: In closing, I think that the most important thing I found was that although the Germans permitted the very splendid chemical company the I. G., to handle the development of their synthetic rubber, and only this company, they had a great deal of trouble in getting uniformity of their synthetic rubber. I believe this is a warning to us, as we may find some serious headaches in having various companies develop synthetic rubber. The advice given above may be helpful.

4. I am getting further information on the rubber situation from one of the leading French representatives in this country who knows that situation well.

ALFRED BERGMAN
Consultant.

ABERGMAN - ia.

EXHIBIT H
| Extract from Report

Conference with Mr. Eric Albright, formerly with the American Embassy in Berlin, gave me the following information among other information which I am writing up shortly. I am giving you this as it confirms everything else in regard to the industrial organization in Germany called the Reich Verbant Deutch Industry. Mr. Albright says the following:

(1) Organization of Industry, Finance, and Merchandising.

(a) All manufacturers must be members of industrial associations.

(b) These associations exercise regulative power over their members.

(c) They are completely controlled by the government and, since the beginning of the war, can be turned into outright government agencies under a government commissioner.

(d) There exists a central organization at Berlin, the Reich Industry Group, which was, before the war, well organized (i) This group is divided into economic groups for the following industries:

Mining	Optical and Precision Instrument Industry
Iron Producing	Metal Products
Iron Casting	Ceramics and Glass
Iron Construction	Building Industry
Machine Building	Woodworking Industry
Automotive Industry	Chemical Industry
Electrical Industry	Paper Industry
Airplane Industry	Paper Using Industry

Each of these economic groups has its own large offices and is subdivided into specialty groups for particular industries like Agricultural Machinery, and if necessary, into sub-specialty groups like Harvesting Machinery.

(e) This unbelievably complex organization carries the principal burden in administering Germany's war economy.

- a. Firms joining the group must be suited to their specialty.
- b. Very often, these specialty groups are also regionally sub-divided. For example, a manufacturer of harvesting machines would belong to the Ruhr District specialty group of Harvesting

within the Economic Group of Machine Building which again is a member of a Central organization, the Reich Industry Group.

(f) These associations distribute priorities and allocate production capacities among their members. Advise the raw material control bureau and the allocation of raw materials, advise the Price Commissioner on prices and what is most important, disseminate all vital information on production, exports, raw material, supply, etc. to their members.

(g) One of the most important functions of these industrial associations is the building up of funds for export subsidies. Certain associations collected a tax ranging from 2.5 to 8% of all domestic sales receipts, levied on all members and distributed the proceeds among those members engaged in the export business.

(h) Central organizations similar to the associations of industry have been built up in the fields of utilities, banking insurance, wholesaling and retailing. They

(i) They are also subdivided into specialities and are under the final control of the Ministry of Economics:

(i) Reich Utilities Group:

Electricity Production Group (Under a Commissioner)**

Gas and Water production Group (Under a Commissioner)

Special Commissioners of the Ministry of Economics were appointed for the steel, automotive and a number of other important industries. The Commissioners, in collaboration with the associations, regulate priorities and production capacities.

**Appointed by the Minister of Economy because of special priority difficulties.

(j) Reich Banking Group

Private Banks Group

Public Banks Group

Savings Banks Group

Credit Cooperatives Group

Credit Institutions of all kinds.

Group	(Wholesale and Retail)
Iron	Glass and Ceramics
Optical Goods	Leather Goods
Jewelry	Ship Equipment
	and about 25 others

Very important without these organizations, the war economy of Germany would have been helpless. It is impossible to exaggerate their vast importance. The mere fact that industry is grouped makes it possible for the government to actually get results through these organizations. The government can merge groups or parts of groups into a compulsory or "voluntary" cartel (Pflichtgemeinschaft) to undertake any project desired by the government. For instance, a lignite producer was joined by a decree in the manufacture of synthetic gasoline, which the cartel members had to finance themselves. Export groups with common warehouses and sales organizations abroad were similarly organized.

(k) It is difficult to see how any war economy can get along without having had at least the skeleton of such an organization which can be filled out after M-Day. No effective control can be achieved without the cooperation of industrial associations, which allow for the following possibilities:

- (1) Formation of committees for the elimination of duplication among industrial associations.
- (2) Establishment of media through which the dissemination of defense information can be effected.
- (3) Planning for the effective grouping of industries for war needs.
- (4) Eliminating unnecessary business.

ALFRED BERGMAN,
Consultant.

100

August 3, 1942

Dear Mr. Baruch:

This is a business venture which Roger Derby is undertaking, but it is in the interest of the people in Harlem, and I think it might prove helpful.

I should be happy if you could find the time to talk to him and give him any advice which you feel able to give.

Affectionately,

0

Mr. Bernard Baruch
597 Madison Avenue, NYC

Let. July 29 from Roger Derby enclosing description of set up and names of persons interested in Harlem Cooperative Mfg. Co.

100
August 8, 1942

Dear Mr. Baruch:

I am sending you these papers which were left with me by Mr. Bergman, who is now attached to the Army and is in Washington. I have seen him before and he has given me fairly accurate information in the past.

I thought you ought to have a chance to go over this material before I give it to Franklin, not just from the rubber angle, but from the angle of the whole thing.

He gives the list of names of the Jewish refugees who are in this country and who held positions of responsibility in the German situation until their exile.

Perhaps you will be willing to see Mr. Bergman when you are in Washington. He is staying at the Mayflower Hotel. I understand that Mr. Ickes spoke to you about seeing him.

Affectionately,

ack
8/12/42
BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK

Thank him for seeing
let. 13. & say how that if
intended to see him in
Washington, D. C.
August 12, 1942. *Lettered*

My dear Mrs. Roosevelt:

I have received your letter of August 8th, *that's fine*
and the papers by Mr. Bergman which you enclosed. *John*
I thank you for the helpfulness that prompted you to *write to me.*
write to me. *how*

I have already met Mr. Bergman and I intend
to see him again in the next few days. I am familiar,
in general, with the information he laid before you.
It is known, too, to the Army and to the Navy, and
others who, like myself, have preached industrial
war preparedness ever since the World War. I am
astonished that he seems unaware of what we did and
what we are now trying to do.

Mr. Bergman seems to have a good idea of
what the Germans have done. But he does not appear
to know that we have in this country men who know that
system Germany says she "conscientiously copied from
our (American) industrial mobilization plan."

I find among the names mentioned as the
authors of the German plan at least one, - and I
think there are several more, - who was sent over
by the German government to study our system of
industrial mobilization. They took it back and used
what we had invented.

In the early part of 1941 some of those
German officers who had been here wrote to American
Army officers that "they were using our system which
Americans were carefully not using" and wondered why
we were not using it.

I have advanced plans and lectured since the
World War to help build the plan that is practically
the same system which the Germans have set up. You
will recall many of my advocacies as to price regulation
but perhaps you are not so familiar with industrial
mobilization.

I am not saying that we will not learn anything from what the Germans have done. I am only saying that the Army and the Navy are familiar with it. General Somervell only recently endeavored to get a reorganization along those lines. I believe that a faulty organization has had much to do with the failure to control inflation and with the bad distribution of materials which now is closing our factories. We have not organized to get the best out of production nor have we simplified or standardized practices that would give us more war materials and give the necessary items to our civilians.

I have studied these things for a lifetime and they have been near to my heart, but the greatest failure has been myself who has been unable to convince my fellow Americans of the need of out-generalling the Germans on the economic front.

However, this letter is already too long.

Sincerely yours, *raffly*

Bernard M. Baruch

Mrs. Franklin D. Roosevelt,
The White House,
Washington, D. C.

P. S. In his memoirs Field Marshal Von Hindenburg said of the participation of American industry in the World War:

"Her brilliant, if pitiless, war industry had entered the service of patriotism and had not failed it. Under the compulsion of military necessity a ruthless autocracy was at work and rightly, even in this land at the portals of which the Statue of Liberty flashes its blinding light across the seas. They understood war."

100
✓
August 17, 1942.

Dear Mr. Baruch:

Thank you so much for seeing
Mr. Bergman. Now that I have turned
this over to you, I am satisfied that
if Mr. Bergman has anything to contribute
he will be able to do so.

affectionately,

Fred K. Beach.

Mr. Bernard M. Baruch
597 Madison Avenue
New York, New York.

VDS

100
September 17, 1942

Dear Mr. Baruch:

I was sorry to miss seeing you this week, and I hope that your not being here means that you had a few days of peace and quiet.

If you are going to be in Washington on Tuesday, September 22nd, I hope very much you will lunch with me at one o'clock at the White House as I have much to talk to you about.

In the meantime, I was told that in New Londen, in a plant which makes electric parts, they now have 12,000 employees where they formerly had 3,000. The workers themselves are saying that they produce less with this tremendous increase in the number of employees; that they are falling all over each other and that many of the young men could well be in the Armed Forces. I am wondering whether after a plant has started to function, the government sends anyone to find out what is going on. I do not of course, know how accurate this report is, but any stories like that which are circulated, are very bad and should be investigated. I heard it from a very reliable person.

I shall look forward to seeing you.

Affectionately,

December 4, 1942

Dear Mr. Baruch:

^{Frank C.} I hate to take up your time, but Mr. Foster is really a fine person with a desire to serve the mountain area in which his college is situated. It is a poor school which has served the poorer people for a long time. It was supported by the Presbyterian church for a long time, and now he is trying to make it non-sectarian.

I think this college may do some good for the mountain people, but I think it is something which should be of interest primarily to the people living in North and South Carolina who know the conditions and can be really helpful.

I hope if you are willing to talk to Mr. Foster, and were interested, you could put him in touch with Mrs. Luce or any others who could be helpful.

Mr. Foster's address until Monday is:

Mr. Frank C. Foster
St. George Hotel

and if you decide you can see him, I hope you will let him know.

Affectionately,

THE WHITE HOUSE
WASHINGTON

met 2/26

Dec. 16.

Miss Thompson:

Mr. Haruch called - he will
be in town until Sunday and would like
to see Mrs. Roosevelt.

MTV

Sunday 2:30 ?

THE WHITE HOUSE
WASHINGTON

December 17, 1942

MEMO FOR MR. CRM: 100
MRS. HEIM:
MR. TOLLEY:
MISS THOMPSON: ✓

Mrs. Roosevelt will see
Dec. 18
Mr. Baruch on Friday/ at 2 :30 p.m.

M.T.L.

Jrb

The
Washington

DEC 22 11 42 AM 1942

WB22 14

NEWYORK NY DEC 22 1103A

MRS ELEANOR ROOSEVELT

WHITEHOUSE

BELIEVE IT WOULD BE A MISTAKE TO UNDERTAKE NOW MATTER

WE DISCUSSED LETTER FOLLOWS

B M BARUCH.

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK

December 22, 1942.

My dear Mrs. Roosevelt:

I telegraphed you this morning, both to the White House and to Washington Square, that I could not advise you to go ahead with the matter of bringing young women's minds to bear upon the peace problem.

From now on women are going to play a greater part in war activities. If the program for a large army goes through and we have to produce all the necessary things for the army, ourselves and lend lease requirements, we are going to need women for all that work.

Then, when we commence to talk about educating people for peace - what peace? Then we will get into discussions with the English, and perhaps the Russians and the Chinese and other people, before we have won the war. This might drive wedges between all of us.

Anyhow that is the way it lies in my mind.

Sincerely yours,

Bernard M. Baruch

Mrs. Franklin D. Roosevelt,
The White House,
Washington, D. C.

December 26, 1942

Dear Mr. Baruch:

The lovely little box you brought me is still a joy and I just like to hold it in my hand. I found the most wonderful box of jars with your card among my Christmas presents. They look like the most delicious preserved fruit and I know that both Franklin and I are going to enjoy them very much. You should not have sent us two gifts, but I imagine you knew that these would add very much to the President's pleasure as well as to mine.

I got your telegram and your letter. I am a little confused by your letter, because, while I agree with you that we are going to use women in many cases in which we have not used them before, I do not think we are going to use them to the same extent that they have been used in Great Britain, nor do I think they are going to work under the same conditions. I do think they will have to be trained and be more conscious of their responsibility as citizens, because they will not have what the British have had in the way of pressure of invasion which has made the British women conscious of a great many things and has brought about a unity which we do not have at the present time.

I can not feel that one can do no education for peace simply because one does not know what the terms of that peace are going to be. Are we going to wait until the war is over before we attempt to show

to our young women that they are going to have a responsibility for the world situation and that they ought to know something about it? If so, we are going to have some very indifferent young women who are going to want washing machines and not world peace. I can find many plain and simple things which both Madame Chiang and I can say to young people and to women, and I think they should be said, in order to cement friendships between us, so that when details turn up later on we will have a basis of broad agreement which will keep us from being driven about. Otherwise, we will be driven about.

I think I shall probably follow your advice and say that I doubt if we can raise enough money to keep the International Student Service going in the way it has been going. I am not quite sure that I am willing to let it completely die, because I think it has an important function now and will be more important later on.

I should like to talk to you again about this whole question some time.

With many thanks again for your Christmas thoughts,

Affectionately,

Mr. Bernard Baruch
597 Madison Avenue, NYC

January 11, 1943

Dear Mr. Baruch:

I am sending you an excerpt from a letter which a friend of mine sent me. I do not know that you will want to do anything about it, but these stories do not help, whether they are true or not.

Affectionately,

Mr. Bernard Baruch
597 Madison Avenue
New York, New York

6-10-45

MRS. F. L. DEMPSEY
11823 Detroit Avenue
Lakewood, Ohio

Feb. 22nd. '47.

My dear Mrs. Roosevelt:-

During the past week end on a visit to Columbus Ohio I heard many things which prompt me to write this letter to you. In the interest of production I believe you are the very person to make a surprise visit to the Curtiss-Wright Plant of that city. There you will see a huch factory, one mile long, three shifts of 14,000 (This figure may not be correct) each, working continuously, time and a half for Saturdays and double time for Sunday - nice little pay checks. A complete hospital, X-Ray, operations, dentistry etc and a marvelous cafeteria where both husband and wife can procure a much better meal than at home from 25¢ up. But where are the Planes? That is what everyone asks - the thousands of workers from the vicinity of Columbus, when they tell you they are working out at Curtiss but not doing much, ar there to do their Patriotic Duty but on account of mismanagement or the wrong kind of management they are not to blame.

Should you decide to make this visit, don't do as the other investigators have done, namely walk out on the balcony and look over the workers but go down among the Inspectors, talk to them. They will tell you whats wrong - If any one of our Allies had such a wonderful plant to work in they would be turning out planes to help win this war instead of prolonging it. The Foreman will talk to you - you will hear lots of interesting things about this great big factory - but where are the Planes? The sky over Columbus should be darkened by them IF they were being turned out.

If business were run like Government operated and controlled concerns there would soon be no business - detail is terrific - it hampers Production while thousands of our boys are dying every day - the Mothers of sons in this war are bitter and no wonder. And the Farm situation of our country - it takes experience and brains to produce - where is it? Gone into the Army and Navy etc.

Here's hoping you visit Columbus soon Mrs. Roosevelt, I am sure you could speed up Production.

Sincerely yours,

Mabel Dempsey

*Mrs. Roosevelt could
you find out?
E.L.*

STANDARD FORM No. 14A
APPROVED BY THE PRESIDENT
MARCH 10, 1926

FROM

The White House
Washington

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

MR. B. M. BARUCH
597 MADISON AVENUE
NEW YORK CITY

IT SEEMS A LONG TIME SINCE WE HAVE MET ARE YOU TO BE IN
WASHINGTON THIS WEEK END STOP WOULD YOU CARE TO GO TO
IN NEW YORK CITY
SEE COUNCILLER AT LAW/ON EVENING OF TWENTY FIFTH WITH
ME IF NOT PERHAPS WE CAN MEET DURING THAT DAY IN
NEW YORK AFFECTIONATE GREETINGS

ELEANOR ROOSEVELT

100
March 2, 1943.

Dear Mr. Baruch:

Could you find out about this?

Very sincerely,

P.S. I hope I may see you tomorrow

+
*Letter from Mrs. F. L. Dempsey, 11825 Detroit Avenue, Lakewood, Ohio. Wants Mrs. Roosevelt to visit the Curtiss-Wright Plant in Columbus, Ohio. They make planes. Says visit it unannounced and see what is wrong. Productions not being pushed as it should be.

VDS

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK

March 16, 1943.

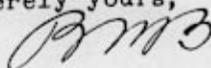
My dear Mrs. Roosevelt:

The aircraft production is giving us all very grave concern. Those responsible are always making a new study, making changes, or about to do something different. The fact is we are way behind in our production.

I have just received your letter and will not be able to get an answer for you for probably a week.

The other day I was going to attend the Bethune reception but I was waylaid by the Man Power Commission of which I am a member. I missed seeing you.

Sincerely yours,



Mrs. Franklin D. Roosevelt,
The White House,
Washington, D. C.

WB57 48 DL

MAR 18 4 35 PM 1943

NBN NEWYORK NY MAR 18 1943 322P

MRS FRANKLIN D ROOSEVELT

THE WHITE HOUSE

IT IS BARELY POSSIBLE I SHALL BE DOWN THERE OVER THE
WEEKEND AND WILL COMMUNICATE WITH YOU. I DO NOT THINK
I SHALL BE HERE ON THE 25TH AFFECTIONATE REGARDS I VERY
MUCH WANT TO SEE YOU AS I HAVE LOTS OF THINGS TO TALK
OVER WITH YOU

B M BARUCH.

100
BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK

April 15, 1943

My dear Mrs. Roosevelt:

In reference to the enclosed letter, it's a bad mess at Columbus.

I have gone into the whole situation and can tell you more about it, which I hope will be very soon.

*am ready to report to the President
on this - we need drastic prompt action
As ever yours,
BMB*

Mrs. Franklin D. Roosevelt
The White House
Washington, D. C.

100
Los Angeles, Calif.
April 25, 1945

Dear Mr. Baruch:

I have just received a note from Trude Pratt. As you know the International Student Service decided that there was no need to work with university students during the war because most of the men are in the war, so they have such curtailed, if not entirely ceased their work.

Some of the students themselves, however, have decided that it is important for college students to work with high school students and young people in the labor movement and in agriculture, and I think they might be interested to see some of them and decide whether you care to give them through the American Friends Service Committee, a helping hand. They call themselves the United States Student Assembly and are tax exempt.

I do not want you to do this purely on my account because I hate to have you do things in which you do not believe just because I ask. Nevertheless I am sending you the enclosed quotation so you can make up your mind.

Affectionately,

April 29, 1943.

Dear Mr. Baruch:

Many, many, thanks for sending
me the White Azalea plant. It is beauti-
ful and I shall enjoy having it so much.

With deep appreciation of your
kindness, I am

Very sincerely,

Mr. Bernard M. Baruch
1055 Fifth Avenue
New York, New York.

Recd. - April 24/43
1 Large Plant
(White Azalea)

ask
4/29/43

To
Mrs. F. D. Roosevelt

100

May 7, 1943.

Dear Mr. Baruch:

I am enclosing a copy of
a letter from ~~Mr. A. W. White~~, of
Newark, Ohio. I will appreciate
having your reaction to his plan.

Very sincerely,

Mr. Bernard M. Baruch
597 Madison Avenue
New York, New York.

VDS

100

May 11, 1945

Dear Mr. Baruch:

Many, many thanks for your telegram
and for your very kind words of praise.
I am always glad when you approve.

Sincerely,

Mr. Bernard M. Baruch
597 Madison Avenue, NYC

WB16 .19

MAY 9 11 20 AM 1943

NEWYORK NY MAY 9 1943 1041A

MRS ELEANOR ROOSEVELT

THE WHITE HOUSE WASHDC

I AM VERY PROUD OF THE PRESENTATION OF YOUR VIEWS AND THE
ADEPT MANNER IN WHICH YOU HANDLED YOURSELF

BERNARD M BARUCH.

Gen
5-11

the notes
afternoon

Thank
you
for
your
kind
letter

ER

Always

Re an Article "Lets Give Food a 'Green Light' While There is Still Time". Article accompanied letter. Asks Mrs. Roosevelt for an expression of views on it.

June 10, 1943. 100

My dear Mr. Baruch:

Mrs. Roosevelt has asked me to send you the enclosed letter from Mr. Herbert V. Kaoppel, Vice President and Executive Editor, Industrial Publications, Inc., 59 E. Van Buren Street, Chicago, Illinois.

Mrs. Roosevelt will be grateful if you will let her have your opinion on this.

Very sincerely yours,

Secretary to
Mrs. Roosevelt.

Mr. Bernard M. Baruch
Carlton Hotel
Washington, D. C.

VDS

June 18, 1943

100

Dear Mr. Baruch:

I have had several letters from Mrs. Marieli Bensinger, Altadena, California, who runs a nursery school for children of men in the service and of war workers. She is in some difficulty now, being accused of mistreating one of the children, and I am asking someone to investigate the case.

Mrs. Bensinger says she is a cousin of yours, and I just wondered if this is true and if you know her.

Sincerely,

When answer is in, write to
Helen Cahagan

Mr. Bernard Baruch
597 Madison Avenue
NYC

0

Afterglow
466 EAST MARIPOSA STREET
ALTADENA, CALIFORNIA

JUNE 11TH 1943

MRS. ELEANOR ROOSEVELT
THE WHITE HOUSE
WASHINGTON, D.C.

DEAR MRS. ROOSEVELT:

ON DECEMBER 7TH 1942 YOU HAD THE KINDNESS TO SEND A NOTE OF CONGRATULATION, STATING WE WERE DOING A SPLENDID JOB IN OPENING A NURSERY SCHOOL FOR CHILDREN OF MEN IN THE SERVICE AND WAR WORKERS.

SINCE WE STARTED--DECEMBER 6TH, WE HAVE HAD FROM 9 TO 14 LITTLE ONES BOARDING WITH US, RANGING IN AGE FROM 10 MONTHS TO 6 YEARS. MOST OF THESE CHILDREN HAVE BEEN WITH US HOLIDAYS AND WEEKDAYS. MY COUSIN RITA BENZIGER AND I HAVE GIVEN ON AN AVERAGE OF 18 HOURS A DAY--VOLUNTARILY, AS THE EXPENSES ENTAILED IN THIS SORT OF WORK ARE HEAVY.

WHEN WE APPLIED FOR A LICENSE IN SEPTEMBER, THE LOS ANGELES WELFARE BOARD TOLD US THAT THERE WAS NO NEED FOR THIS KIND OF WORK. I THOUGH HAD HEARD YOU TALK IN WASHINGTON ON THE NEED OF JUST THIS SORT OF THING. THE ARCHBISHOP OF LOS ANGELES, ARCHBISHOP CANTWELL HAD ADVISED US TO START. WE DID. -- HE SEEMED TO FEEL AS YOU DID, AS MY COUSIN BERNARD M. BARUCH, AS FORMER AMBASSADOR AND MRS. JOSEPH E. DAVIES DID, THAT THERE WAS A NEED FOR THIS WORK. AGAIN WE MET WITH OBSTACLES. WHEN WE ASKED FOR MORE GAS, THE GAS RATIONING BOARD TOLD US OUR WORK WAS NON-ESSENTIAL. WE GAVE A LIST OF THE CHILDREN WE HAD AT THE TIME, OF THE WORK THE PARENTS WERE DOING FOR THEIR COUNTRY AND DEMOCRACY. THAT THESE CHILDREN NEVER LEFT OUR PLACE, WE WERE TO THEM FATHER AND MOTHER.

IT SEEMS STRANGE THAT AT A MOMENT SO VITAL IN THE HISTORY OF OUR VERY EXISTENCE, THERE SHOULD NOT BE A COMMON ACCORD ON CHILD CARE. WE HAVE TO BATE HAD TO TURN AWAY 75 FAMILIES, BECAUSE WE HAVE NOT HAD HELP ADEQUATE TO COPE WITH MORE THAN 14.

THE ENCLOSED ARTICLE WILL SHOW YOU OF WHAT I HAVE BEEN ACCUSED. IT HAS COME AS A SHOCK AND A SURPRISE. WHAT THE PRESS WRITES IS KNOWN TO BE TAKEN WITH A GRAIN OF SALT. THAT THE LOS ANGELES TIMES SHOULD DO THIS WITHOUT HEARING OUR SIDE OF THE STORY IS STILL MORE SURPRISING. BUT I WANT TO REPORT TO YOU WHAT HAS HAPPENED TO TWO INNOCENT WOMEN. WOMEN WHO HAVE TURNED A \$60,000 HOME INTO A REAL HOME FOR LITTLE CHILDREN, SO THEY SHOULD NOT FEEL THE SUFFERINGS AND INCONVENIENCES OF WAR.

ON MAY 27TH A LITTLE BOY -- DAVID HANSON WHO AGED $3\frac{1}{2}$ HAD NEVER BEEN HOUSEBROKEN BOILED HIMSELF. NOT WISHING TO ASK THIS OF THE SERVANTS, I PERSONALLY BATHED THE CHILD. HE AND HIS SISTER HAD BEEN WITH US A MONTH, THEIR MOTHER HAD ABANDONED THEM, TURNED THEM OVER TO THE STATE. THEIR FATHER IN A DIVORCE SUIT GOT CUSTODY OF THE CHILDREN. AFTER BATHING DAVID HANSON I PUT HIM TO BED FOR THE REST OF THE EVENING, TWICE AGAIN THAT NIGHT HE BOILED HIMSELF. TWICE I CHANGED HIS BEDDING AND NIGHT CLOTHES. I NOTICED HE HAD A STRANGE SKIN ERUPTION, A SMALL ONE. I CALLED MY COUSIN TO LOOK AT IT AND TOOK IT TO BE MORE OR LESS WHAT IN BABIES IS CALLED A DIAPER RASH. THE NEXT MORNING AT 7 I TOOK HIS TEMPERATURE. IT WAS 102. I CALLED OUR PEDIATRICIAN, WHO ON HEARING THE ACCOUNT OF THE CHILD ASKED THAT I ISOLATE HIM AT ONCE, SHE FEARED A GRAVE SKIN DISEASE. WE CONTACTED THE FATHER NOT WISHING TO RISK THE HEALTH OF THE REST OF THE CHILDREN, WITH HIS CONSENT TOOK THE CHILD TO THE HOSPITAL.

Afterglow

466 EAST MARIPOSA STREET
ALTADENA, CALIFORNIA

THIS WAS FRIDAY MORNING. ON SUNDAY NIGHT AT 9.15 PM. TWO STRANGE WOMEN WHO DID NOT SHOW CREDENTIALS ASKED TO SEE US. ON ENTERING MY COUSIN'S HOME, IN WHICH SHE HAS LIVED FOR 23 YEARS - THEY INFORMED US THEY WERE REPRESENTATIVES OF THE PASADENA HUMANE SOCIETY, THAT THEY HAD COME TO CLOSE US DOWN, THAT BY TUESDAY THERE WOULD BE A TRIAL, AND I'D BE IN JAIL. I ASKED FOR WHAT CRIME. THEY SAID FOR BURNING DAVID HANSON. FOR AN HOUR THESE LADIES CROSS-QUESTIONED US.

ON WEDNESDAY AT 2 PM. 4 MEN AND A WOMEN CAME TO OUR DOOR. ONE OF THEM SAID HE WAS DEPUTY SHERIFF TORREZ, PRODUCED HIS CARD AND ASKED TO COME IN, THEY HAD COME TO INVESTIGATE THE BURNING OF DAVID HANSON. I TOLD THEM OUR LAWYER HAD INFORMED US NOT TO ADMIT ANYONE TO THE HOUSE. THEY STATED THAT IF WE DID NOT DO SO WE WOULD BE HELD GUILTY, THERE WOULD BE NO NEED OF A TRIAL TO TRY US. FEELING THAT A SHERIFF IS AFTER ALL A REPRESENTATIVE OF THE LAW, THAT HIS JOB IS TO PROTECT US AS WELL AS THE OTHER PARTY - WE LET THEM IN. AT FIRST THE OTHERS WOULD NOT TELL US WHO THEY WERE. THEY STARTED TAKING NOTES. I ASKED THEM NOT TO. THEY AGAIN INSISTED THAT IF WE DID NOT LET THEM IT PROVED WITHOUT A FAULT - WE WERE GUILTY. LATER THEY ASKED TO GET THE NAMES OF ALL THE CHILDREN IN THE HOUSE AT THE TIME THAT DAVID HANSON WAS HERE. AS WE ARE A PRIVATE SCHOOL - WE REFUSED. WE WERE DIRECTLY UNDER THE WELFARE AGENCY - WHO HAD ISSUED US A LICENSE. THEY ALONE HAD ACCESS TO OUR RECORDS. AGAIN WE WERE INFORMED BLUNTLY - COLDLY - WE HAD TO. WE HAD THEN TO GIVE NAMES OF EVERY CHILD, AGE - AND ADDRESS OF PARENTS. *5 sheriffs had come to cross question us.*

ON THURSDAY AFTERNOON - AFTER MY COUSIN, A MAID AND I HAD TAKEN OUR CHILDREN ON A 3 HOUR HIKE - WE FOUND THE POLICE AT OUR DOORS. THEY TOLD ME I WAS UNDER ARREST. I GOT THEM TO TALK TO MY LAWYER. THEY ASSURED MR. E.A. MEBERVE OF LOS ANGELES THAT IT WAS JUST A FORMALITY, EVERY COURTESY WOULD BE GIVEN ME. *7 sheriffs came to arrest me.*

WHEN I GOT TO THE DEPARTMENT OF JUSTICE IN LOS ANGELES, I WAS NOT TAKEN BEFORE ANY JUDGE, I WAS TAKEN TO THE SHERIFF'S OFFICE WHERE THE PRESS WAS WAITING, THEY HAD BEEN TIPPED OFF AND AT LEAST 6 PHOTOGRAPHERS MERCILESSLY TOOK MY PICTURE. I WAS ASKED TO STAND AND POSE, THIS I REFUSED TO DO, STATING THAT UNDER DURESS I HAD SUBMITTED TO HAVE MY PICTURE TAKEN. THEN I WAS TAKEN TO THE WOMEN'S JAIL. LATER I WAS FINGER PRINTED - AND INSULTED AND TOLD I WAS GUILTY OF A HORRIBLE CRIME - IN OTHER WORDS I WAS MADE TO READ WHAT MY CRIME WAS FROM A PRINTED BOOK. MY CRIME TILL THEN HAD NOT BEEN MENTIONED, MENTIONED ONLY IN NUMBERS. I WAS THEN GLEEFULLY TOLD TO READ WHAT MY PENALTY WAS. - THEN I WAS LOCKED INTO A ROOM TILL MY BOND WAS PRODUCED AND LET GO.

THE PEDIATRICIAN, A WOMAN DOCTOR FROM A VERY FINE FAMILY IN THE EAST AND MORE OR LESS A STRANGER IN THESE PARTS HAS HAD THE POLICE TWICE IN HER OFFICE. ONCE ONE MAN CAME. THIS AFTERNOON DR. VIRGINIA COBB PHONED ME THAT SHE WAS TO HAVE AN INTERVIEW WITH OTHERS. I HAVE JUST LEARNED THAT FOUR OF THESE THUS CAME TO HER OFFICE. MIGHT I ASK DEAR MRS. ROOSEVELT IS THIS THE JUSTICE, THE FREEDOM THAT MY ANCESTORS HAVE FOUGHT AND DIED FOR? THEY CAME OVER IN 1692. NONE OF THEM HAVE CRIMINAL RECORDS. ON MY FATHER'S SIDE PRESIDENT MC KINLEY INVITED HIM TO COME FROM EUROPE - HE WAS AN INTIMATE FRIEND OF THEODORE ROOSEVELT AS PRESIDENT, SO TOO OF MR. WILSON. THE PRESENT POPE, THE FORMER CARDINAL PACELLI HAS BEEN TO OUR HOME COUNTLESS TIMES. IN SWITZERLAND MY FAMILY STANDS AS ONE OF THE OLDEST, ONE OF THE FINEST. ON THAT SIDE TOO WE HAVE NO CRIMINAL RECORDS.

WHEN I STATED QUICKLY AND BRIEFLY THE SIZE, HEIGHT - ETC. THE POLICE LOOKED AT ME AND SCOFFED, THEY LET ME KNOW THAT THOUGH I DENIED IT THAT I HAVE EVER BEEN TO JAIL - I MUST HAVE BEEN FROM THE WAY I ANSWERED QUESTIONS. I HAVE IN THE PAST DEAR MRS. ROOSEVELT CROSSED THE OCEAN 4 TIMES. TWICE MRS. JOSEPH E DAVIES PAID FOR MY PASSAGE AS I DID RESEARCH WORK FOR HER.

Afterglow

466 EAST MARIPOSA STREET
ALTADENA, CALIFORNIA

I THOUGHT MRS. ROOSEVELT THAT WE LIVED IN A DEMOCRACY, THAT OUR HOMES WERE GUARANTEED TO BE SACRED, THAT OUR CONSTITUTION, OUR BILL OF RIGHTS GAVE US THIS PRIVILEGE. I HAVE SEEN THE NAZIS TREAT THE AUSTRIANS THIS WAY. SINCE 1934 I HAVE WRITTEN AND DENOUNCED THEIR METHODS. I NEVER BELIEVED THAT IN THIS COUNTRY OF OURS THAT ANY SUBJECT COULD BE PUT TO SUCH HUMILIATION WITHOUT EVEN A CHANCE TO VINDICATE THEMSELVES.

FORTUNATELY THE PARENTS OF THE CHILDREN WHO HAVE BEEN HERE SINCE DECEMBER HAVE DECLARED THEY WOULD TESTIFY ON THE WITNESS STAND AS TO THE TREATMENT GIVEN THEIR CHILDREN. THE CONSUL OF PERU AND HIS WIFE MR AND MADAME ROTALDI WHO PLACED A LITTLE GIRL HERE, HAVE COME TO CONDOLE. THEY SAW THE ARTICLE, THEY LEARNED OF OUR PLIGHT. THEY HAVE TOLD US THAT WHEN THIS THING IS OVER, THEY INVITE US TO GO TO LIMA - PERU WHERE SUCH THINGS COULD NOT HAPPEN, WHERE THEY WILL DO ALL IN THEIR POWER TO AID US OPEN AN AMERICAN SCHOOL. DO YOU NOT THINK THAT THIS IS THE SORT OF THING THAT IS GOING TO MAKE LATIN AMERICANS FEAR US AND DISTRUST US? IS THIS SORT OF TREATMENT NOT GOING TO BE USED AS PROPAGANDA BY THE AXIS?

A CERTAIN GROUP OF PEOPLE CALLING IN TO CONDOLE HAVE STATED, "ARE YOU SURPRISED?" OF COURSE I AM, I REPLY. THEY LAUGH. WHY THIS IS JUST WHAT THIS ADMINISTRATION HAS ENCOURAGED, THE TACTICS OF NAZI GERMANY. THIS I DENY VIGOROUSLY. I HAVE LIVED IN WASHINGTON. I HAVE BEEN IN THE HOUSEHOLD OF AMBASSADOR AND MR. DAVIES, I KNOW WHAT MY TWO COUSINS - BERNARD M. BARUCH AND HERMAN BARUCH THINK (BERNIE AND COUSIN TOT.) I KNOW WHAT MY OWN FAMILY THINK AND FEEL.

I AM CONVINCED THAT THIS ATTITUDE - THIS SCARING PEOPLE WHO ARE INNOCENT INTO TALKING, INTO SEARCHING THEIR HOMES IS SOMETHING FOR WHICH LOS ANGELES IS NOTORIOUS. ONE AFTERNOON I WAS ARRESTED, BEFORE MY WARRANT WAS SERVED I LATER LEARNED THAT OUR HOUSE WAS SEARCHED. THAT THE POLICE - SEVEN IN ALL LIED TO THE MAID AND THUS GAINED ADMITTANCE. THEY STATED I HAVE TOLD THEM TO COME. THEY PHOTOGRAPHED THE DORMITORIES, THEY PHOTOGRAPHED THE BATHROOMS. THEY ASKED TO SEE THE HEATER IN THE BASEMENT. THEY WERE TAKEN THERE AND TRIED TO MAKE IT GO HIGHER, THEY REMARKED TO THEMSELVES THAT THEY FELT I COULD HAVE TIED THE BOY TO THIS AND BURNED HIM IN PUNISHMENT. THEY TOOK THE TEMPERATURE OF THE HOT WATER IN THE BATH TUB WITH 3 THERMOMETERS. THEY BROKE ONE, AND THE 2ND WENT TO 138, THE THIRD TO 134, SO THEY DECIDED THE WATER TEMPERATURE WAS 134.

IT IS THIS SORT OF THING THAT I OBJECT TO. IF THE PRESS IS GOING TO MALICIOUSLY MALIGN AN INNOCENT PERSON, THAT MAKES BUT LITTLE DIFFERENCE, BUT THAT THE POLICE ON THE WORD OF A MAN - WHOSE FATHER OLE HANSON WAS THE ONLY MAYOR EVER IMPEACHED IN SEATTLE, AND ON THE WORD OF A FOURTH DOCTOR CALLED IN - WHO STATED WITHOUT EVER QUESTIONING US, THAT THE CHILD WAS SUFFERING FROM A THIRD DEGREE BURN - ON THIS WE STAND CONDEMNED. ON THIS OUR VERY LIVES ARE AT STAKE, MIGHT I ASK YOU MRS. ROOSEVELT - IS THIS FREEDOM, IS THIS THE SAFEGUARD FOR WHICH YOUR SONS AND MY RELATIVES ARE LAYING DOWN THEIR LIVES AND DYING AT THIS MOMENT?

SINCERELY YOURS,

Marieli G. Benziger
MARIELI G. BENZIGER

June 25, 1943

Dear Mr. Baruch:

I am sending you this just
to keep you informed about the gentleman.

Affectionately,

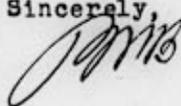
Billie

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK, 22, New York.

June 21, 1943.

Memorandum for Mrs. Roosevelt:

Mariell Benziger is a
cousin of mine and a fine girl. I
have just written her asking her
what happened in the matter. It
cannot possibly be true.

Sincerely,


100
5-11

June 22, 1943
I have given you the full
story of the Glider program -
the facts with plenty of references
to the people who were in charge
of it.

done
7-5

Mrs. F. D. Roosevelt
White House
Washington, D.C.

Dear Mrs. Roosevelt:

JUN 25 1943

Thank you for your letter of May 11, 1943 and for the letter from Miss Thompson dated June 5, 1943.

Although the plant where I worked is only one of the projects which could stand investigation regarding misuse of government funds, you asked for names and places. I worked for eight months at Plancor 301, Provo, Utah. I suggest that inquiries be directed at the stenographers and clerks, the laborers and hod carriers, the engineers and inspectors - not the glib DPC officials, whose records are undoubtedly padded to meet any government investigation. The fact remains that money is being wasted on all sorts of deals. I can't prove them - the machine in charge is much too well oiled.

Regarding my brother and the Glider program...at the time of his separation from the army he was Staff Sergeant Paul Ford, Cadet Student, at the South Plains Army Flying Field, Lubbock, Texas. He was discharged from the army against his will, for no other purpose than to cut down on personnel.

According to the information provided by Miss Thompson's letter "...it was deemed expedient in the interest of our war effort to discontinue Glider Pilot Training for those students who had not advanced beyond the basic stage." Paul had left the basic stage three months behind and needed only fifteen hours of advanced flying to gain his commission as Flight Officer. He has since received letters from men who began their training after him. These men are continuing their training and will not be graduated until some time in December.

Quoting further, the information stated, "These basic students were offered the opportunity of continuing in the Air Corps for training in various specialties or of being discharged from the Army." When Paul and several of the others asked if they might be transferred to technical school and retain their earned ratings, they were denied their request. The only road left open to them was Flexible Gunnery School - as privates. Such an alternative can hardly be called fair for men who had successfully completed eight months of rigorous training.

Therefore, although I appreciate your looking into the matter and sending me the results of your findings, I can't accept them as an explanation. There are too many discrepancies between what is stated therein and the real facts.

To clear its conscience, the Army went through the motions of giving the men a mental screening. I say "went through the motions" because 500 men were screened by a board of 8 officers in approximately 2 1/2 hours!

Seventeen days before they were to be graduated, twenty men were called before the Commanding Officer and informed of their discharge. The men immediately took their case to the Judge Advocate at the field. He extended his deepest sympathy, asserted it was the "rawest deal" he had ever seen in the army, but said that he was under orders and powerless to help them. Sympathetic officers at Lubbock told the men that high enough influence from the outside might see them reinstated or at least

placed to advantage in some other branch of the service. The men know this to be true, for one man who was screened out was reinstated after flying down to Kelly Field for an interview with his uncle who is a colonel there. This is not rumor, Mrs. Roosevelt, and cannot be dismissed with a shrug.

The whole thing smacks of poor management, inconsistency, and unfairness. No norms were set up to separate the wheat from the chaff. Some of the men discharged - against their will - were in the highest group in all phases of the work. Paul's discharge papers show both CHARACTER and EFFICIENCY as "excellent". His grades averaged 90, and in his eight and a half months in the army he had scored not even the smallest demerit. In the General Army Classification Test he rated 136 out of a possible 160. 110 is the requirement for OCS, and yet in his "screening" when he listed OCS - Air Corps Administrative as one of his preferences, the major who did the screening informed him that he could not possibly qualify. Incidentally, the major scrawled DISCHARGE over the choices that Paul made - it was not his choice nor his desire.

Since he has been home, Paul has followed every available lead which might end in his reinstatement in Glider Training. We have no contact with high political powers-that-be. Recently we believe we have interested a local newspaper in his case and hope to gain a fair adjustment. If he had 50 additional hours of flying in heavy craft he could qualify as an instructor in the Navy. However, at \$17.00 per hour, it seems unlikely that he can pile up a sufficient number of hours. His draft board, after hearing the facts, has been most considerate, but the time is short and unless he gets the help which he certainly deserves, he will re-enter the army under Selective Service as a private.

No amount of verbal wrist slapping such as I received in your note of May 11th can convince me that I am not justified in my attitude toward the laxity of the government. To say that I am disappointed in your unsympathetic, how-can-you-say-such-things tone is understatement.

I'm for 100% loyalty to the government - and I expect 100% loyalty in return.

Sincerely yours,

Collette Ford

Collette Ford

825 Mifflin Avenue
Wilksburg, Pa.

June 28, 1945

Dear Mr. Baruch:

This editorial from the Bridgeport
Post was sent to me by the editor, Mr. George
Waldo.

Sincerely,

Mr. Bernard Baruch
597 Madison Avenue
NYC

0

*Telegram states "Sorry to inform you my section ordered dissolved at once. This will hurt war effort greatly and most seriously".

June 29, 1943.

My dear Mr. Baruch:

Mrs. Roosevelt has asked me
to bring to your attention the enclosed
telegram from Mr. Alfred Bergman.

Very sincerely yours,

Secretary to
Mrs. Roosevelt.

Mr. Bernard M. Baruch
597 Madison Avenue
New York, New York.

VLS

July 5, 1945

100

Dear Mr. Baruch:

I am sending you this information about a plant in Utah, which has been sent to me by a young woman who worked there. Will you look into the practices of this plant?

Sincerely,

Mr. Bernard M. Baruch
597 Madison Avenue
NYC

X Collette Ford

about the war
program

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The
Washington

AUG 27 11 48 AM 1943

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PORTWASHINGTON NY AUG 27 1943 1055A

MRS MALVINA THOMPSON

WHITE HOUSE

PLEASE CALL ME AT PORTWASHINGTON TWO BETWEEN 7 AND 7:15

ON SATURDAY OR SUNDAY

B M BARUCH.

NOV 20 1943

November 17, 1943

Mrs. Eleanor Roosevelt

Dear Mrs. Roosevelt:

Thank you for your letter of November 13th commenting upon the article written by my husband.

I am grateful for your kind offer to submit the article to a business man, and shall be happy to have you do so.

Sincerely yours,

Charles Herrmann

Mrs. Charles Herrmann
785 West End Avenue
New York City

*Done
11/21/43
J. C. Brown
J. C. Brown*

*Enc. Article "International Arbitration Instead of National Laws".
(See correspondence in files from Mrs. Charles Herrmann, 785 West End
Avenue, N. Y. C.)

November 22nd 1943.

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My dear Mr. Baruch:

Mrs. Roosevelt will appreciate
it very much if you will let her have your
comments on the enclosed article.

Very sincerely yours,

Secretary to
Mrs. Roosevelt.

Mr. Bernard M. Baruch
The Carlton Hotel
Washington, D. C.

VDS

100

November 23, 1943.

My dear Mr. Baruch:

Mrs. Roosevelt has asked me to send you the enclosed copy of a letter from ~~Mr. J. H. MacVeigh~~, President, Wyoming Valley Chamber of Commerce, Wilkes-Barre, Pennsylvania.

Very sincerely yours,

Secretary to
Mrs. Roosevelt.

Mr. Bernard M. Baruch
The Carlton Hotel
Washington, D. C.

VDS

FIGURES DON'T LIE

Nothing that might be said or written could be quite as pointed in showing how great an injury the bureaucrats in Washington have inflicted on this region than the figures, just released by the Federal Census Bureau which discloses a loss of 132,856 in population for the Wilkes-Barre-Scranton metropolitan area in less than three years. The report covers the period to March 1. The figures would be considerably higher if the exodus of the past eight months were included.

What makes this so exasperating is that it was not necessary. There can be no other conclusion than the one so many who have been endeavoring to expand local industry reached long ago: this situation has been brought about deliberately by certain individuals in the nation's capital to wreck this region for reasons best known to themselves. It is a shame and an outrage. Only the fact that the country is at war has served as a check on the bitterness that this sabotage of our community has engendered. At the very first opportunity, local resentment at this unparalleled treatment will be made known in no uncertain terms.

Local civic leaders pleaded with Washington for consideration. They humiliated themselves time and again in an effort to induce the powers that be to take advantage of the unrivaled facilities available here. We have everything needed to make a substantial contribution to the war effort—manpower, water power, sites, coal, water, housing, transportation, to mention only the important.

But Washington turned its head the other way. Industries were thrust on crowded defense centers that had neither the men nor the housing nor the other things that make for efficiency. Other plants, providing employment for thousands, were placed in hamlets with populations of a few hundred, so men had to be imported and towns constructed while thousands of homes and stores and schools were empty here.

It is difficult to think about the raw deal this area received and contain oneself, especially when it is apparent that not only was this section penalized, but the war effort itself. The men at the helm in Washington must answer to their own consciences, and some day perhaps to the American people, for the casualties that may have resulted needlessly because equipment was not forthcoming when it might have been produced here. The frantic appeals for production, heard on so many occasions, have sounded like so much hypocrisy to Northeastern Pennsylvania because of its experience.

What, if anything, has Washington to say in its own defense?

Wyoming Valley Chamber of Commerce

Wilkes-Barre, Pa.

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VICE-PRESIDENT
RAY A. DAVIS

DEPARTMENTAL VICE-PRESIDENTS
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ARTHUR L. STRAYER
H. MELVIN VIVIAN
GEORGE L. WEER

Mrs. Franklin D. Roosevelt
The White House
Washington, D. C.

Dear Mrs. Roosevelt:

Knowing of your intense interest in the welfare of the working people in various sections of the United States, we thought you would be interested in the enclosed editorial printed in the November 15 issue of the Times-Leader, Evening News of Wilkes-Barre, Pa.

We have made various efforts through the War Production Board and other agencies to obtain a new industry for Luzerne County without success.

A great many of the large industrial plants throughout the country are drawing on the available manpower from this region and relocating them in other areas, thereby causing a great loss in our population and retarding business to a large degree within our area. The editorial very concisely reflects the attitude of our people and we believe something can be done about it provided we have the assistance of you and our many other good friends in Washington.

We shall be very glad to have two or three of our representatives confer with you at any time and place that you designate.

Sincerely yours,

J. H. MacVeigh
President

JHM:JJ

NOV 17 1943

Handwritten notes:
Nov. 17 19 43
11/24/43
←

Mr. Bernard M. Baruch
Georgetown, S.C.

December 30, 1943

Many thanks your sweet letter which I appreciate.

Will be away until morning of seventh and again for
day of tenth. Hope to see you in between those dates

Affectionate greetings.

E.R.

Xmas 1943

HOBCAW BARONY

My dear friend - Always it seems
I am thanking you for something
Now it's fruit, then it's something
else and so all the days
I am supremely thankful
that I have you as such a
good understanding friend
It pleases me to see the
better appreciation people
are getting of you. Which all goes
to prove that if one does as
one's heart dictates, no one
goes wrong. That has always
been my advice to you.
Character always wins out.

And when character was
being given out you were on
the first bench.

My thanks to you both for
the card also.

The Kenilworth's Mayfair Gardens
Project did not have sufficient
supporting information. I will
get it when I return and pass
it for you.

The President has a tough one to
decide in A.P.B. If he asks me
I will tell him in no uncertain
terms. One rotten apple will
spoil a whole barrel especially
if it a big very rotten one.

Washington Dec 3rd unless wanted
earlier.

^{11:00}
Till lunch at the ^{10:00} day of ^{10:00} Affly
off to ^{10:00} B.M. 13.

January 3, 1945.

100

Dear Mr. Baruch:

You are much too generous to send me such priceless books for Christmas. I am taking them to my New York apartment where I have all the books which I enjoy having.

With many thanks for your Christmas thought and my deepest appreciation of your friendship and all you do for me and best wishes for 1945, I am

Affectionately,

Mr. Bernard M. Baruch
1055 Fifth Avenue
New York, New York.

VDS

12/1/45

THE HONORABLE MR. BARNETT

Season Greeting

1055 7/16/1900

Presented to
Ed. H. Hays + W. H. Hays
by B. H. Hays

January 8, 1945

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✓

Dear Mr. Baruch:

Thank you for returning the letter from William H. Fulton, Jr., of Louisville, Kentucky, with the information concerning it. I took it up with General Hines.

When do I see you?

Sincerely,

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Mr. Bernard M. Baruch
597 Madison Avenue, NYC

copy

Louisville, Kentucky, December 6, 1944

Mrs. Franklin D. Roosevelt,
White House,
Washington, D. C.

Dear Mrs. Roosevelt:

You probably do not remember me, but I had the honor of meeting you not long ago at a party at the Walsh Stables in Washington. This party was given for disabled veterans at Walter Reed Hospital by an Army Air Force Service Girls Club. I lost my left leg while serving as an Infantry Private in Italy and had just been discharged from the army; and I am now residing with my family in Louisville, Ky. Frankly what I have to say in this letter is in the nature of a complaint. I have noted that you are vitally interested in service men and veterans and that you have done a lot for them. I know of no one else who could help us more in this matter than yourself.

Briefly, or rather not so briefly, here is my problem. When I returned home after being discharged my first action was to go to the District Veterans Office in Lexington, Ky. to see about getting a new artificial leg. The legs the army gives you are just temporary legs. They are very heavy, hard to manage and are continually breaking down. Naturally I wanted to get a new leg as soon as possible. I had made inquiry from people who had lost legs themselves as to the best type of leg to get, and the best leg manufacturer in my vicinity. On the basis of unquestionably sound advice, I had picked the type of leg I wanted and the manufacturer whom I wanted to make it.

Much to my surprise, I learned from the Veterans Office that I could not get the leg I wanted. It seems that the Veterans Administration makes their contracts with leg manufacturers on the basis of competitive bidding. The firm that gets the contract is not necessarily the best manufacturer, but is the one which puts in the lowest bid. The thing which worried me most was the fact that the Government will not furnish you with the best legs. The best artificial legs of the type which I must wear cost around \$300, or slightly more. The most which the Government will allow, I understand, is around \$150 to \$200. For this they get a fairly good leg, but it is definitely not the best. In most cases it is not important to get the best that money can buy in a particular commodity, as in automobiles, but in a case where how well a man can walk depends upon the quality of the workmanship in his leg, you have a very different situation. No man wants to be a cripple and naturally he wants to feel that he has the best leg that money can buy. Even if he is not certain that he can walk much better on it than any other leg, he wants to feel that he can walk as well as all the skill of modern science and technology will permit.

Mrs. F. D. R. - 2

Believe me, when I say I have not considered this matter lightly. I have talked to both the Veterans Administration and a reputable limb manufacturer. Here are a few facts:

The Government does not save much, if any, money by its policy of buying cheap legs. In one instance where a leg was manufactured for the Government for \$150, the retail price of the leg was only \$175. In most instances, \$25 is about as much as they save.

The legs which the Government contracts for, I understand, are usually not guaranteed to last more than from one to three years, while the best legs are guaranteed to last around five or more. The Veterans Administration allows you a new leg every three years. They do not seem to mind spending money to get you a new leg at frequent intervals, but they will not get you a good leg which will last much longer to start with. One reason for this policy may be that they anticipate new developments or improvements in artificial limbs and want to take the fullest advantage of them as soon as they occur, but this would not outweigh the advantages of having the best type of limbs.

Another thing I learned from the Veterans Administration was that I could not accept the amount allowed by the Veterans for a new leg and pay the difference myself on a leg of my own choice.

Also I learned that the limb manufacturers are required to sign a statement to the effect that they have received no more for the leg than the purchase price quoted to the Government. This seems unnecessary to me and I believe I know of an instance in which it was avoided. I intend to investigate it, but unfortunately I have not been able to do so as yet.

I am not writing this letter because of my own personal difficulty. My family is well able to buy me any kind of leg, and as a matter of fact I have already taken steps to order the kind of leg I want. If the Veterans Administration will allow me nothing on it, I will pay the whole amount myself, but the realization that many of my buddies are not in a position to buy the best and probably never will be leads me to write this letter to you in hopes that you will take an interest in the matter and that eventually the Veterans Administration will be led to change its policy, thereby giving every veteran who has suffered the loss of a limb a chance to have the best. If any one deserves the best, these men do.

From what I have been able to learn, the local Veterans Office is not to blame, but is inclined toward my view of the situation. But the Washington Office has made the policies and they cannot be changed here. I think I shall lay the matter before my Senator and Congressman, but I do not know what, if any, results can be gained. I was advised by the Veterans Administration that the American Legion and other veterans organizations could probably do nothing in the matter. While talking to an army doctor who is in charge of such cases as mine at the District Veterans Office, I asked him if the Veterans would pay for repairs on the present leg I have. This is the temporary leg that was given to me by the army.

Mrs. F. D. R. - 3

The doctor told me of one instance where a veteran whose leg had broken came to him to ask if the Veterans Administration would pay the cost of repairs which was \$25. The doctor had to write Washington to find out and was informed that, since the leg was made by the army and not contracted for by the Veterans Administration, the cost of repairs could not be paid by them. I do not know whether or not this is always the case; but this, in my opinion, is inexcusable whether it results from red tape or simply a matter of policy.

I do not wish to burden you with anything trivial or unimportant, but I feel that this whole matter is vitally important. I feel it my duty to try to do something about it because I think a lot of my buddies and my soldiers who have been called upon to sacrifice a part of their body while in the service of their country.

I want to assure you that my only interest in this matter is to see that our men get what they deserve. I have no interest in nor do I work for any artificial limb dealer. I contemplate returning to College this January, where I shall resume my school work which I was engaged in at the time I enlisted in the army.

I sincerely hope that you may find time to investigate the matter and maybe consult with some of the Veterans Officers in Washington. In the meantime, I shall do whatever I can here; and if you should take an interest in the matter I will be glad to furnish any details that I can.

Yours very sincerely,

(signed) William F. Fulton, Jr.

WF:S

1589 Parsons Place
Louisville, Ky.

INFORMATION OBTAINED FROM COLONEL JAMES C. HARDING, VETERANS'
ADMINISTRATION

ARMY ARTIFICIAL LEGS

Legs provided by the Army were formerly termed "temporary limbs" and are now called "provisional limbs". Principal complaint against them is that they are too heavy. One of the reasons why Army legs are frequently unsatisfactory is that the amputees are discharged before the stump is completely shrunk.

Repairs on Army Limbs-- Army limbs are repaired by the Veterans' Administration. Field stations are permitted to do this on their own authority but frequently they come in to Washington to ask for permission. Permission is always granted. (THIS PROCEDURE SHOULD BE SPEEDED UP BY CLARIFYING LINES OF AUTHORITY).

VETERANS' ADMINISTRATION ARTIFICIAL LEGS

Method of Purchase-- Every year the Veterans' Administration solicits bids from all reputable limb manufacturers (approximately 140). In the solicitation specifications are made as to the kinds of limbs the Administration wants, eg. wooden, metal or plastic.

Many of these limb manufacturers have been furnishing the Veterans' Administration artificial limbs since the last war. The product of each limb manufacturer has patented features, and there are some tradewide patents.

Price-- Buying is done by competitive bidding because the Government wants to get full value. The bids are carefully inspected and compared. No prices are quoted to manufacturers, nor are any prices set by the Veterans' Administration. Prices naturally vary among the companies, and the highest price does not necessarily mean the best quality. The Administration does not necessarily take the lowest price.

For 1945 legs bought by the Veterans' Administration range in price from \$137.50 to \$290, depending on differences in length and material. (Metal and plastic legs are of course more expensive than wooden ones).

Quality-- Experience with plastic limbs has been slight to date. Until recently there was a necessary embargo on metal legs except to a few

special cases, because of tightness in aluminum.

Durability--Policy of the Veterans' Administration is to set an arbitrary time of three years for a limb to last. If the limb breaks down within that time, it is kept in repair by the Administration. If it wears out completely within that period, the Veterans' Administration requires that the field stations come in to the Washington headquarters of Colonel Harding and present the facts and get authority to furnish a new limb. (QUESTION - WHAT IS THE POOR VETERAN DOING MEANWHILE WITHOUT A LEG?)

Formerly, men of the regularly established Army by legislation were entitled to either \$125 in cash for a limb every three years, or a new limb. ("New limb or commutation in lieu thereof"). The Administration was not permitted to provide a leg that cost more than \$125, nor could a new leg be provided within the three-year period.

Present legislation entitles veterans only to the actual limbs provided by the Veterans Administration, not to any cash payment in lieu thereof.

As to the kind of leg the veteran can obtain, it is the sole decision of the Veterans' Administration, although the individual's wishes, occupation, and type of amputation govern the ^{choice} choice within the range of legs already contracted for by the Administration.

REPAIRS

If the leg is over three years old, it is up to the field stations to decide whether further repair is indicated or a new leg.

VETERANS' ADMINISTRATION ORTHOPEDIC SHOPS

The Veterans' Administration has a few orthopedic shops of its own (New York and Atlanta), making a very limited amount of their artificial limb requirements. They can make limbs much more cheaply and satisfactorily than they can buy them (according to Harding) Manpower problems prevent expansion of this activity at present.

Colonel Harding has thought that amputees would make excellent orthopedic mechanics because of their experienced viewpoint toward artificial limb problems. Commercial companies now consider that it takes two to three years to train a man to be an orthopedic

mechanic but ten years to qualify him as a fitter.

In Canada the Government makes its own artificial limbs, but in this country there would doubtless be severe criticism, especially from the artificial limb industry.

SUMMARY

To summarize, the information in Mr. Fulton's letter has been checked with Colonel Harding with the exception of the following details: the 25 saving of the Government by buying on competitive bidding, and the required signed statements by leg manufacturers that they received no more for the leg than the purchase price quoted to the Government.

The only erroneous statement in his letter is that the Veterans' Administration will not pay for repairs on an Army leg. Probably the Veterans' field station contacted by Mr. Fulton is taking an incorrect stand on this.

CONCLUSIONS

Apparently, there are two situations that could be remedied with benefit to the amputee veterans. 1). Field stations should be authorized to decide whether a man gets a new limb if his present one breaks down before the three-year period is up. 2) The present legislation should be amended to permit the Veterans' Administration to furnish either a new limb or an amount of money to be applied to the purchase by an individual of a limb other than the types furnished by the Administration. To safeguard against abuses inherent in such an arrangement, the veteran could be required to place his order for such a leg with an outside manufacturer through the Veterans' field stations.

Legs the Army gives are temporary legs, heavy, hard to manage and continually breaking down.

Veteran picked the type of leg he wanted and manufacturer he wanted to make it.

Veterans Office told him he could not get the leg he wanted.

Vets make their contracts with leg manufacturers on basis of competitive bidding. Lowest bid, not necessarily best mfr.

Best leg for this lad about \$300. Most Gov. will allow is from \$200 to \$150.

About \$25 per leg is all Gov. saves by buying wholesale.

Gov. legs are guaranteed to last from 1 to 3 yrs. While Best legs are guaranteed for 5 or more.

Veteran cannot accept the amount allowed by the Vets for a new leg and pay the difference himself on a leg of his own choice.

Leg mfrs. are required to sign statement to effect that they rec'd no more for the leg than the purchase price quoted to Gov.

REPAIRS - Vets. Administration will not pay for repairs on an Army leg

File

Pruned
1/10/45
1-8

Lexington, Ky.
Jan. 15, 1945

Dear Mrs. Roosevelt,

I wish to express my thanks and appreciation for your interest in my letter concerning the artificial limbs. I am sure your efforts will have a great deal of influence on this matter and will lead to a revision of policy by the Veterans Administration. Such a revision of policy will no doubt be received with gratitude by many men in circumstances similar to mine.

Sincerely Yours,
William H. Fulton Jr.

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Mr. B. M. Baruch
597 Madison Avenue
New York, N.Y.

January 11, 1945

Will be in Washington except for 17th when I have very full day in
New York. My time in Washington fairly free.

Eleanor Roosevelt

The White House
Washington

JAN 10 8 26 PM 1945

WB79 16

NEWYORK NY JAN 10 1945 734P

MRS ELEANOR ROOSEVELT

THE WHITE HOUSE

GLAD TO SEE YOU ANY TIME AS DESIRE DISCUSS SOME RECENT
EVENTS WHAT ARE YOUR PLANS

B M BARUCH.

597 Madison Ave
nyc

*Here all ~~except~~ 4th in h. of day joined later
but party for later -*

100
February 7, 1945

Dear Mr. Baruch:

I have known Major Ted Lawson for some time. He is the man who participated in the first Tokyo raid and wrote "Thirty Seconds Over Tokyo". He has now gone into a small business, the C.&L. Tooling Company, 2242 Sepulveda Boulevard, West Los Angeles, California, and writes me as follows:

"This venture is one of thousands of tooling or machine subcontract shops for aircraft parts. It has been in operation for three years but during the past four months has been in the red. We felt that the shop was so far gone that we certainly couldn't drop much lower. We have no hungry ideas on expansion, but have insisted on, and are now getting a finer class of work, with a view in mind for a good reputation in the post war fields."

I thought you might be able to get him some orders.

Cordially yours,

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2/28/45

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

February 28, 1945.

My dear Mrs. Roosevelt:

Here is a letter which carries the information you wanted regarding Middlesex. As you see it is confidential.

The man who wrote the letter, Bradley Dewey, is reliable and, I know, has no prejudices. None of his family connections have. John Dewey is his uncle. Please read and return the letter to me.

I am proceeding on this whole general subject, including medical care and the Veterans Administration. The lid on the Veterans Administration can't be held down much longer.

Sincerely,

3 22 13

Mrs. Eleanor Roosevelt,
The White House,
Washington, D. C.

Handwritten initials and scribbles

copy

DEWEY AND ALLY CHEMICAL COMPANY

CAMBRIDGE, MASSACHUSETTS

February 24, 1945

FOR
FILES

CONFIDENTIAL

Mr. Bernard M. Beruch
597 Madison Avenue
New York, N. Y.

Dear Chief:

In connection with your request re why Middlesex College is threatened with closing down and what has become of the medical students, I have now completed quite an investigation. In so doing I have assumed what I am confident is the case, namely, - that you are referring to the Middlesex University Medical School as I understand that Middlesex College has not had any students for some time. With your permission I am reporting only the highlights of my findings in the following paragraphs. They are the results of conversations with many leading and impartial citizens. If you want them documented as to sources, I must do so verbally because of obligations to my sources.

1. For a long time we have had in Boston two unrecognized schools - the College of Physicians and Surgeons which is a terrible place, and Middlesex which has tried but has not succeeded in making good. Because of its lax laws, Massachusetts has been locked upon for years as a dumping place for improperly trained physicians. Recently a law has been passed which should mean that the state will be respected as are other states.

2. Middlesex University Medical School has been inspected by the Council on Medical Education and Hospitals of the American Medical Association. This Council has said that the teaching is absolutely inadequate, that the school cannot turn out properly trained medical men and that they cannot think of approving it. We have in Massachusetts an Accrediting Committee which has to accredit a school before it can continue. They have refused to accredit Middlesex. The Committee consists of the following men, all of whom, as far as I can find out, are of a high type.

Chairman: Dr. H. Q. Gallupe, Secretary,
Board of Registration in
Medicine.

Dr. Vlado A. Getting,
Commissioner of Public Health

Mr. Julius A. Warren,
Commissioner of Education

3. Middlesex has had a long warning but, in spite of all, they took exception to the action of the Accrediting Committee and went to court. Judge Cabot heard the case. They failed to convince him that they should continue to exist and he sustained the action of the Accrediting Committee.

4. One outstanding physician whom you know well classes Middlesex as a thoroughly third rate school which has been stubborn in its point of view and for years has maintained a lobby at the State House.

5. The school has no clinical facilities and no other state will allow its graduates to practice. It is a disgrace to Massachusetts that it has taken nine years to clean up the mess and that even now there are bills in the Legislature looking towards trying to give it a new lease on life.

6. One of the leading members of the staff of the Beth Israel Hospital, which is an outstanding Jewish hospital, states that they would not under any conditions accept on their staff, or as an interne, a graduate of Middlesex. So much for Middlesex.

7. I am a trustee of the Cambridge Hospital and have been struck with the great number of Jewish doctors who are residents or on the staff. Five or six of the leading doctors of Boston are Jewish. Several of these are outstanding leaders on the staff of Massachusetts General Hospital and Peter Bent Brigham Hospital. Among them are such leading men as Dr. Jacob Finesinger and Dr. Joseph Aub, not to mention many others. Dr. Frank R. Ober has two Jewish doctors practicing with him (one now at war).

8. There are some colored students in our medical schools and hospitals. However, the number of colored students is limited by the fact that they cannot be used effectively with white women patients so that there are many hospitals that refuse to accept them as house officers or internes.

9. The large hospitals up here are, because of their outstanding reputation (due in part to the high standards of Harvard and Tufts Medical Schools) very fussy in the selection of their internes. This choosiness may well be interpreted by some as due to racial discrimination. However, I can assure you that I have known some pretty outstanding young doctors, with all the family pull in the world, who have been refused. You would only have to walk down the halls to know that they are far from anti-Semitic.

Please don't hesitate to let me know if there is anything else which you feel I may be able to do for you.

Very sincerely yours,

(signed) Bradley
Bradley Dewey

March 30, 1945.

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Dear Mr. Twitty:

Do you still want to borrow
the \$1500 for your project. I can get
it from a friend.

Very sincerely yours,

Mr. W. B. Twitty
Box 983
University, Alabama.

VDS

Barnes

February 27, 1945.

Dear Mr. Baruch:

A young man in whom I am interested has held a Rosenwald Fund fellowship and has done a very practical job as a farmer in two communities, colored and poor white. He has only been in the last one for a short time and is now being drafted before he has been able to carry through on this last program.

I am enclosing to you extracts from his first letter and from his last letter which has just come.

Dr. Howard W. Odum, Institute for Research in Social Science, University of North Carolina, Chapel Hill, North Carolina, under whom he works, can tell you about him and his general character.

The point of this is - would you be willing to lend him this \$1500 so he would not have to sell and lose everything he has invested in the community. Without his leadership they may not be able to pay anything back and you would be taking that risk and, of course, he might not come back. I am sure if he does, he would pay you back.

I do not, however, want you to do this unless you think it worth while and Dr. Odum agrees with you that it is something that might succeed and keep this community project going and that it is worth keeping going. Just for an individual it would not be worth doing.

-2-

I have more confidence in your finding out whether it is the right thing to do and in your good judgement in the whole thing than I have in my own judgement.

Affectionately,

Mr. Bernard M. Baruch
597 Madison Avenue
New York, New York.

VDS

Belmont
1055 Fifth Avenue
New York

Tuesday

1055 FIFTH AVENUE

My dear Mrs Roosevelt -
Your letter
and enclosure from Byrnes
re veterans recd -

The Veterans' Hospitals should
be separated from other part
of my hands about poor
quality of Veterans' doctors, why
is nothing done?

When I return I should
like to go into Veterans' Hospitals
Bill and medical care -

You can have the 1500
for Smith any time you

want it. / promise to. will send
Also I will subscribe 1. vol to
G.D. Club. do you want more?
I spoke to Anna R about
exhibit you spoke of. There
will be no difficulty in
getting that done. I promise
to go after that also on return
Nothing else except to say how
happy I am to have your
friendship confidence and
affection - you know you have
mine.

The P. is carrying a terrific
load - I am trying to help
him - and in doing

so, am doing what is closest
to my heart - peace - for all -
I think he will make the
grade -

Until we meet again
Affly
RMB

~~Bill E. ...~~
Find out when Mr. Baruch is in D.C. to talk

See Baruch
2/27/45

Box 983
University, Ala.
February 15, 1945

Dear Mrs. Roosevelt:

In reply to your very kind letter, my wife would like to carry on our work, but since we had a new baby in December and since the place we live is so far removed from neighbors, doctors, and roads until we frankly feel it too great a responsibility for her to assume at this time. Our closest white neighbors are two miles, and our closest colored neighbors are about one mile.

It looks at this time as if I will be forced to sell out all of my holdings in the community. While in the community I have not tried to make money, instead I have been primarily concerned with demonstrating what could be done with the resources at hand. We own a sawmill, which will be operated cooperatively if I do not have to sell it, two pair of mules, log wagons, cut-off saws for making wood, and various farm and shop tools. Naturally I have assumed financial responsibility, and had I been permitted to stay here six more months all would have been repaid, since we now only owe about \$1500 on our equipment. We would not owe this much but bought an old mill which failed to prove satisfactory and held our daily production down until we exchanged it for a new mill.

It is important for the work to continue, and frankly if these men can own and operate their own business then another pattern will have been created.

The kind of stuff I've preached and lived among them is not the sort of thing that can be taken from them by my leaving. I've been away from Allsboro four years, now, but the things we did continue to live and grow. I believe they do even better here. I hope that by writing to the community and to the leaders and by my wife meeting with them from time to time that the local leaders we've cultivated will carry on.

I believe they will continue to move forward just as today they are painting their houses, setting out fruit trees, and improving their soil and pastures. I expect them to continue meeting on Tuesday nights just as we've always done, and hope that my wife or some friend can meet with them.

On a Tuesday night meeting when I told them that I might have to leave, the leader said, "Excuse me for saying so, but if it's for money you have to go we'll make up such as we have to keep you."

When I explained that it was for the war they could not understand, anymore than they understand a drought, a wet spell, or a death, so they all prayed, one by one they prayed to their God that I not have to go, just as they'd pray that the hand of the Lord would stay the Southwest wind and continual rain in a wet spell. After they prayed they sang--sang from the very depths of their being and never in my life have I heard such soulful music, and I knew that even if I left them for a while they'd carry on and I felt proud and honored to have had the opportunity to work with such great folk.

Respectfully yours,

W. B. Twitty

W. B. Twitty

February 21, 1945

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Dear Mr. Baruch:

Thank you so much for the
quail. It was more than kind of you
to send them to me and I assure you
they will be enjoyed.

Affectionately,

cah

Mr. Bernard Baruch
597 Madison Avenue
New York, New York

THE WHITE HOUSE
WASHINGTON

February 20, 1945

MISS THOMPSON:

Does Mrs. Roosevelt want to thank
personally for the quail? Carter has them
in icebox now.

ceh

*Yes keep them
in icebox*

*Thank
ER*

March 2, 1945

Dear Mr. Baruch:

Will you please let me know if you can see Colonel Shreve with me here at the White House on March 7th, next Wednesday at four-fifteen, or if you prefer, we can come to see you at the hotel at four-fifteen.

Affectionately,

file
THE WHITE HOUSE
WASHINGTON

Mr. Baruch and Col. Shreve

will be here at the White House
11:30 a.m. Sunday

After you are through with
Mr. Baruch he has an appointment
with the President and will you
please take him into the President?

*Col. Sh. will be for '64
know whom he interests*

100
March 3, 1945.

My dear Mr. Baruch:

Mrs. Roosevelt asks me to thank you so much for your letter of February 28th with which you enclose a confidential letter to you from Mr. Bradley Dewey. She appreciates so much your giving her this information about Middlesex University Medical School.

I am returning Mr. Dewey's letter as you request.

Very sincerely yours,

Secretary to
Mrs. Roosevelt.

Mr. Bernard M. Baruch
597 Madison Avenue
New York (22), New York.

VDS

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The Times
Washington

WB24 15

MAR 4 8 13 PM 1945

GEORGETOWN SOCAR MAR 4 1945 547P

MRS ELEANOR ROOSEVELT

WHITE HOUSE WASHDC

YOUR LETTER JUST RECEIVED. I WISH YOU WOULD MAKE THAT NOT
EARLIER THAN NEXT SUNDAY.

B M BARUCH.

Col. L. H. ...

Mar. 11

Mr. B. M. Baruch
Georgetown
South Carolina

March 6, 1945

Would eleven-thirty on Sunday be all right for Col. Shreve and me.

ELEANOR ROOSEVELT.

Miss Thompson:

I called Col. Shreve and told him Mrs. Roosevelt was trying to get an appointment with Mr. Baruch at 11:30 Sunday a.m. This telegram came in afterwards and I haven't called him since. Thought I would wait to see what you wanted done.

DD

I haven't made any
memos on this as I
didn't know whether it
was definite - I told Col.
Shreve that it was
being worked on - probably
O.K. - Yes No, is
As a Dept 6752 *file*

Miss Dow

The White House
Washington

MAR 6 6 50 PM 1945

WU B51 20

GEORGETOWN SOCAR MAR 6 1945 616P

MRS ELEANOR ROOSEVELT

WHITE HOUSE WASHDC

AM ENDEAVORING TO GET ACCOMMODATIONS THAT WILL BRING
ME TO WASHINGTON EARLIER SO THINK 11:30 SUNDAY WILL BE ALL
RIGHT

B M DARUCH.

You Got Down

The White House
Washington

WE45 27

MAR 6 2 57 PM 1945

GEORGETOWN SOCAR MAR 6 1945 207P

MRS ROOSEVELT

WHITE HOUSE

HOPE YOU WERE ABLE TO POSTPONE MEETING AS NO ACCOMMODATIONS
AVAILABLE AND WORK HERE WILL REQUIRE AT LEAST ANOTHER DAY OR
TWO WILL WIRE YOU WHEN COMING

B M B.

*Can
still
be postponed
Sun. Mar 11 Sunday 11:30*

Enc. copy of ~~W. B. Twitty's~~ letter of March 2nd (in files)

March 10, 1945.

100
4

Dear Mr. Baruch:

I thought since you were
looking into this project you would
be interested in this.

Affectionately,

Mr. B. M. Baruch
597 Madison Avenue
New York, New York.

VDS

100
A

March 19, 1945.

Dear Mr. Baruch:

Many thanks for your telegram.

I sent my latest letter of March 10th, to
597 Madison Avenue.

Affectionately,

Mr. B. M. Baruch
1055 Fifth Avenue
New York, New York.

VDS

The Public Opinion
Washington

MAR 15 2 37 PM 1945

wh
3/19/45

WB38 40

NBC NEWYORK NY MAR 15 1945 155P

MRS FRANKLIN D ROOSEVELT

THE WHITE HOUSE

YOUR LETTER FEBRUARY 27TH ABOUT YOUNG MAN JUST TO HAND AND
AM LOOKING INTO THE MATTER. YOU SAID SOMETHING ABOUT HAVING
FURTHER INFORMATION. PLEASE FORWARD THAT TO ME IN ORDER
THAT I MAY PROCEED MORE INTELLIGENTLY AS ALWAYS MY BEST
B M BARUCH.

*Tell him
send latest
letter Mar 10th
to 597 Mad Ave
ER*

100
March 21, 1945.

Dear Mr. Baruch:

Many thanks for the five
volumes of "History of the French
Revolution". I am delighted to have
them and can not tell you how much
I appreciate your giving them to me.

Affectionately,

Mr. B. M. Baruch /
597 Madison Avenue
New York (22), New York.

VDS

MM
3/21/45

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N. Y.

March 15, 1945.

3/15/45

Miss Malvina C. Thompson,
Secretary to Mrs. Roosevelt,
The White House,
Washington, D.C.

My dear Miss Thompson:

The five volumes of the
"History of the French Revolution" were
sent by me to Mrs. Roosevelt. Un-
fortunately they did not put a card
in with the books. So, you see, I
was the unknown admirer.

Sincerely yours,

BMB

Miss Thompson:

I have these books - where does
Mrs. Roosevelt want them sent?

cash
Hwy Park train
next time
goes ?
let

159
March 21, 1945.

Dear Mr. Baruch:

Thank you for your letter of
March 16th with further information
about the Middlesex University Medical
College.

From Gardner Jackson and "PLI",
I gather many people think the American
Medical Association is persecuting this
school.

Affectionately,

Mr. Bernard M. Baruch
597 Madison Avenue
New York (22), New York.

VDS

100A
3/21/45

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

March 16, 1945.

My dear Mrs. Roosevelt:

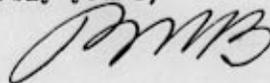
I have received further confidential reports regarding the Middlesex University Medical College. It represents a situation which I do not think can be overcome other than by the consolidation with some small college or university. The best of the faculty could be absorbed by the new medical school which would have to be endowed with enough funds so it could get a good start and do a good job. A friend of mine was asked to become Chairman of the new Board but he could not because of work he has to do in connection with the war.

Here is the best information I could get on the Jewish situation there -

"Some years ago when they were in the depths of despondency, they built up their pre-clinical faculty with Jewish refugee doctors who swarmed to this state because of the fact that it was one of three which did not make it hard for the Jewish refugee physician. Some of these were fine doctors. Some were not. Some used their position for their own aggrandizement. Others did not but, all in all, there were enough black sheep among the lot so that they didn't do the School's reputation any good.

"Perhaps because of the preponderance of these men but more probably for other reasons, the student body has ~~not~~ become predominantly Jewish until today 75% of the boys are Jewish. They have actually talked about whether or not they should become a strictly Jewish school. The Jewish doctors here do not encourage this and the Jewish hospitals have held out no hope of their cooperation with such a plan."

Sincerely yours,



March 23, 1945

Dear Mr. Baruch:

Many thanks for letting me see Mrs. Luce's letter. "A good heart but a soft head" is what I fear she really means as far as I am concerned, but she has always been nice to me.

I am interested in her defense and think she probably did about what she says.

Sincerely,

Hon. Bernard M. Baruch
597 Madison Ave.
NYC

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

March 18, 1945.

My dear Mrs. Roosevelt:

Herewith is a letter from Mrs. Luce which came as a result of my asking her to comment about that report you sent me. Read it, if it interests you, and return to me.

Sincerely,

B. M. B.

I always try to answer every inquiry

Mrs. Franklin D. Roosevelt,
The White House,
Washington, D.C.

Don't forget to get your copy of the report from the report of the old committee. The report has already been sent to the White House. I'm sure you'll find it interesting. Thank you very much. B. M. B.

March 23, 1945

Dear Mr. Baruch:

I am quoting from Colonel Shreve's letter, as I know you are interested:

"A very short note to inform you of Mr. MacLeish's reaction. He endorses the proposal wholeheartedly as being a useful medium for the State Department - and indeed for other nations as well - in the job of lifting the cultural blackout that began in Europe in the fall of 1939. This endorsement of course is tempered to the extent that the project must take proper form, under appropriate auspices, and on a level commensurate with its importance.

"I have promised to keep him informed. Although he expressed his immediate willingness to go on record with his support, I suggested to him that it would probably be better to await some further word from Mr. Baruch.

"As you probably know, Mrs. Lash will be in Washington on Saturday. I have a luncheon engagement with her, following which I will call again, with the possible view of seeing Mr. Wallace in this matter.

"My temporary duty in the War Department is now completed, and I am on leave prior to my return overseas. Unless current plans are changed, I will leave Baltimore or Washington April 2d for the coast."

Barrett 150 ✓

Fred Osborn is all for this, but doesn't know whether the Army should do it, although he sees grand possibilities in the idea.

Sincerely,

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Mr. S. B. ... interest anyone in this
597 Madison Avenue you are lunching with the
NYC President, I will be around.

Carlton Hotel

127 West Lanvale Street
Baltimore, Maryland

22 March 1945

My dear Mrs. Roosevelt:

A very short note to inform you of Mr. Mcleish's reaction. He endorses the proposal wholeheartedly as being a useful medium for the State Department - and indeed for other nations as well - in the job of lifting the cultural black-out that began in Europe in the fall of nineteen thirty-nine. This endorsement, of course, is tempered to the extent that the project must take proper form, under appropriate auspices, and on a level commensurate with its importance.

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My temporary duty in the War Department is now completed, and I am on leave prior to my return overseas. Unless current plans are changed, I will leave Baltimore or Washington April 2nd for the coast.

Very kindest regards

sincerely

L. G. Shores

Mrs. Franklin D. Roosevelt
The White House
Washington, District of Columbia

Tell Pub. B
what's they to
get some news
Tell him Ted
Robinson's all
in it so please
Name is Lash, W.
Cunningham
this is his ground
for the Lash in the