DIARY

Book 309

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Secretary of the Treasury Morgenthau announced today that the subscription books for the current offering of 2 percent Treasury Bonds of 1953-55 will close at the close of business Friday, September 27, 1940. This offering is open only to the holders of Treasury Notes of Series C-1940, maturing December 15, 1940.

Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasury Department, and placed in the mail before 12 o'clock midnight, Friday, September 27, will be considered as having been entered before the close of the subscription books.

Announcement of the amount of subscriptions and their division among the several Federal Reserve Districts will be made later.
September 26, 1940
12:00 a.m.

General Problems

Present: Mr. Bell
         Mr. White
         Mr. Cochran

Mr. Jr.: What have you got?

Cochran: I just wanted to ask you two questions. The first one was that Archie telephoned me yesterday and hoped that you could put in a word to Jesse Jones about a loan to Universal.

Mr. Jr.: I did.

Cochran: From the statement in the press I couldn't tell whether it was that way.

Mr. Jr.: I can't either, but I did do that over two days ago.

Cochran: Then the other matter that I have is Rosell, who is one of the men who writes these letters that we get from the Federal Reserve Bank in New York, told me yesterday about a letter which was received, and I just had the text of it written up. Of course, Snoke realized when he was talking to Rosell that much of that information they got as our fiscal agent and they said they had some data they should put together and some gold sales and so on and I said, "Don't send that, it would have to clear with us," and I talked with Dan and Harry as to whether they should make any reply and refer it to us.

Bell: That is what I said.

Cochran: And Rosell said he wouldn't know anyone at
all, but he said he did know this man who was working with you (White) and said this man was working with Berle, he understood.

H.M.Jr: Just tell him to refer them to us.

Bell: It isn't necessary for me to call up Henderson or anything like that, just let it come in.

H.M.Jr: Let it come in?

Cochran: But the data they had already prepared up there. Shall I ask the Fed to send such data to us?

H.M.Jr: Oh, yes.

White: They should send us anything they have in any case.

H.M.Jr: Definitely, but nothing to the Council.

Cochran: No, it has been referred here except that John Stonleigh called me from Secretary Hull's office and said they had a cable from London confirming all this Dakar business, that they had withdrawn and they had found it too tough to go ahead, and they had a cablegram from Dakar late last night saying that firing from the naval forces had continued all day shelling the town. No Americans in the colony of six were hurt, but a number of natives and Europeans were, and they were evacuating a lot from the interior and the shore batteries had returned the fire very heavily.

H.M.Jr: One thing I would like you to do, I would like you to do it just as soon as possible, there may be - I am checking up - are there any messages in the State Department that have come in since the first of September from Kennedy to the President giving lists of war materials that the English want?

Cochran: All right.

H.M.Jr: From Kennedy to the President or from Kennedy
to Hull. I mean, are there any cables. I would like to have copies of it. There is a blind spot somewhere that I am not getting. From the first of September down to date, has Kennedy sent requests to the President or has Churchill, via Kennedy, sent any requests or Beaverbrook sent any requests, saying that they need planes or guns or rifles?

Now, if there are those, I ought to get them and have them, but I would like very much to be brought up to date if they have them.

Cochran: I will ask Stoneleigh, because that is the only place that would have them.

H.M.Jr: Just let me catch up here a minute. It will just take me two or three minutes to read this and get up to date. Some of it I won't read and you tell me about it.

Bell: Everybody gets behind on this stuff.

White: We had three hours last night.

Cochran: Alphand just phoned from New York on this French matter again. I told him you wouldn't be ready for a couple of days. He asked particularly about that meat business.

H.M.Jr: Did you tell the boys about that?

Cochran: I am getting all that together. You see, you (White) weren't at the meeting yesterday.

White: No. Were you?

Cochran: Yes, I was. I mean, they want to get a million and a half dollars from here to pay to Argentina for canned beef to be distributed through the International Red Cross at Geneva to French prisoners of war in Germany, and they have written the State Department, too, and Mr. Berle spoke to the Secretary.

H.M.Jr: But Berle didn't know about the 3½ million
which we cleared, and which the French were holding up, so I sent that over to him and he didn't know about that, you see, and I have asked Merle to put the two things together and I am going to bring them up at Cabinet.

White: He may make a bargain.

H.M.Jr: I am putting the two together and Berle didn't know and Berle didn't know that the President told Hull that he wouldn't do anything for money for South American French Legations until he got the 50 planes, and Berle didn't know that.

Madagascar, graphite for Madagascar.

Cochran: That has been taken care of.

H.M.Jr: All right. Belgian Embassy?

Cochran: We are just giving more generous treatment to the Belgian Congo. They wanted the same status as ours, but the State Department wouldn't give it to them.

H.M.Jr: Swiss banking corporation?

Cochran: He is quite unhappy over that suit which has been brought. There is nothing we can do about it.

H.M.Jr: Chinese contracts, Lochhead, powder.

Bell: That is the Chinese powder.

Cochran: Phil Young is working on that.

H.M.Jr: Now, this thing about Norman Arnold --

Cochran: That is when he was talking about Pinedo. He said if we would do something for Pinedo, he thought he was pro-American and so on, but I mentioned it at the tail end that J. Crain thought that Pinedo was the one most instrumental in working out all these
bilateral agreements and so on. Arnold thought that Irigoyen's wings had been clipped. That is the term he used.

Cochran: Do you want to tell J. Crain anything? He phoned yesterday.

H.M.Jr: Tell him that I am seeing Agnew this afternoon and I hope to have something for him.

Cochran: I will tell him.

H.M.Jr: Will you?

Cochran: Yes, sir.

H.M.Jr: In order to keep it all going, supposing you be here at 2:45 also. That man in the British Embassy called.

Cochran: That just tied in with some information we had. That all goes to that Japanese agent here. That I have given to these two men who worked on it, Kamarck and Klaus.

H.M.Jr: Well, take that up tomorrow and Mr. Berle is tickled to death that I am doing this, because it is one of the things that bothers them, and he hopes somebody will do it. He is just tickled to death.

Cochran: Yes.

H.M.Jr: I put all the action ones at the bottom.

Lochhead, Export-Import, tungsten. Now, that --

Cochran: We have already spoken about that. He was coming down today.

H.M.Jr: Here is the other Crain thing, Standard Oil. At least I'm up to date on that.

White: I have one thing.

H.M.Jr: Please.
White: I am having two men - one and a half, spare time, going over foreign ownership of American corporations. Then we are going to take American ownership of foreign. I wonder if I have your permission, if the SEC could lend us a man for a couple of weeks.

H.M.Jr: Let's do it formally and let me write a letter to Frank.

White: Would you do that?

H.M.Jr: You write it and I will sign it. We will do it formally so that we don't do what these other departments do to me all the time.

White: The thing is growing more and more important.

H.M.Jr: Dan? It is a great day.

Bell: Wonderful.

H.M.Jr: Somewhere.

White: Will we get a chance to talk to you on China at all?

H.M.Jr: It is a bad day on China for me.

White: Will you be here tomorrow?

H.M.Jr: Oh yes.

Cochran: Pinsent called up and said, "Is this loan, funds, being made available to the Chinese Stabilization Fund?"

White: Maybe I can take it up with him.

H.M.Jr: If you are lucky. All right.

Cochran: They have some more cables in on Argentine business at the State Department.
Mr. Rosell
Federal Reserve Bank
New York, N. Y.

Dear Mr. Rosell:

I understand you have been studying British policy and operations in connection with the use of British gold resources. I am hoping to include in a study of British war finance the extent of the use of gold and foreign exchange for the payment of war supplies and your data on the use of gold would be extremely useful to me. I would appreciate your sending me a copy of anything you may have written or telling me in what manner I can arrive at the proper figures.

With many thanks, I am.

Very truly yours,

(signed) James S. Earley

The Advisory Commission to the Council of National Defense
1424 E Street - Room 420
Washington, D. C.

JSE:STA

(Ree'd. by telephone from Mr. Rosell, Federal Reserve Bank of New York, 11 a.m., Sept. 26, 1940.) - emk
TO: Secretary Morgenthau  
FROM: Mr. White  

Subject: Sir Walter Layton

Sir Walter Layton is an economist, publicist, and City man, and has represented the U.K. Government as an economist on numerous international economic committees and conferences. In politics he is a Liberal.

Born in 1884, he started his career as a member of the economics staff of the University of Cambridge, where in 1912 he wrote "An Introduction to the Study of Prices," a college textbook which is neither original nor profound, and is now outdated. During the Great War he served the U.K. Government in various capacities, visiting the United States in 1917 on the Balfour Mission.

After the War he plunged into economic journalism and publishing, being associated with the group of Liberal newspapers, comprising the News-Chronicle, the Evening Star, and the Economist, which is largely owned by the Cadbury family. He was editor and publisher of the Economist from 1922 to 1938, and is now a member of its Board of Directors. He has been Chairman of the News-Chronicle Ltd. since 1930, and of the Star Newspaper Company Ltd. since 1937. These newspapers are Liberal (with a capital L).

Both the News Chronicle and the Evening Star are large business enterprises. Therefore, as the Chairman of the Board of Directors of these papers, Sir Walter is a prominent businessman. His other business interests include directorships in the National Mutual Assurance Society and the National Iron and Steel Manufacturers.

Mr. Gordon, Sir Walter's present assistant, has specialized in the economics of the iron and steel industry.
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<td><strong>TOTAL</strong></td>
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**RUSSIAN SURPLUS FOR GERMANY**

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On the basis of this estimate, which allows for a rationed consumption even in neutral countries, there is a shortage of supply over industrial demand of 275,000 tons per annum before allowing anything for service consumption of Italy and Germany.

3.8.1940
Revised 21.9.40
It will be remembered that one of the reasons for the rather sudden introduction by the U.S.G. of export license regulations covering certain petroleum products in July was the desire of the U.S.G. to stop the large shipments on order by Japan for aviation spirits, reported to exceed 1,000,000 barrels. It is, therefore, of interest to see how the same suppliers, who previously had the orders, have been able to overcome the difficulties of the licensing regulations.

2. The U.S. regulations provided that gasoline which, with the addition of 3 c.c.'s of lead or less, would come up to 87 octane rating would have to be licensed and it was indicated that no licenses would be given for such spirits for Japan.

3. We have on record precise details of over 400,000 barrels of high grade gasolines which have left U.S.A. ports since August 1st. Some of these which, in fact, reached 92 octane without any lead, were loaded on the Gulf Coast before August 1st but did not leave the Pacific Coast until after August 1st. The others, however, are of a quality which will reach 86 or even 86½ octane rating with the addition of 3 c.c.'s of lead and, therefore, technically do not come within the licensing provisions. Obviously, however, this is aviation gasoline, and the embargo is therefore only theoretical. We are informed that licenses were applied for and granted for these shipments. We are also informed that a shipment of over 600,000 barrels has been approved and that many freight bookings are made for early shipment, it being stated that the Japanese are insisting upon delivery by October 15th.

4. It is also of interest to note that the American regulations provided that licenses would be required for shipments of material from which more than 3% of such aviation gasoline can be obtained by commercial distillation. Such licenses are being refused for "doctored crudes" but appear to be issued freely for natural crudes which fall within this definition.

September 26th, 1940
RE BRITISH PURCHASING PROGRAM

Present: Sir Andrew Agnew
Mr. Harris
Mr. White
Mr. Cochran

Agnew: I have brought you a document here which I think will be very interesting. It is an estimate, as far as I can make out, of the consumption in peace time and the estimated consumption in war time of lubricating oils throughout Europe, excluding Spain and Portugal, which are under a separate subdivision at the present time. I think it is a rather important document, because to my mind it is the first commodity which will make itself felt in war plans of the invader countries if the blockade can be made effective. I can tell you in a word what the picture amounts to.

Excluding service requirements, that is, for Army and Navy and Air Force all together, forgetting about them and also forgetting about stocks at the outbreak of war, taking only an indigenous supply and putting against that war time industrial consumption over the whole period, over the whole of Europe excluding Spain and Portugal, allowing a 100 thousand tons to come in from Russia, which is all that Russia could supply, we will get to the position where there is a shortage of 275,000 tons in a year, and no service requirements met except out of stock, so it seems to me that that is a situation which is one that is the most vulnerable thing that I can lay my finger on.

H.M.Jr: That is very interesting.
I felt it so important that as soon as I had that survey made out, I sent a dispatch to London giving the result of it so that they could take the necessary action on their side and I am bringing you that statement, sir, in the hope that you will assist.

Well, let me get off my chest what I have. Jay Crane, who is President of Standard Oil of New Jersey and formerly of the Federal Reserve --

I know.

And whom I believe you visited with, is very much upset because, as I get it, you have asked him from now on on his sales to England to take half in sterling.

No, what I said to him is this: I saw both Farish and John Brown --

That is the export company?

No, John Brown is the Sooony Vacuum and Crane's company is Farish, and I said to them, "The people in England have told me that they are going to be short of funds. Is there any way that you can help? The problem is yours and I can't suggest anything at all, and I don't intend to suggest anything."

Well, he felt - now, you (Cochran) check me, because you talked with him afterward for a long time. Didn't he feel it was a definite request? Am I right or wrong?

He thought they were going to be obliged - it wasn't one half, as I recall it now, but there would be no assurance that the sterling which they were obtaining would be converted, that they would have to use sterling in resident accounts, which could only be used in the Kingdom or at most in the sterling area.

We didn't go into any of those details at all. I pointed out to him that we only had
so many dollars, and if this war goes on
for a long time, we won't have enough dollars
to go around. Now, if there is any way they
could help us and still do nothing against the
neutrality acts and the laws of their own
country, we would be very glad indeed, but,
of course, they don't want to do it.

H.M.Jr: Well, my memory is pretty good, and as I say,
if there is a misunderstanding, I think the
sooner you get in touch with him the better,
because he put it this way to me. He said,
"What are we going to do? It is either that
or we lose the business to the English companies."

Agnew: His directors have told him of my conversation
and he, like the very practical man he is, has
gone and interpreted the root of the whole
situation, but it is not what I said.

H.M.Jr: Well, I was just going to say, if you could
get in touch with Jay Crane, because frankly
he has upset me, because I took this as a
signal that you people were running out of
money.

Agnew: Well, we are.

H.M.Jr: Well --

Agnew: There is no secret about that.

H.M.Jr: All right, that is part of my job, to know
it in time; and if you could see Crane himself --
not Farish, but Crane, because you know Crane
looks after foreign exchange. That is his
responsibility.

Agnew: I will make a point of it.

H.M.Jr: I don't know Farish. I do know Crane. He
handled the foreign exchange for the Federal
Reserve, but I think if you could see him
because he has been calling me and I was
waiting to see you before I answered him.
Now, I am not interested in Standard Oil's
business, but I am interested in the dollar exchange situation of the Empire.

Agnew: Would you like me to leave that exchange thing alone? I am dealing with it only on the oil proposition. I am not thinking of anything else.

H.M.Jr: Yes - I mean, if you would just - well, Crane is - am I exaggerating when I say he is very nervous about this thing, very much worried?

Cochran: He is very much worried.

H.M.Jr: And he has got me worried.

Agnew: Oh, well, we will have to undo that, if we can.

H.M.Jr: So I think if you could get in touch with him and whatever the situation is, let's know it.

Agnew: Well, I can tell you exactly what it is.

H.M.Jr: As I gather, it will be 50 million dollars a year.

Cochran: 50 million with the United Kingdom.

H.M.Jr: And that is a tidy sum, and I just would like to know from the exchange thing where we stand on that, because I don't believe that England would move just on one front. If they are going to move on that front - well, the sooner I know it, the better.

Agnew: I can explain it to you in a very few words.

H.M.Jr: Please.

Agnew: As I say, I have been talking oil and oil only, nothing else. Now, the Government and the Treasury in London are trying to save dollars. And they say, "Now, here is a private business going on for which we have to find dollars. If we can save some of those
dollars, we will be able to use those dollars in another direction." In other words, whatever dollars we can save on oil, we will be able to use on the purchase of munitions and what not. There is nothing to be arrived at as to what we could do in oil or so far as I know there is no overall figure. At any rate, it is no part of my duty to assess any overall figure on any composite date, any date when the dollars will have finished. I am merely trying to save a penny where I can.

H.M.Jr: That is perfectly all right, but you see I have a whole sheet here which is furnished me by the English Treasury. Now, I have got the whole picture.

Agnew: Including oil?

H.M.Jr: Including everything. We don't distinguish as between oil or steel or lumber. We have a net position each month on the UK picture, which I got with the help of Sir Frederick Phillips, and I get the information from him, and we run this net position so I know on the first of September what your position is. I only know it through the courtesy of the British Treasury.

Now, oil is such a big piece of that - I am not interested in oil, I am interested in foreign exchange and the dollars, the net position, because there is hardly a day when the War or Navy or the Council of National Defense doesn't say, "Are you sure if we give them this contract they can pay for it?" I keep saying yes, so if I am wrong, everybody is going to jump on me with hobnailed boots.

Agnew: Of course, I have got no information to even suggest that you are wrong, but my line of action was to try to make it more certain that you were right, because as I understood it, you have got two main figures. One is the amount of dollars that Great Britain is possessed of, and the other main figure is
the amount of dollar expenditures that Great Britain is proposing to go in for.

H.M.Jr: And the third figure, what she actually did spend during the month.

Agnew: Quite. If I, by some persuasive power or otherwise, am able to get the Standard Oil Company to put some more dollars into that --

H.M.Jr: That is all right, but from your standpoint, I would say that would be fine, but from my standpoint it was just a red light and it has me worried, and Mr. Crane said to me, "What shall I do about it?" He comes to me, you see, and says, "What shall I do about it?"

Agnew: I will get hold of Crane and tell him.

H.M.Jr: Would you?

Agnew: Yes. I put it to him that way. I said, "If you can find some way of helping us, I hope you will let me know." It was left in this way, that whenever they were ready to talk to me, they would send me a message to Washington and I would go up to New York.

H.M.Jr: They were waiting to hear from me.

Agnew: I see. I will get hold of Crane straight away.

H.M.Jr: I was waiting to see you.

Agnew: I see.

H.M.Jr: But you get it and it is important.

Agnew: Oh, I will do it this afternoon.

H.M.Jr: Because that thing, you know, spreads like wildfire, and with all these contracts pending and Purvis trying to make more contracts every day, if the word goes out that England is running short of dollars --
Agnew: Well, Purvis knows about it.

H.M.Jr: I told him about it this morning.

Agnew: Yes, but he knew about it before that, because I told him myself, but perhaps you could give me some advice. Would you advise me to just leave that alone from the oil point of view?

H.M.Jr: I think I would let the British Treasury handle that as a whole matter, as long as you are asking me.

Agnew: I think that is good advice.

H.M.Jr: As long as you are asking me, I think I would let them handle it as a whole.

Agnew: As foreign exchange, not as commodities?

H.M.Jr: I think so, if you don't mind, as long as you ask me.

Agnew: Oh no.

H.M.Jr: I certainly think the British Treasury should handle it as the whole picture rather than say the oil or the steel people or somebody else.

Agnew: I understand that the Continent people started in the same direction some time ago, but were not successful.

H.M.Jr: If they did, it didn't get anywhere with me. As long as you are asking me, I think it is something that the British Treasury ought to take as their responsibility.

Agnew: As foreign exchange?

H.M.Jr: Yes, and --

Marris: As part of the general picture.

H.M.Jr: As a part of the general picture.
Agnew: Thank you very much.

H.M.Jr: That is something that is bothering them and it is important enough so that Phillips or somebody ought to hop on the plane and come over and see me again.

Agnew: I will get hold of Crane and tell him to leave the thing alone, and when I am up in New York I will tell him he can leave it alone altogether and I will advise London that the thing had better be done as a whole, and not by commodities.

H.M.Jr: I think from every standpoint it would be better, don't you, Merle?

Cochran: I do.

Agnew: There is a little memorandum I made there that is not quite so important.

H.M.Jr: I will have this looked into.

Agnew: I expect you (Cochran) know all about it. I made the little note about it.

H.M.Jr: I am not sure we do, but, Harry, will you take that?

White: Yes, I will. There is one other item that I mentioned. I told them our Naval Intelligence informed us about the 74,000,000 barrel estimate which they had. We have examined the basis of it and I was going to discuss it with him in detail. Offhand, Sir Andrew feels that it is an impossible figure.

Agnew: We can check on that.

H.M.Jr: We get back to that thing again. If you (White) could only find the fellow who did that --

White: Well, we now have the basis and they have got at it in a way in which there is just one
figure that we don't agree on at all, which is impossible to find the facts on, and we can talk with him and see what his estimate is, if you like, but we would have to talk with him personally to see why he --

H.M.Jr: Why don't you get hold of him if possible and put him up against Sir Andrew?

White: I will first show Sir Andrew what the difference is and see what his reaction is to it.

H.M.Jr: That is right, because it is terribly important.

Agnew: I would like to clear it up. We have heard of this figure before, all coming from the same place, out of the Navy.

White: They arrived at it as a basis of computation, not that they have got any - their naval attache gives a figure closer to ours, their own naval attache.

H.M.Jr: For heaven's sake, let's get it and let me bring it to Colonel Knox' attention, because as a newspaper publisher, he likes to have his figures accurate.

Agnew: While doing that, Dr. White, I was wondering if there was anything further that we could do on the German supply.

White: We don't have any information. Of course, it would be helpful if you had any information about the synthetic plants that were destroyed. It is so crucial in respect to what you have just given us.

Agnew: I have been trying. I have wired London for it, but you can understand it is difficult information to get, very difficult.

H.M.Jr: Is the octane position of the shot down planes about the same?

Agnew: No change.
During the last day or two, I met here in Washington and again today, Mr. de Montague, a Frenchman, who is over here in connection with oil. I expect you know all about it.

H.M.Jr: Not a thing.
Agnew: He wants to persuade the United States Government to allow exports of oil to occupied and unoccupied France.
White: We have a cable about it.
Agnew: I met him in the Shoreham as I left today.
H.M.Jr: I don't suppose he has got any chance.
White: We have a long cable on the subject which just came in.
H.M.Jr: Is anybody interested in seeing that he gets it?
White: No one that I know of.
Agnew: He is one of a party --
White: Other than Germany.
H.M.Jr: I would say he had one chance in ten.
Agnew: I am sorry to think that he has that.
H.M.Jr: Well, I am afraid we are human.
White: They have got Germany's permission to get this oil.
H.M.Jr: No, he has got one chance in ten, but I will keep my ears open.
Agnew: There is a mission, a party of them.
H.M.Jr: De Montague?
Agnew: De Montague is the Frenchman.
H.M.Jr: That is a new one to me.

Marris: He is attractive.

Agnew: Well, he was an attractive fellow, but he is completely shot. He is under duress. He was sent by the Germans, and I should think that the Germans have got his family or something of that sort. I knew him in the days gone by and he has completely gone to pieces.

White: Do you happen to know who he is contacting here?

Agnew: Do you mean in the Government departments?

White: I mean in the State Department or the Army and Navy.

Agnew: I believe it is the State Department, but I don't know.

H.M.Jr: We could mention it to Berle when he comes over in the morning.

Agnew: And I hear from the same - in connection with the same source, that there is a lady here, Madame de Chambrun, who is LaSalle's daughter and some of the party informed me that she is an extremely intelligent and clever lady.

H.M.Jr: That is right.

Agnew: That she is actively and strongly pro-Nazi, and she is pulling her perfume poison everywhere she can.

H.M.Jr: You would be interested to know that the President of the United States sent word to Mrs. - we were talking to the French Ambassador. We realized that the woman was the wife of the military naval attache, but if she knew what was good for her, the President of the United States suggested she keep her mouth shut, even though she was LaSalle's daughter.
Agnew: And even though she is beautiful?

H.M.Jr.: That I don't think the President knew, but he did send her that message, so it had reached him.

On the other hand, I met a very charming French lady yesterday who is intelligent. She is not particularly beautiful, but she is charming and that is Madame Pleven. Have you met her?

Marris: Oh yes.

H.M.Jr.: She is lovely, isn't she?

Marris: Oh yes.

H.M.Jr.: She is a lovely woman.

Marris: That is a different story.

H.M.Jr.: Oh, quite. You know what her husband is doing, don't you?

Marris: I know what he was doing, I don't know what he is doing now.

H.M.Jr.: He is the fellow in Africa who is stirring up all the people to get them to --

Agnew: In French Cameroones?

H.M.Jr.: Yes. He is the fellow down there. His father was a Colonial Officer. He is down there doing all of that thing, stirring them up. She is a lovely person, she and this Madame Tabouis.

Agnew: She is a very attractive woman.

H.M.Jr.: These two women, both of them are the kind of people I like to think the French are.

Agnew: Exactly. I met the other woman. She is really attractive.

H.M.Jr.: Those are the two kinds I like to think they all are.
The other thing, sir, I don't know whether you advise me - we keep hearing that the United States are proposing to set up a Petroleum Department.

That is news. I wish it was true.

Or something of that sort.

No. I recommended it. You might be interested to know that I recommended that Mr. Iokes be given that job, Harold Iokes, Secretary of Interior. There would be none better. He has all of our domestic oil reserves and if he was given the whole thing, it would be perfect.

But so far there is nothing?

I haven't been able to get it across.

The other thing is, I am wondering if it is a good plan for me to ask you if I can go home shortly.

I think it is a better time now than it was, yes.

So that if I can see things a little bit clearer, then if you will allow me to say goodbye to you a little later on.

Please.

Thank you very much.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE September 26, 1940

To Secretary Morgenthau

FROM Mr. Cochran

STRICTLY CONFIDENTIAL

Since our 12:00 meeting, I have talked with Secretary Hull's office. I have been advised that no cablegrams have been received from the Embassy at London during September, either for the President or for the Secretary of State, making any recommendations, or transmitting any messages from the British Government, in regard to British requirements for planes, munitions etc.
Secretary of State,
Washington.

3230, September 26.

FOR TREASURY FROM BUTTERWORTH.

It is of more than passing interest that two days after Keynes' speech on the British financial position after a year of war (my 3201, September 26) Stamp, who is still nominally the adviser to the Government on economic coordination, though his functions have been largely usurped since the advent of the Churchill Government, made a speech in connection with the special war savings week, indicating that the figures of voluntary savings are impressive but, nevertheless, the point of inflation is close round the corner. He added that the totals of savings though good lost their impressiveness when compared with the total additional resources now available in the increased pay roll of the nation. He went on to point out that in rejecting automatic or compulsory saving the advocates of voluntary saving
saving had assumed a great responsibility—that of achieving the required result unaided, for it was perilous to fall short. This same point was emphasized many months ago by Robbins and reported in despatch No. 5188 of May 4, 1940. Commenting upon the position in the early part of the war, Stamp stated: "We made the mistake of thinking that because we actually could secure things on pre-war habits by some means or other it was a point of national prestige concerning our shipping and our financial strength to do so. We might have started rationing and restriction earlier but for this pride."

KENNEDY

ALC
September 26, 1940

10:25 a.m.

H.M.Jr: Hello.

Adolf: Hello.

Berle: Hello, Adolf.

B: Oh, Henry, I'm sorry to bother you but there are two things that are going to come along here both from the French Embassy, who are perpetual suitors at your door and likewise at ours. The first presents a problem of some difficulty. They want us to release $1,500,000 to buy canned stuff and food in the Argentine - ship it to occupied France for use in the prison camp. I sent along the preliminary request, which came from Alphand, to Chamberlain and a copy to you, and had yesterday afternoon the formal request from the French Ambassador. It's a difficult question to answer. Of course, it solves a good many things. It takes care of some Argentine purchases which probably would help their exchange. It is theoretically administered by the International Red Cross in Geneva and I suppose our people could stay on board of it and I suppose those poor devils in the prison camps actually do need the food.

H.M.Jr: It hasn't come yet. Did you say you sent it to Chamberlain?

B: I've - well, the formal request came in as I say yesterday afternoon - sent along over to you, which will probably get to you during the day. Another letter, which you probably have in your pile and will get through some time or other, is the copy of the preliminary request from Alphand that I sent to you and I sent a copy to Chamberlain because I thought that he might at least know what was going on here against the time when you called him in.

H.M.Jr: Yeah.

B: I may say that, while we haven't been through the mill yet, I'm rather favorable to the
relief request for prison camps because, for one thing, we have the responsibility as you know for a good many of those French prisoners under our French interest arrangement. In the second place, I think we'd probably have some control.

H.M.Jr: Some what?
B: Some control, I mean, I think that our people probably could actually visit those camps and see that the stuff was getting there.

H.M.Jr: And the beef would come from the Argentine.
B: The meat would come from the Argentine.

H.M.Jr: Well, now do you know that we approved a transfer of $3½ million of French funds to the Argentine for payment to the Argentine and the French have not released it?
B: I don't know that, no.

H.M.Jr: Well, now, I'll get that story to you through Merle Cochran.
B: Right.

H.M.Jr: He has that and the Argentine Ambassador just left here a minute ago and we approved that last week, but the French won't release that. I think you ought to put the two-and-two together.

B: Well, I think that's distinctly a point. Of course, that's a qualification on this other thing.

H.M.Jr: Well, it's also for food to be bought in the Argentine and the French have not released that. I'll get Merle to give you that. Would you prefer it verbally or in a memo?

B: Well, either way you like. It doesn't matter because if he telephones, I'll make the memo, otherwise .....
H.M.Jr: I'll have him get you a memo over there.
B: Right. Now the other question is the perennial question of whether - they are still crying for some more money for their Consulates and ......
H.M.Jr: What?
B: I say, the French are still crying for some money to pay for their Consulates and Legations in South America.
H.M.Jr: Well, that's in your shop 100%.
B: Well, as I'd understood it - that's what I wanted to ask. As I understood it, the thing was taken up at Cabinet meeting and the President authorized for this country and was not so happy about anything else.
H.M.Jr: No.
B: And that was the way it was left.
H.M.Jr: No.
B: Are you content that way?
H.M.Jr: No, no. You've got it wrong. That was the first time. The second time it was brought up, the President told Cordell to use this as a basis for negotiation to get the planes out of Martinique.
B: Yeah. Well, that we have not yet been able to do.
H.M.Jr: But that was - one week elapsed between those two, and pending that he said to do nothing, but the matter is entirely in the lap of Cordell Hull.
B: All right. That's fine. Well, then I've got that straight.
H.M.Jr: Yeah.
B: I'm obliged to you.
H.M.Jr: What else?

B: All right.

H.M.Jr: Well, wait a minute - wait a minute. Did you get my message about tomorrow morning?

B: No, I haven't got it yet.

H.M.Jr: I've asked J. Edgar Hoover to come here at 10:15. I sent a message to you would you come at 10 and sit with the Treasury people for 15 minutes, the purpose being - I'm thoroughly dissatisfied the way we're getting the information on funds going to German, Italian and Russian Embassies. Hello?

B: Yes.

H.M.Jr: Hoover has got the investigative force, he's not getting what we need, and I wanted you to sit on my side of the table for 15 minutes when I'll show you what we have and then what we want.

B: I'll do that with great pleasure.

H.M.Jr: And of course the whole question is the funds and then the next question is the question of propaganda.

B: Sure.

H.M.Jr: And I know you're interested in this and it's perfectly disgraceful the way the thing has been messed up.

B: Well, as you know, I've been worried about that for a long time even to the point of wondering whether we ought not to block all funds merely for the privilege of looking at them. I'll be there at 10 o'clock.

H.M.Jr: If you could come and then, for instance, say sit on my side, and then I have suggestions to make to Hoover what we need and, by God, he's got to get it or else.

B: Well, there certainly is no adequate knowledge of how those funds go. There ought to be
something that matches up with the information which the banks undoubtedly have and the ultimate destination of those funds.

H.N.Jr: Well, he gives us what he gets and it's just - it's just childish and for us to sit here and let all these funds flow there and have no idea of what disposition is made of them ....

B: Well, I think that's entirely right.

H.N.Jr: And I'm getting in on it purely from the standpoint of the banks, but I also could let my imagination work.

B: (laughs). It sometimes is a useful and dangerous faculty.

H.N.Jr: Right.

B: All right. Good-bye.
September 26, 1940
10:40 a.m.

Merle Cochran: Hello. Yes, Mr. Secretary.

H.M. Jr: Berle just talked to me, and the Argentinians want us to release $1½ million — no, the French want us to release $1½ million to the Argentinians to buy beef in Argentina for the prisoners in Germany. Fine business.

C: Yes.

H.M. Jr: Now, Berle was not familiar with this $3½ million deal which we had cleared, and please give him a formal memorandum on it.

C: All right.

H.M. Jr: So that the two things — he didn’t seem to know about the other — I don’t know why.

C: I see. Well, did he recommend anything on this $1½ million?

H.M. Jr: He recommends that we do it.

C: I see. That was up yesterday in our Committee.

H.M. Jr: Well, I didn’t know that, but I wouldn’t do that — I want both the pieces of the whole Argentinian picture put together for me so I can bring it up in Cabinet and the whole French thing as the French thing affects them, you see. In other words, I won’t do anything until Cabinet tomorrow, but if you could have it all together.

C: He didn’t give you a reply on the diplomatic expenditures, did he? I was talking with Atherton yesterday on that.

H.M. Jr: No. He didn’t know that the President had told Mr. Hull to negotiate with Martinique to get a release on the planes.

C: Oh, is that so?
H.M.Jr: He didn't know about it.

C: Because Atherton was calling me about it yesterday and I said, well, it's up to you people and he said he'd speak to Berle again.

H.M.Jr: He did not know; I told Berle; Berle only knew about it the first time. He didn't know that the President told Hull to get those 50 planes. Now he knows it.

C: I see.

H.M.Jr: My God Almighty! I mean, it's - I don't know how they work.

C: Not much coordination, that's a certainty.

H.M.Jr: But put the two things together - whatever business we have with the Argentine and the French and get it in a joint memorandum so I can bring it up at Cabinet.

C: All right, sir, I'll attend to it.

H.M.Jr: And I think it would be a nice thing if we could - I got it, I would send it over to Mr. Hull in advance, you see, with a little note and say I'm going to bring it up in Cabinet.

C: All right. So that's for your meeting tomorrow.

H.M.Jr: Right.

C: I'll get it up today.

H.M.Jr: Thank you.

C: All right, sir.
September 26, 1940
3:15 p.m.

H.M.Jr: Hello.
Operator: Mr. Crane.
Jay Crane: Hello, Mr. Secretary.
H.M.Jr: Jay, Sir Frederick Agnew just left here and I told him that I was very much disturbed from the standpoint of the whole picture, oh, it looked as though they didn't have the dollars to go around....
C: Yeah.
H.M.Jr: ...and that I just didn't understand it and so he said he wanted to ask my advice and, boiling the conversation down, did I think that this was something that he should keep out of. So I said definitely that this was something for the British Treasury to do - taking a look at the whole situation, not from one commodity, and that if it got around that they were running short of dollars they might have difficulty getting contracts signed for munitions. And so he said, well, he'd take my advice and he's going to drop the matter and refer the whole thing to the British Treasury, and he's going to see you in New York.
C: Oh, he is.
H.M.Jr: Yes. I asked him to.
C: Yeah.
H.M.Jr: But for the time being the matter is killed, until I hear from the British Treasury on the whole picture.
C: You want them to be on the whole picture.
H.M.Jr: No, I don't want oil to get a piece of it any more than on steel, but if the British Treasury haven't got enough dollars, why then I want them to tell me about it.
C: Yeah.
H.M.Jr: And I don't want it to come through on oil.
C: You want the whole picture.
H.M.Jr: The whole picture.
C: Yeah.
H.M.Jr: So Agnew said that he was just trying to make the thing go a little bit further, in other words he was being a little Scotch and that he thought you were over-alarmed, that he was just sounding things out. Well, so he's withdrawing the whole thing.
C: He is?
H.M.Jr: Yeah.
C: Well, that's fine. Well, then he's going to come in and see us here.
H.M.Jr: He's going to see you personally, and so for the time being the thing is dead, until the British try to rearrange it themselves.
C: Yeah. How did he take that - all right?
H.M.Jr: Well, he asked my advice, and that was my advice. He said thank you, and he realized he had made a mistake. But he said two or three times he thought you took it too seriously.
C: Yeah. Well, that's fine.
H.M.Jr: The conversation was very, very pleasant; there were no feelings.
C: Yeah. Well, he's an awfully nice fellow.
H.M.Jr: Yes, he is. But that's that, and if it's raised again let me know.
C: Yeah, I will. Now, if I may, I'll let you know after I've talked with him, if there's anything comes up.
H.M.Jr: Right.
C: We'll see what he has to say.
H.M.Jr: Yeah. While I've got you on your phone, ask your people how they are getting along with that - the negotiations with the Dutch East Indies.
C: Yeah. I'll get the last word on that.
H.M.Jr: Will you? Get the last word on it and I'd like to know.
C: Yeah. O.K.
H.M.Jr: Thank you.
C: Thanks very much.
Secretary of State,

Washington.

4147, September 26, 4 p.m.

Referring my 2171, June 28, 1 p.m.

German authorities again report no information available regarding Leroy-Beaulieu.

TFV

GRAY
BERLIN

Dated September 26, 1940
Rec'd 3:42 p.m.
September 26, 1940
9:30 a.m.

GROUP MEETING

Present: Mr. Bell
Mr. Thompson
Mr. Young
Mr. Graves
Mr. Foley
Mr. Schwarz
Mr. White
Mr. Haas
Mr. Gaston
Mr. Cochran
Mrs. Klotz

H. M. Jr.: Now, would you glance through these things, please, Merle, and pick out of these the things I should do before I see the Argentinian? We will just make him wait.

Cochran: Yes, sir.

H. M. Jr.: Herbert, one of the things that I was thinking about during the night, are these people in Coast Guard still down there on ship movements?

Gaston: Yes.

H. M. Jr.: Don't you think we could move that whole thing back over to Coast Guard? It has gotten to be very routine, hasn't it?

Gaston: It is quite routine. The only problems we have are shipping to the Orient and Spanish ships and Estonian and Latvian and so on. I work with him almost exclusively by telephone.

H. M. Jr.: You do?

Gaston: Yes.

H. M. Jr.: Then give orders to move the thing over to
become an integral part of Coast Guard, if that is agreeable to you. I mean, it was all right while it was difficult.

Gaston: We have made it a part of the Coast Guard organization. It was just a matter of physical moving.

H.M.Jr: You are tying up a lot of important offices downstairs, and I think they are less important. The really important men - they could, you know, let it get down to one important office.

Gaston: We can get them out of there in a day or two. It is just a matter of moving teletype connections.

H.M.Jr: I think as of Monday I would move it over in Coast Guard and release some of those men like Commander - what is his name? Who would be the one man you would want to watch it?

Gaston: Derby could handle it. He is handling the Captains of the Ports, but he can have help enough to handle it. We can handle it now mainly by warrant officers. We don't need these - a warrant officer setup could handle it entirely. We just released one man, a commissioned officer, the other day.

H.M.Jr: Now, what I thought I would do is this: In connection with this work of trying to find out how much German and Russian and Italian expenses are, I had a few minutes' talk with Klaus. He says we really have nothing.

Gaston: That is true.

H.M.Jr: So I thought I would invite J. Edgar Hoover to come over and talk to me and explain to him what I wanted and then have you here and have Klaus here and tell him what we need, and then ask him whether Klaus couldn't work with somebody he designated to really get the stuff.
Gaston: We had a call from the State Department, Collado, here a couple of days ago. They were interested in these figures and wanted to know if anybody is getting them. We told them it wasn't our responsibility.

H.M.Jr: What figures?

Gaston: On the foreign balances, primarily German and --

H.M.Jr: What is Collado working on that for?

Gaston: Well, somebody in the State Department apparently asked him to find out. I suppose the State Department has an interest in it, too, but the thing is sort of falling between two or three organizations. Nobody is really handling the subject. Nobody is doing a comprehensive job on it.

H.M.Jr: Well, I am going to ask, if Mr. Hoover is in town, to have him come over tomorrow. I want to tell him what I have in mind, see. You be here.

Gaston: Yes. Would you like to have Harry --

White: No, I was wondering before you have that if you would like to have a little report of what we have up to date.

H.M.Jr: We will do that from 10 to 10:15.

White: We will bring together what we have, because we have had a man working on it.

Gaston: Can I get together with you today, Harry, on that?

White: Yes, make it late, before I come in tomorrow, say.

H.M.Jr: Well, why don't you fellows bring me up to date at 10 tomorrow, and then I will see Mr. Hoover at 10:15? I think I had better talk to him and put Sam in touch with him and he might want to use Sam, but from what
Sam tells me, he says it is just a joke, that he doesn't get the information.

White: Our man reported on a different group of materials, from which he was working on, similarly that it was most inadequate, that their approach was very partial and very inadequate and very superficial.

H.M.Jr: I don't want to dig up the information, but I want to tell Mr. Hoover what I want and then let him do it.

White: I think we will be able to give you that at 10 tomorrow, what are the areas which are not appropriately covered.

Gaston: They take certain specific cases and chase them all around over the map, but nobody is surveying the whole thing from a statistical point of view.

H.M.Jr: When we talk at 10 I want Merle to sit in on this, because you (Cochran) have been seeing these fellows, and Bell, will you be in so that you know what I am doing in case I should be sick or something, see, so sit in with me, but Merle has been seeing these people, haven't you?

Cochran: Yes.

H.M.Jr: But from two minutes I had with Sam Klaus, it is just a joke, and nobody knows how much money these agencies are spending for propaganda purposes or anything else. It is the most superficial thing. The responsibility is Hoover's, and I want to tell him about it, and then get him busy.

Cochran: On that Collado matter, I don't know whether he spoke with Mr. Gaston also, but he spoke with me once and I told him we were doing certain things and to not start any new investigation on their part.

White: Isn't that a matter that Mr. Berle was very interested in at one time?
H.M. Jr: It is like all of these things. When you get into them, they are sloppy, the thing isn't tied up. Mr. Hoover sends over a stack of stuff of the various bills that he runs down, and it is just meaningless. But it is his responsibility, but if I talk to him privately, I think I can get results, but I want to show him that the thing is just a joke.

Gaston: I don't know that it is entirely his responsibility. I think the investigation probably might be his, but it is not necessarily espionage. I think there is a State and Treasury angle to it.

H.M. Jr: Is there?

Gaston: I think so.

White: I was wondering why you might not have Mr. Berle or his representative here, because they undoubtedly were very interested in it formerly. In fact, that was one of Berle's chief interests in the imposition of funds when he wanted control over the expenditures for propaganda purposes in Latin America.

H.M. Jr: Suppose I have Berle here at 10 and let him sit in?

White: I think so, because he thinks we are getting more information by foreign exchange control than we have hitherto made an attempt to get by virtue of the activities of the FBI.

H.M. Jr: Are we all together?

Gaston: Yes.

H.M. Jr: Bell, you sit in, see.

Bell: All right.

H.M. Jr: You had better sit in, too, Harold. You're a pretty good detective. We will get you in on this thing if you are not too busy. I don't know what you are doing, but sit in on it, anyway, and you might sit in today and find out what goes on.
White: I will --

H.M.Jr: Get in on it today, and I may ask you to kind of father this thing.

Where were we?

Gaston: We weren't anywhere. You hadn't started.

H.M.Jr: I just thought I would take up these things.

Herbert?

While I am at it, I'm just warning you (Young) at 11:15 Purvis is coming, and I am going to unload heavy. Either he or the Embassy has just given me partial information. If that is the way they can treat me, they can take the whole stuff and run it themselves. I am not going to be treated that way by the English Government. If they don't want to tell me what they are doing in this country, they can have the whole thing. It is a lovely time for me to withdraw, and I am just going to tell him that. I can not go forward tomorrow and make this big fight tomorrow when I only get half the stuff. If the Embassy doesn't tell Purvis and doesn't tell me - I have given them a year and a half of the best of my life, and if they don't want to keep me informed, they can take it and let the Embassy and Mr. Purvis go on their own way, but this would be a beautiful time for me to withdraw and I am going to tell him so. The stuff that General Strong told me last night, I am not getting the information, and over in England if they want to have four people doing the same thing, that is their business, but they can't treat me this way. I am not going to be treated that way. Do you know Walter Leyton? He is an Economist.

White: He is a what?

H.M.Jr: Did you know that he is supposed to be England's leading Economist?

White: He is an Economist, but far from their leading Economist.
H.M.Jr: Give me a memorandum on it, because from what General Strong tells me, for them to send a man over at this time is just outrageous, to send him over as a great man on production.

White: I will give you a little write-up.

H.M.Jr: General Strong asked him a very simple question as to what their productive capacity was, and he treated General Strong as though he was a schoolboy with a very limited education. To send him over here at this time - if they have to do it for political reasons, unload a man like that on us, it is outrageous.

White: Well, he is not an incompetent, but he is far from their best.

H.M.Jr: Would you pick him as a man to come over here and tell us --

White: Not unless there are some political reasons for it.

H.M.Jr: I believe during the World War he was secretary to Lloyd George. If they are doing this to placate Lloyd George, I am not going to get mixed up in it.

Cochran: Since then his work has been principally economic. He was editor of the Economist and the British have used him on some international conferences as their representative.

White: He is more of a publicist.

H.M.Jr: Well, he is coming over here - am I right, Phil - as a great authority on production and machine tools and what not.

Young: No, I don't think that is correct. I don't think they ever set him up to be a production man.

H.M.Jr: Wait a minute, don't - please. General Strong said that and General Strong saw him over there. He is the man to tell us what England can do
and what they can expect us to do.

Young: Well, that might be.

White: He may have been doing that in the last year.

H.M.Jr: That is what they told him in England and that is what he told General Strong.

Young: That was not Purvis' point of view on it, however.

H.M.Jr: Well, that is what they got right at the top, that he was coming here and this was England's needs and they are going to tell the United States to produce. Well, he couldn't get him off to a worse start and certainly with me—well, for three hours, I never spent a more interesting evening or got more information. He certainly put all of his cards on the table, and Strong wants to help the English, but the best way I know to help them would be putting Walter Layton on the boat and send him back again. I mean at this time to do things the way they are doing it, I am not going to—I mean, to treat Strong the way they have and to treat me this way—I mean, they just can't do it and I'm not going to let them do it.

If anybody wants to see a beautiful layout, let them have Thompson take them downstairs to what he has done. He has done one of the nicest jobs. And whoever helped you, I wish you would tell them.

White: Layout on what?

H.M.Jr: Foreign funds. Have you (Bell) been down?

Bell: Yes.

H.M.Jr: Do people, outsiders, get in there? Would it be any harm in putting it on the door that this is the French door and—

Thompson: I think that would be nice, because people
who come in are taken by messengers into the rooms.

Professor Chamberlain asked that we fix a per diem to cover his railroad expenses.

I have one other matter here. We have in the Income Tax Bureau an Auditor by the name of Cottrell, who has spent much of his time in helping Senators and Congressmen prepare income tax returns. He was up for retirement a year ago and Speaker Bankhead spoke to the President and the President told you to arrange for an extension. Now he wants another extension, and Mrs. Norton informed me yesterday that Sam Rayburn wished you to be advised he would like an extension granted.

H.M.Jr: How old is the man?

Thompson: He is 71 now. Mr. Helvering will not recommend it.

H.M.Jr: It may be good to have a new man go up there and look at the Congressional income tax returns.

Thompson: They do have another man up there who can do better work than this man.

H.M.Jr: A new man, is he, to look at Sam Rayburn's returns and everybody else's?

Bell: Here is kind of a closing notice for tomorrow night. We got 150 million yesterday, which is very good for the first day.

H.M.Jr: I thought we had a swell press. I was amazed at all that stump speech political stuff, claptrap that I gave them, that they ran it.

Bell: Federal Housing wants to call about a million 300 thousand of their debentures for payment January 1st.

H.M.Jr: I had one good laugh today, anyway. I was talking to Dr. Harry White on the telephone
and I said, "What did T. V. Soong have to tell you?" He told me about the scheme that they had worked out, how they fixed this and that, but at the end it would come out of the Stabilization Fund. I said, "That is very interesting." Dr. White said, "Would you like to have me dress it up for you today?" I said, "That is just the trouble; by the time you get through dressing it up, I won't recognize it."

White: It was an unfortunate expression.

H.M.Jr: It was yours.

White: I know.

Bell: The market went up pretty fast yesterday, and Ransom called me late last night and wanted to know what your feelings would be on them selling a few of their securities, while this issue was open.

H.M.Jr: What did you tell him?

Bell: I told him I would talk to you about it this morning.

H.M.Jr: You tell Ronald Ransom to sit still and do nothing and be a good boy until Saturday.

Bell: They are afraid it will go up --

H.M.Jr: Okay. Tell Ronald Ransom I am sending that message as one Democrat to another. I hope that Georgia is in the right column - he is the right kind of a Georgia Democrat. You can talk to him and tell him what you think he should know, but tell him to do nothing until Saturday.

Bell: That is all I have.

H.M.Jr: Now, who is sitting in with me on Argentine?

White: Before you see him, let me mention something. The State Department called up --
H.M.Jr: Excuse me. Are you (Bell) in on this?
Bell: I haven't been. I saw him Saturday, as Harry said, at dress rehearsal.
H.M.Jr: Well, you had better. You and White and Cochran. All right?
White: May I tell you this before you see him, because --
H.M.Jr: Oh, you are staying. The rest of you are excused.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE September 26, 1940

TO Secretary Morgenthau
FROM Mr. Cochran

STRICTLY CONFIDENTIAL

At 10:00 this morning the Secretary received the Argentine Ambassador, by appointment. Messrs. Bell, White and Cochran were present. The Ambassador stated that he desired to discuss the matter of the Argentine Government sending a representative to Washington for the purpose of having conversations with Secretary Morgenthau. The Ambassador stated that it was contemplated that the Governor of the Central Bank of Argentina, Mr. Prebitch, should make the trip, provided this would not require a protracted absence from Argentina. The Ambassador inquired whether the coming elections in the United States would be a possible cause of delay in negotiations or would make the period from October 10 to the end of the month unpropitious. The Secretary stated that as far as he was concerned the negotiations could be undertaken without any reference to our elections. Whenever Mr. Prebitch or any other representative from the Argentine might arrive the Secretary would be glad to expedite negotiations.

The Ambassador stated that it would help very much if the Secretary could provide him with an agenda suggesting the subjects which the Treasury Department would desire to discuss during the visit of the Argentine representative to Washington. That is, the Ambassador wanted to provide this representative with sufficient information to let the latter know the probably scope of the conversations, and come accordingly prepared. The Secretary promised that an agenda would be ready by this coming Saturday. The Ambassador desires to telephone this to Mr. Prebitch on Saturday noon, since the latter will presumably be flying to Rio de Janeiro next week with Minister of Finance Pinedo. If Prebitch is to come on here he will fly directly from Rio. In discussing the working out of an agenda, the Secretary mentioned specifically one point which he wished included therein. He asked that the Argentine representative come with information in hand as to British investments in Argentina. He was also interested in the Canadian investments in Argentina.

During the visit, the Ambassador mentioned that he had received this morning a reply to the message which he had sent to Argentina at the request of the Treasury seeking additional data to support an application for a license for the payment of a certain amount of dollars from French account in the United States to Argentina for the settlement of a balance due from France to Argentina on account of products purchased in the latter country. The cablegram had not been completely decoded when the Ambassador came to the Department, so the Ambassador promised to deliver it to Mr. Cochran this afternoon.

At 4:15 the Argentine Ambassador handed to Mr. Cochran the attached memorandum.

Incidentally, the Ambassador mentioned that shortly after his return from the Treasury to his Embassy this forenoon, one of the press associations telephoned him
to learn what his conversation had been about at the Treasury. This correspondent
intimated that he understood from the Secretary's press conference that the subject
of foreign exchange had been discussed. I read to the Ambassador the Dow Jones
report of the Secretary's press conference, which did not mention the Ambassador or
Argentina. I also called Mr. Schwarzs while the Ambassador was here. Mr. Schwarzs
stated that one of the correspondents had been aware that the Ambassador was here
and had raised the question of his visit during the conference. The Secretary had
admitted that the Argentine Ambassador had called, but referred his inquirers to
the Ambassador for any comments upon the visit. I told this to the Ambassador who
informed me that his reply to the press had been that he is calling frequently at
the Treasury to discuss our common problems, including blocked funds. He has given
no intimation of the coming visit of an Argentine representative. He knows that
this cannot be kept secret indefinitely, but hopes to reach with us the basis of a
proper press communiqué before the representative arrives and before any other
information is given to the press about the coming visit.
Embajada de la República Argentina

MEMORANDUM

The Argentine Ambassador presents his compliments to the Honorable Secretary of the United States Treasury and has pleasure in answering the points of the Memorandum Re: NY 49001 of September 12th, 1940:

1. Date of Accord?
   - November 23rd, 1939.

2. Does the use of the word "balance" imply that this is the final payment?
   - It is not the final payment of the account.
   It is the amount in French francs which, in accordance with the Accord, the Argentine is entitled to receive in dollars.

3. Details of Accord as to payment in dollars?
   - The Accord stipulates that: a) The interchange with France is transacted in French francs, through the medium of a Special Account opened in the Bank of France in the name of the Banco Central. b) The sums exceeding 500,000,000 French francs in favor of the Banco Central shall be converted into dollars immediately upon exceeding the said sum. c) If the Argentine exports to France during a semester should not reach the sum of 1,500,000,000 French francs, the
- 2 -

limit of 500,000,000 convertible into dollars, as set down in point (b), shall be deducted proportionally the following semester.

4. Over what period of time have exports under reference been sent to France?

-First semester of 1940. Argentine exports to France reached the sum of 1,071,000,000 French francs and to ascertain the balance not convertible into dollars it must be reduced to 357,000,000 French francs the second semester. As the balance of the account of the Banco Central in the Bank of France amounted to 522,000,000 French francs in favor of the Banco Central, the difference of 165,000,000 French francs is due to conversion into dollars, the equivalent being US$3,701,411.29.

5. Nature of exports?
   a) Are they of Argentine origin?
   b) If re-exports, where did they originate?

-It relates exclusively to Argentine products of our regular exports. There are no re-exports.

6. Have all shipments been made?
   a) Date of latest shipment?

-All the shipments concerning the sum of 1,071,000,000 French francs of the exports of the first semester have been made. The last shipment was made on the 15th. of June 1940.

Honorable Mr. Henry Morgenthau, Jr.,
Secretary of the United States Treasury,
Washington, D. C.

Washington, September 26th, 1940.
I. Western Theater of War.
   1. No ground operations.

   In daylight of the 25th the German Air Force operated extensively over southern England and in force in the Bristol area. There they claim to have bombed the aircraft factory at Filton. Raiders were over the London area all night.

   The Royal Air Force conducted night raids against the "Invasion Ports", railway yards in Belgium, Holland and Germany and against Berlin. The alert in the German capital lasted five hours.

II. Mediterranean and African Theaters of War.
   1. No ground operations reported from Egypt.

      The British-"Free French" force has withdrawn from before Dakar.

   2. Incomplete information indicates the continuance of heavy British air attacks on Tobruk and widespread sporadic activity by both sides throughout the theater. Gibraltar was bombed again, presumably by French planes.

III. Far East.

   Sporadic fighting continues between French and Japanese in Indo-China, concurrently with negotiations concerning the official and peaceful entry of the Japanese into the colony. Haiphong was bombed this morning. French colonial officials are increasingly, but perhaps temporarily, defeatist.
SPECIAL BULLETIN
No. 17
0-2/2657-231

MILITARY INTELLIGENCE DIVISION,
WAR DEPARTMENT,
Washington, September 26, 1940.

NOTICE
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FRENCH ARTILLERY, ANTITANK,
AND ANTI-AIRCRAFT WEAPONS

SOURCE
The information contained in this bulletin came from an official British summary of French equipment, dated July 25, 1940. Great importance was attached to the summary since, as a result of the defeat of the French Army, it was expected that the equipment might be used by the Axis powers against the British.

CONTENTS
1. PARTICULARS OF ARTILLERY AND ANTITANK WEAPONS

2. ANTI-AIRCRAFT ARTILLERY
   a. Notes on Fire Control Instruments
   b. Particulars of Guns

* * * * *

CONFIDENTIAL

-1-
## I. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Bore in Calibers</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Depression</th>
<th>Traverse</th>
<th>Rifling</th>
<th>Weight in Action</th>
<th>Remarks</th>
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<td>1.</td>
<td>25 mm.</td>
<td>25 mm. Semi-Automatic Model 1934</td>
<td>Anti-tank Gun</td>
<td>64</td>
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<td>.70</td>
<td>11,200</td>
<td>15°</td>
<td>5°</td>
<td>60°</td>
<td>12</td>
<td>6°10'</td>
<td>1,050 lbs.</td>
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<tr>
<td>3.</td>
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<td>37 mm. Semi-Automatic</td>
<td>Infantry Gun</td>
<td>17</td>
<td>1,200</td>
<td>1.23</td>
<td>2,600</td>
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<td>Anti-tank Gun</td>
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<td>0.86</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>The original weapon, with muzzle velocity of 1,300 f.s. was issued as an Infantry support gun.</td>
</tr>
<tr>
<td>5.</td>
<td>37 mm.</td>
<td>37 mm. Semi-Automatic Model 1918 and Model 1918, Modified 1937</td>
<td>Tank Gun</td>
<td>21</td>
<td>1,970</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The modified model is used on the Renault Hotchkiss and F.C.M. tanks. These guns fire the same ammunition as the 37 mm. Rapid Fire Model 1916.</td>
</tr>
</tbody>
</table>

**General Notes:**
1. With the exception of the 25 mm., the 37 mm., and the newer 47 mm. antitank guns, and the new 75 mm. antitank-field gun, the French employed almost entirely artillery weapons developed before and during the World War. Other exceptions were the 1050 1935A5 and the 1050 1934B howitzers. In some of the remaining equipment, carriages had been modified.

2. For antitank guns, the French used solid shot almost exclusively. The 37 mm. and 47 mm. modern equipments fired solid armor-piercing shot with ballistic cap, as did the 75 mm. gun. The 25 mm. Hotchkiss antitank gun fired solid shot with and without tracer, but it was intended to use in the future only armor-piercing shot with tracer.
## I. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Bore in Calibers</th>
<th>Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Depression</th>
<th>Traverse</th>
<th>Rifling No. of Grooves</th>
<th>Twist</th>
<th>Weight in Action</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>37 mm. (1.15&quot;)</td>
<td>37 mm. Semi-Automatic Model 1938</td>
<td>Tank Gun</td>
<td>30</td>
<td>2,300</td>
<td>1.54</td>
<td>690 lbs</td>
<td>20°</td>
<td>17°</td>
<td>10°</td>
<td>12 7°</td>
<td></td>
<td></td>
<td>This weapon was intended to replace the armament of the Bmleut Hotchkiss and F.C.M. (Forges et Chantiers de la Mediterranee) tanks. Penetration: 40 mm. at 600 yds. at normal, 30 mm. at 600 yds. at 30°.</td>
</tr>
<tr>
<td>7.</td>
<td>37 mm. (1.15&quot;)</td>
<td>37 Casemate Model 1934</td>
<td>Anti-tank Gun</td>
<td>50</td>
<td>2,680</td>
<td>1.98</td>
<td>1,100 lbs</td>
<td>25°</td>
<td>15°</td>
<td>40°</td>
<td>12 7°</td>
<td></td>
<td></td>
<td>A cartridge, enabling an armor-piercing shot with ballistic cap weighing 1.98 lbs. to be fired, was believed to be under development.</td>
</tr>
<tr>
<td>8.</td>
<td>47 mm. (1.85&quot;)</td>
<td>47 Naval Model 1902</td>
<td>Anti-tank Gun</td>
<td>2,260</td>
<td>4.4</td>
<td>2,200 lbs</td>
<td>Mounted as an antitank weapon in fortified positions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>47 mm. (1.85&quot;)</td>
<td>47 Casemate Model 1934</td>
<td>Anti-tank Gun</td>
<td>50</td>
<td>2,800</td>
<td>3.8</td>
<td>2,200 lbs</td>
<td>10°</td>
<td>15°</td>
<td>15°</td>
<td>2,200 lbs</td>
<td></td>
<td></td>
<td>This model with deepened rifling was mounted in fortifications. Marked with an &quot;A&quot; on breeching.</td>
</tr>
<tr>
<td>10.</td>
<td>47 mm. (1.85&quot;)</td>
<td>47 Casemate Model 1934</td>
<td>Anti-tank Gun</td>
<td>50</td>
<td>2,260</td>
<td>4.4</td>
<td>2,200 lbs</td>
<td>10°</td>
<td>15°</td>
<td>15°</td>
<td>2,200 lbs</td>
<td></td>
<td></td>
<td>Employed only in fortifications. It is known as the 47 &quot;with non-deepened rifling&quot; and it is believed was being modified to use the same ammunition as Serial 9 above.</td>
</tr>
<tr>
<td>11.</td>
<td>47 mm. (1.85&quot;)</td>
<td>47 mm. de Char. Model 1935</td>
<td>Tank Gun</td>
<td>27.6</td>
<td>2,160</td>
<td>3.56</td>
<td>750 lbs</td>
<td>20°</td>
<td>15°</td>
<td></td>
<td>15°</td>
<td></td>
<td></td>
<td>Chief turret armament on the Char B and Soum tanks.</td>
</tr>
<tr>
<td>Serial</td>
<td>Caliber</td>
<td>Nomenclature</td>
<td>Type</td>
<td>Length of Bore in Calibers</td>
<td>Muzzle Velocity in Feet Per Second</td>
<td>Weight of Shell in Pounds</td>
<td>Maximum Range in Yards</td>
<td>Elevation</td>
<td>Depression</td>
<td>Traverse</td>
<td>Rifling</td>
<td>Weight in Action</td>
<td>Remarks</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>---------</td>
<td>--------------</td>
<td>--------------------</td>
<td>---------------------------</td>
<td>----------------------------------</td>
<td>---------------------------</td>
<td>-------------------------</td>
<td>------------</td>
<td>------------</td>
<td>----------</td>
<td>---------------</td>
<td>-----------------</td>
<td>--------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>47 mm.</td>
<td>L7 mm. Model 1937</td>
<td>Anti-tank Gun</td>
<td>50</td>
<td>2,800</td>
<td>3.8 (Solid Shot Capped)</td>
<td>5,500</td>
<td>13°</td>
<td>16°</td>
<td>68°</td>
<td></td>
<td>2,310 lbs.</td>
<td>Penetration: 60 mm. at 30° at 600 yds; 80 mm. at 15° at 200 yds. This gun is believed to be used for anti-tank defense in fortifications on a twin mounting as well as on normal wheel mountings.</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>47 mm.</td>
<td>L7 mm. Model 1939</td>
<td>Anti-tank Gun</td>
<td>50</td>
<td>2,800</td>
<td>3.8 (Solid Shot Capped)</td>
<td>5,500</td>
<td>15°</td>
<td>50°</td>
<td>65°</td>
<td>15° on wheeled 360° on 3-Armed Mounting</td>
<td></td>
<td>Penetration as for Serial 12. Pneumatic tired wheels.</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>65 mm.</td>
<td>L7 mm. Model 1906</td>
<td>Field Gun</td>
<td>16</td>
<td>1,080</td>
<td>8.75</td>
<td>7,000</td>
<td>35°</td>
<td>10°</td>
<td>6°</td>
<td>24</td>
<td>7°</td>
<td>900 lbs. This gun fires both shrapnel and high explosive shell. It can be carried in 4 packloads of 250 lbs. each.</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>75 mm.</td>
<td>L7 mm. Model 1928</td>
<td>Field Gun</td>
<td>13.4</td>
<td>1,310</td>
<td>14</td>
<td>9,600</td>
<td>40°</td>
<td>10°</td>
<td>10°</td>
<td>24</td>
<td>8°</td>
<td>1,540 lbs. Fires both shrapnel and high explosive. Carried in 7 loads.</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>75 mm.</td>
<td>L7 mm. Model 1897</td>
<td>Field Gun</td>
<td>30.5</td>
<td>2,050</td>
<td>12.5</td>
<td>11,000</td>
<td>18°</td>
<td>11°</td>
<td>6°</td>
<td>24</td>
<td>7°</td>
<td>1.25 tons The range quoted is with new streamlined high explosive shell. The maximum range with Model 1918 high explosive shell is 11,600 yds; range with shrapnel is 7,700 yds.</td>
<td></td>
</tr>
</tbody>
</table>
### CONFIDENTIAL

#### I. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Barrel in Calibers</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Depression</th>
<th>Traverse</th>
<th>Rifling No. of Grooves</th>
<th>Twist</th>
<th>Weight in Action</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>75 mm. (2.95&quot;)</td>
<td>75 Model 1897, Modified 1933</td>
<td>Field Gun</td>
<td>30.5</td>
<td>2,050</td>
<td>12.5</td>
<td>14,000 (Steel Ballistic Cap Shell, 1938)</td>
<td>45°</td>
<td>5°</td>
<td>55°</td>
<td>24</td>
<td>7°</td>
<td>1.5 tons</td>
<td>This gun fires the same ammunition as the Model 1897, and the same remarks apply. It is the same piece mounted on a modernized carriage. Solid armor-piercing shot weighing 14.1 pounds is employed for antitank use.</td>
</tr>
<tr>
<td>18</td>
<td>75 mm. (2.95&quot;)</td>
<td>Anti-tank Field Gun</td>
<td>2,100</td>
<td>14 (Armor-Piercing Solid Shot)</td>
<td>360° on 3-Armored Mounting when used as Anti-tank Gun</td>
<td>Heavier than the 75 Model 1897/35 Field Gun at Serial 17.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>75 mm. (2.95&quot;)</td>
<td>Long Tank Gun</td>
<td>High Explosive Solid Armor-Piercing Shot, 1,940 f.s.</td>
<td>14 (Armor-Piercing Solid Shot)</td>
<td>30°</td>
<td>10°</td>
<td>12°</td>
<td>Used as mobile artillery. Mounted in hull of the Somua tank; armored on a 40 mm. basis and capable of a road speed of 18.7 m.p.h. 32 of these equipments exist.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>75 mm. (2.95&quot;)</td>
<td>Short Tank Gun</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mounted in standard Somua tank.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>105 mm. (4.14&quot;)</td>
<td>105x1935B (Manufactured by Bourges)</td>
<td>Howitzer</td>
<td>11</td>
<td>1,650</td>
<td>34.5</td>
<td>11,200</td>
<td>50°</td>
<td>60°</td>
<td>53°</td>
<td>52</td>
<td>8°</td>
<td>1.6 tons</td>
<td>The carriage is believed to be the same as the 75 Model 1897, Modified 1933. The accuracy of this piece is said to be excellent.</td>
</tr>
</tbody>
</table>

* The letter "C" stands for "court" (short) and indicates a length of less than 20 calibers.
## COIIrcn Dnn'W.

### CONFIDENTIAL

1. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Bore in Calibers</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Depression</th>
<th>Traverse</th>
<th>Rifling No. of Grooves Twist</th>
<th>Weight in Action</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.</td>
<td>105 mm.</td>
<td>105C 19348</td>
<td>Howitzer</td>
<td>35</td>
<td>1,525</td>
<td>3.5</td>
<td>11,000</td>
<td>30</td>
<td>10</td>
<td>25</td>
<td>1.7 tons</td>
<td>Considered a more robust equipment than Serial 21.</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>105 mm.</td>
<td>105M Model 1919 and Model 1928</td>
<td>Mountain Howitzer</td>
<td>12</td>
<td>1,150</td>
<td>26.5</td>
<td>8,500</td>
<td>45°</td>
<td>0°</td>
<td>9°</td>
<td>32</td>
<td>12°</td>
<td>1.75 tons</td>
</tr>
<tr>
<td>24.</td>
<td>105 mm.</td>
<td>105L 1913</td>
<td>Gun</td>
<td>72</td>
<td>1,800</td>
<td>35.5</td>
<td>13,400</td>
<td>37°</td>
<td>0°</td>
<td>6°</td>
<td>40</td>
<td>4°</td>
<td>10°</td>
</tr>
<tr>
<td>25.</td>
<td>105 mm.</td>
<td>105L 19368 (Manufactured by Schneider)</td>
<td>Gun</td>
<td>72</td>
<td>1,800</td>
<td>35.5</td>
<td>13,400</td>
<td>37°</td>
<td>0°</td>
<td>6°</td>
<td>40</td>
<td>4°</td>
<td>10°</td>
</tr>
<tr>
<td>26.</td>
<td>100 mm.</td>
<td>120L Model 1976</td>
<td>Gun</td>
<td>72</td>
<td>1,900</td>
<td>38</td>
<td>13,800</td>
<td>30°</td>
<td>0°</td>
<td>6°</td>
<td>30</td>
<td>6°</td>
<td>10°</td>
</tr>
<tr>
<td>27.</td>
<td>115 mm.</td>
<td>115G Model 1916</td>
<td>Gun</td>
<td>72</td>
<td>2,570</td>
<td>74</td>
<td>19,700</td>
<td>38°</td>
<td>0°</td>
<td>6°</td>
<td>48</td>
<td>7°</td>
<td>12.5 tons</td>
</tr>
<tr>
<td>28.</td>
<td>155 mm.</td>
<td>155C 1917</td>
<td>Howitzer</td>
<td>11.2</td>
<td>1,480</td>
<td>82</td>
<td>12,500</td>
<td>45°</td>
<td>0°</td>
<td>6°</td>
<td>48</td>
<td>7°</td>
<td>3.5 tons</td>
</tr>
<tr>
<td>29.</td>
<td>155 mm.</td>
<td>155L Model 1918</td>
<td>Gun</td>
<td>20</td>
<td>1,900</td>
<td>82</td>
<td>15,200</td>
<td>40°</td>
<td>5°</td>
<td>6°</td>
<td>48</td>
<td>7°</td>
<td>5 tons</td>
</tr>
<tr>
<td>30.</td>
<td>155 mm.</td>
<td>155L Model 1877</td>
<td>Gun</td>
<td>20</td>
<td>1,900</td>
<td>82</td>
<td>15,500</td>
<td>40°</td>
<td>5°</td>
<td>7°</td>
<td>48</td>
<td>7°</td>
<td>6 tons</td>
</tr>
</tbody>
</table>

*The letter "L" stands for "long" and indicates a length of more than 20 calibers.*

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**Regarded Unclassified**
## PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Bore in Calibers</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Depression</th>
<th>Traverse</th>
<th>Rifling</th>
<th>Weight in Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.</td>
<td>155 mm. (6.1&quot;)</td>
<td>155 L. 1877</td>
<td>Gun</td>
<td>20.45</td>
<td>1,690</td>
<td>95</td>
<td>13,900</td>
<td>30º</td>
<td>0º</td>
<td>4º</td>
<td>4º</td>
<td>7º</td>
</tr>
<tr>
<td>32.</td>
<td>155 mm. (6.1&quot;)</td>
<td>155 L. Model 1917</td>
<td>Gun</td>
<td>24</td>
<td>2,180</td>
<td>95</td>
<td>19,000</td>
<td>40º</td>
<td>5º</td>
<td>15º</td>
<td>4º</td>
<td>7º</td>
</tr>
<tr>
<td>33.</td>
<td>155 mm. (6.1&quot;)</td>
<td>155 Grand Puissance Filloux (Long-Range Filloux Gun)</td>
<td>Gun</td>
<td>29.8</td>
<td>2,350</td>
<td>95</td>
<td>21,300</td>
<td>35º</td>
<td>0º</td>
<td>4º</td>
<td>4º</td>
<td>6º</td>
</tr>
<tr>
<td>34.</td>
<td>155 mm. (6.1&quot;)</td>
<td>155 L. Model 1916</td>
<td>Gun</td>
<td>37.8</td>
<td>2,590</td>
<td>95</td>
<td>22,000</td>
<td>38º</td>
<td>0º</td>
<td>6º</td>
<td>4º</td>
<td>5º</td>
</tr>
<tr>
<td>35.</td>
<td>164 mm. (6.45&quot;)</td>
<td>164 mm. Model 1893, Modified 1896</td>
<td>Railway Gun</td>
<td>45</td>
<td>2,540</td>
<td>110</td>
<td>19,600</td>
<td>40º</td>
<td>0º</td>
<td>36º</td>
<td>6º</td>
<td>5º</td>
</tr>
<tr>
<td>36.</td>
<td>194 mm. (7.65&quot;)</td>
<td>194 mm. Model 70/93</td>
<td>Railway Gun</td>
<td>23.7</td>
<td>2,100</td>
<td>184</td>
<td>19,900</td>
<td>40º</td>
<td>0º</td>
<td>36º</td>
<td>38</td>
<td>7º</td>
</tr>
</tbody>
</table>
## I. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Bore in Calibers</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Traverse</th>
<th>Rifling</th>
<th>Weight in Action</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>37.</td>
<td>194 mm. (7.65&quot;)</td>
<td>194 Long-Range Filleux Gun</td>
<td>Gun</td>
<td>29.8</td>
<td>2,300</td>
<td>187</td>
<td>20,700</td>
<td>37°</td>
<td>360°</td>
<td>10°</td>
<td>6°</td>
<td>30 tons</td>
</tr>
<tr>
<td>38.</td>
<td>220 mm. (8.66&quot;)</td>
<td>220C Model 1916 Howitzer</td>
<td>7</td>
<td>1,360</td>
<td>221</td>
<td>12,200</td>
<td>65°</td>
<td>6°</td>
<td>92</td>
<td>100</td>
<td>7.8 tons</td>
<td>Life: 6,000 rounds.</td>
</tr>
<tr>
<td>39.</td>
<td>220 mm. (8.66&quot;)</td>
<td>220L Model 1917</td>
<td>Gun</td>
<td>27.8</td>
<td>2,500</td>
<td>226.8</td>
<td>25,000</td>
<td>37°</td>
<td>21°</td>
<td>92</td>
<td>7°</td>
<td>22 tons</td>
</tr>
<tr>
<td>40.</td>
<td>260 mm. (9.45&quot;)</td>
<td>260 Model 1881 Railway Gun</td>
<td>21</td>
<td>2,020</td>
<td>350</td>
<td>20,600</td>
<td>38°</td>
<td>360°</td>
<td>72</td>
<td>7°</td>
<td>90 tons</td>
<td>The gun carriage is mounted on two 3-axle bogies.</td>
</tr>
<tr>
<td>41.</td>
<td>260 mm. (9.45&quot;)</td>
<td>260 Model 1903. Rapid fire Truck Mounted Gun</td>
<td>21</td>
<td>1,970</td>
<td>307</td>
<td>18,900</td>
<td>35°</td>
<td>11° or 20° Rotating Base</td>
<td>50 tons</td>
<td>This is a coast defense gun mounted on a truck. Very few now exist. Believed to be replaced by 220L.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>42.</td>
<td>260 mm. (9.45&quot;)</td>
<td>260 Model 1917 Howitzer</td>
<td>21</td>
<td>2,100</td>
<td>352</td>
<td>20,500</td>
<td>36°</td>
<td>10°</td>
<td>81°</td>
<td>6°</td>
<td>31 tons</td>
<td>A platform-mounted gun which can be transported on 2 vehicles, tractor drawn.</td>
</tr>
</tbody>
</table>
## I. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Caliber</th>
<th>Nomenclature</th>
<th>Type</th>
<th>Length of Bore in Calibers</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation Traverse</th>
<th>Rifling No. of Grooves, Twist</th>
<th>Weight in Action</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>240 mm. (9.45&quot;)</td>
<td>240 Model 1893, Modified 1896</td>
<td>Railway Gun</td>
<td>30.83</td>
<td>2,760</td>
<td>357</td>
<td>26,000</td>
<td>35°, Across Track 290°, Along Track 360°</td>
<td>72</td>
<td>140 tons</td>
<td>Mounted on carriage with two 6-axle bogies.</td>
</tr>
<tr>
<td>16</td>
<td>275 mm. (10.8&quot;)</td>
<td>275 Model 1887 and Model 1917</td>
<td>Railway Gun</td>
<td>15</td>
<td>2,580</td>
<td>522</td>
<td>26,300</td>
<td>82, 5°</td>
<td>160 tons</td>
<td></td>
<td>This gun is worked on a curved track 50 to 100 meters radius. Some have been rebored to 285 mm.</td>
</tr>
<tr>
<td>17</td>
<td>280 mm.</td>
<td>280 mm. Mortar</td>
<td>Howitzer</td>
<td>9.4</td>
<td>1,370</td>
<td>140</td>
<td>12,000</td>
<td>60°, 200</td>
<td>16.25 tons</td>
<td></td>
<td>This gun is also mounted on a tracked carriage similar to that of the 1914 long-range Pilloux gun (Serial 37). The weight of the vehicle equipment is 28 tons.</td>
</tr>
<tr>
<td>18</td>
<td>285 mm. (11.2&quot;)</td>
<td>285 Model 1917</td>
<td>Railway Gun</td>
<td>30</td>
<td>2,420</td>
<td>595</td>
<td>29,400</td>
<td>82, 5°</td>
<td>160 tons</td>
<td></td>
<td>This is the 275 mm. gun rebored. It is used on a curved track.</td>
</tr>
<tr>
<td>19</td>
<td>305 mm. (12&quot;)</td>
<td>305 Model 1893, Modified 1896</td>
<td>Railway Gun</td>
<td>30</td>
<td>2,600</td>
<td>770</td>
<td>30,000</td>
<td>90, 4°</td>
<td>182 tons</td>
<td></td>
<td>Mounted on two 6-axle bogies.</td>
</tr>
<tr>
<td>20</td>
<td>305 mm.</td>
<td>305 Model 1906, Modified 1910</td>
<td>Railway Gun</td>
<td>30</td>
<td>2,820</td>
<td>693</td>
<td>37,000</td>
<td>90, 4°</td>
<td>182 tons</td>
<td></td>
<td>Mounted on same carriage as Model 1893, Modified 1896.</td>
</tr>
</tbody>
</table>
## I. PARTICULARS OF FRENCH ARTILLERY AND ANTITANK WEAPONS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Caliber</th>
<th>Muzzle Velocity in Feet Per Second</th>
<th>Weight of Shell in Pounds</th>
<th>Maximum Range in Yards</th>
<th>Elevation</th>
<th>Traverse</th>
<th>Rifling</th>
<th>Weight in Action</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.</td>
<td>380 mm. (12.6&quot;)</td>
<td>2,100</td>
<td>850</td>
<td>23,600</td>
<td>40°</td>
<td>64</td>
<td>7°</td>
<td>163 tons</td>
<td>Mounted on two 5-axle bogies.</td>
</tr>
<tr>
<td>50.</td>
<td>380 mm. (12.6&quot;)</td>
<td>2,260</td>
<td>850</td>
<td>29,200</td>
<td>40°</td>
<td>64</td>
<td>7°</td>
<td>178 tons</td>
<td>Mounted on two 5-axle bogies.</td>
</tr>
<tr>
<td>51.</td>
<td>340 mm. (13.4&quot;)</td>
<td>1,900</td>
<td>1,020</td>
<td>20,000</td>
<td>40°</td>
<td>102</td>
<td>7°</td>
<td>187 tons</td>
<td>Mounted on two 6-axle bogies.</td>
</tr>
<tr>
<td>52.</td>
<td>340 mm. (13.4&quot;)</td>
<td>2,420</td>
<td>1,020</td>
<td>29,400</td>
<td>40°</td>
<td>102</td>
<td>5°</td>
<td>187 tons</td>
<td>Mounted on two 6-axle bogies.</td>
</tr>
<tr>
<td>53.</td>
<td>370 mm. (14.6&quot;)</td>
<td>2,860</td>
<td>980</td>
<td>36,400</td>
<td>37°</td>
<td>102</td>
<td>6°</td>
<td>270 tons</td>
<td>Gun platform carried at each end by double 4-axle bogies. Length: 110 ft.</td>
</tr>
<tr>
<td>54.</td>
<td>370 mm. (14.6&quot;)</td>
<td>1,885</td>
<td>1,560</td>
<td>21,600</td>
<td>40°</td>
<td>112</td>
<td>7°</td>
<td>250 tons</td>
<td>Each end of gun platform carried on double 4-axle bogies.</td>
</tr>
<tr>
<td>55.</td>
<td>520 mm. (20.5&quot;)</td>
<td>1,475</td>
<td>3,630</td>
<td>15,900</td>
<td>60°</td>
<td>168</td>
<td>7°</td>
<td>253 tons</td>
<td>Gun platform carried at each end on double 4-axle bogies. All electric operation.</td>
</tr>
</tbody>
</table>

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2. ANTIAIRCRAFT ARTILLERY

a. Notes on Fire Control Instruments

(1) General: French antiaircraft control equipment does not appear to be as comprehensive and up-to-date as that of the other great powers, and little recent equipment seems to have been produced.

(2) Predictors: Very little information is available with regard to the types and the theory upon which the French based their calculations. A Brock predictor was produced shortly after the last war, but it is not known whether it is still in use or whether there was a later model. It is known that a type of predictor with electrical transmission was used, but technical details are not available.

(3) Receiver Dials: These were on the vertical scale type as opposed to the circular scale type with the "follow the pointer" system which is in use in Great Britain. Coincidence was maintained by means of a mechanical pointer.

(4) Fuse Setter: These were used on all heavy types of antiaircraft guns, but whether the predicted fuse was transmitted electrically or verbally from the command post is not known.

(5) Height Finders: Two main types are known to have been in use; both were based on the coincidence system. These types were:

(a) The Levallois No. 9 Mark 1, 5 meter base;

(b) The S. O. M., 4 meter base. Transmission from the height-finder to the predictor appears to have been verbal.

(6) Searchlights: The most recent known type was the 150 cm. 1939 model made by Messrs. Barbier, Banard, Turenne.

(7) Sound Locators: Various types, principally models made by Messrs. Barbier, Banard, Turenne, were in use,
## II. B. PARTICULARS OF FRENCH ANTIAIRCRAFT GUNS

<table>
<thead>
<tr>
<th>Serial</th>
<th>Type of Antiaircraft Gun</th>
<th>Length in Calibers</th>
<th>Maximum Range in Yards</th>
<th>Maximum Vertical Range in Feet</th>
<th>Effective Ceiling in Feet</th>
<th>Weight of Projectile in Pounds</th>
<th>Use of Tracer with High Explosive Shells</th>
<th>Practical Rate of Fire in R.P.M.</th>
<th>Weight in Action</th>
<th>Weight in Draft</th>
<th>Maker and Year</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20 mm. (.79&quot;)</td>
<td>70</td>
<td>5,500</td>
<td>12,200</td>
<td>7,000</td>
<td>.55</td>
<td>Tracer</td>
<td>140</td>
<td></td>
<td></td>
<td>Oerlikon</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>20 mm. (.79&quot;)</td>
<td>3200</td>
<td>7,000</td>
<td>.363</td>
<td>Tracer</td>
<td>140</td>
<td>770 lbs.</td>
<td>Hotchkiss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>25 mm. (.99&quot;)</td>
<td>81</td>
<td>7,500</td>
<td>16,400</td>
<td>10,000</td>
<td>.55</td>
<td>Tracer</td>
<td>120</td>
<td>1.2 tons</td>
<td></td>
<td>Hotchkiss</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>37 mm. (1.45&quot;)</td>
<td>48</td>
<td>9,900</td>
<td>20,000</td>
<td>13,000</td>
<td>1.98</td>
<td>Tracer</td>
<td>100</td>
<td>2950 lbs.</td>
<td>3960 lbs.</td>
<td>Schneider 1938</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>37 mm. (1.46&quot;)</td>
<td>60</td>
<td>8,400</td>
<td>16,400</td>
<td>12,500</td>
<td>2.16</td>
<td>Tracer</td>
<td>100</td>
<td>3157 lbs.</td>
<td>1925</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>40 mm. (1.54&quot;)</td>
<td>60</td>
<td>12,400</td>
<td>16,300</td>
<td>11,000</td>
<td>2.2</td>
<td>Tracer</td>
<td>80</td>
<td>4234 lbs.</td>
<td>1926</td>
<td>Bofors 1956</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>75 mm. (2.95&quot;)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Schneider 1928</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>75 mm. (2.95&quot;)</td>
<td>64</td>
<td>15,200</td>
<td>29,500</td>
<td>22,000</td>
<td>14.3</td>
<td>No Tracer</td>
<td>20</td>
<td>2.75 tons</td>
<td>3.47 tons</td>
<td>Schneider 1932</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>75 mm. (2.95&quot;)</td>
<td>49</td>
<td>16,000</td>
<td>32,500</td>
<td>25,000</td>
<td>14.3</td>
<td>No Tracer</td>
<td>20</td>
<td>2.7 tons</td>
<td>3.5 tons</td>
<td>Schneider 1955</td>
<td></td>
</tr>
</tbody>
</table>

The 75 mm. was the chief heavy antiaircraft gun. All models are believed to have been based upon the 75 mm. field gun and mounted upon various types of antiaircraft platforms.
## II. B. PARTICULARS OF FRENCH ANTIAIRCRAFT GUNS (Continued)

<table>
<thead>
<tr>
<th>Serial</th>
<th>Type of Antiaircraft Gun</th>
<th>Length in Calibers</th>
<th>Maximum Velocity in Feet Per Second</th>
<th>Maximum Range in Yards</th>
<th>Effective Ceiling in Feet</th>
<th>Maximum Range in Feet</th>
<th>Weight of Projectile in Pounds</th>
<th>Use of Tracer with High Explosive Shells</th>
<th>Practical Rate of Fire in R.P.M.</th>
<th>Weight in Action</th>
<th>Weight in Draft</th>
<th>Maker and Year</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>75 mm. (2.95&quot;)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No Tracer</td>
<td>15-20</td>
<td>2.4 tons</td>
<td>3.5 tons</td>
<td>Schneider 1939</td>
<td>The 75 was the chief heavy antiaircraft gun. All models are believed to have been based upon the 75 mm. field gun and mounted upon various types of antiaircraft platforms.</td>
</tr>
<tr>
<td>11</td>
<td>75 mm. (2.95&quot;)</td>
<td>40</td>
<td>2260</td>
<td>14,600</td>
<td>31,000</td>
<td>20,000</td>
<td>14.3</td>
<td>No Tracer</td>
<td>15-20</td>
<td>2.4 tons</td>
<td>3.5 tons</td>
<td>Puteaux</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>90 mm. (3.55&quot;)</td>
<td>42</td>
<td>2675</td>
<td>18,600</td>
<td>38,250</td>
<td>27,000</td>
<td>21.8</td>
<td>No Tracer</td>
<td>15</td>
<td>5.7 tons</td>
<td>7.7 tons</td>
<td>Schneider 1939</td>
<td>There may also have been in existence some Bofors 80 mm. (3.12 in.) antiaircraft equipments.</td>
</tr>
<tr>
<td>13</td>
<td>105 mm. (4.14&quot;)</td>
<td>45</td>
<td>2950</td>
<td>19,800</td>
<td>36,000</td>
<td>30,000</td>
<td>35</td>
<td>No Tracer</td>
<td>10-15</td>
<td>6.5 tons</td>
<td></td>
<td>Schneider 1928</td>
<td></td>
</tr>
</tbody>
</table>
AMERICAN CONSULATE
Yunnanfu, China, September 26, 1940

SUBJECT: Recent Developments in Traffic Over the Burma Highway.

The Honorable

The Secretary of State,

Washington.

Sir:

I have the honor to summarize herein for the Department's information recent developments with respect to traffic over the Burma highway as they have appeared to this office during the past two months, since the enforcement of the Burma embargo on exports of certain classes of goods to China.

In the first place, it should be noted that despite the British contention that the road would be impassable in any case during most of the three month period of the embargo provided for in the Anglo-Japanese agreement, the highway has been continuously in use at all times since July 18. On only one occasion has there been the slightest interruption of through traffic, which occurred on August 21, 1940, when heavy rains in the western part of the Province caused a landslide and washout near Paoshan ( ). According to reports, this required about a week to repair.

The capacity of the road for truck traffic is believed to be potentially much greater than was predicted a year ago. The local agent of the Standard-Vacuum Oil Company, who had eighteen months experience at Dong Dang on the Nanning highway, visited Lashio just prior to the signing of the Anglo-Japanese agreement to institute the embargo and returned to Yunnanfu by motor car, making the trip from the border at Wanting ( ) in three days. He estimated the capacity of the road at about 20,000 tons monthly in intensive use, which is of course a much larger volume of traffic than any yet achieved on this route. In this connection it may be pointed out that a number of eight and ten ton truck trailers have been successfully used for the past three months on the section of the highway from Paoshan to Yunnanfu. If the embargo should be lifted at the expiration of its term it is quite possible that the estimated maximum might soon be achieved.

In operation the embargo on exports of gasoline from Burma to China has not had the severely restrictive effect on motor transportation that might have been expected. As noted in my Dispatch No.
No. 109 to the Department*, stocks of gasoline held by government agencies in China have been quite sufficient to enable them to carry on their normal transportation activities between Yunnanfu and the Burma border, which have accordingly continued. In addition, there are many Burma-registered trucks operating on this route which have been permitted by the Burma Government to take sufficient gasoline for a round trip to Yunnanfu and return. The number of such trucks is now estimated by a competent local observer at about 600, of which 200 are said to belong to the Southwest Transportation Company. The chief restrictive factor is the requirement of 3,000 rupees bond for the return of each truck within 30 days. Many Chinese merchants are said to be registering trucks in Burma for operation on the highway, and the number of trucks available on this route is steadily increasing.

The Burma Government is reported to have liberalized the gasoline allowance considerably in recent weeks, and a report has just reached the Consulate to the effect that gasoline allowances will shortly be granted at the rate of 8 miles per gallon for destinations in China as far away as Chungking. This latter report has not been confirmed, but it is known that the recent liberalization of gasoline allowances will make available in most cases a small surplus of fuel for disposal in China.

Another point to be noticed is that the shuttling of trucks across the frontier and transfer of fuel and cargo to other trucks for further transportation is apparently permitted. This is a factor of some significance when it is realized that there are a large number of diesel trucks in China, and that diesel fuel is not on the embargo list. Thus a gasoline-powered truck may take on a cargo of diesel fuel at Lashio and enough gasoline for the round trip to Yunnanfu and back; at Wanting, or some other point on the Chinese side of the border, it transfers its cargo and fuel to a diesel truck and returns to Lashio. But when the transfer has been made, the gasoline becomes the cargo and the diesel oil becomes the fuel, and thus it is possible to lay down a quantity of gasoline in China limited only by the number of diesel trucks available. Although no confirmation can be obtained, one estimate has it that 30,000 gallons of gasoline daily can be imported into China in this manner.

It should further be noted that the Chinese Government has removed all restrictions on the importation and sale of gasoline (formerly under strict control), and appears to be actively encouraging smuggling. A "black market" for gasoline, which has long existed in Yunnanfu, has now come into the open and it is possible to buy fairly large quantities of gasoline, of course at a very high price.

One American contact of the Consulate reports that he was recently approached by a Chinese with an offer to sell 400,000 gallons. The ruling price in the "black market" (as it is still known) is said to be NG$33.00 per gallon, the equivalent of US$1.32 per gallon at rates of exchange now prevailing in Yunnanfu.

*August 2, 1940, "Interview with Official of Southwest Transportation Company".

Still

Regraded Uclassified
Still another point to be noted with reference to the motor fuel problem is the fact that the Southwest Transportation Company is reported to be installing in a number of its trucks special carburetors designed for the consumption of alcohol. The local General Motors service man, who was sent out from Detroit more than a year ago, is supervising the change-over; he states that General Motors recently has developed a special carburetor for alcohol-consumption which will enable the trucks to operate as efficiently on straight alcohol as on gasoline. This of course has not yet been demonstrated in China; and the high cost of alcohol itself may not make the change really worth-while.

As for the availability of motor trucks, it may be remarked that the steadily increasing number of vehicles in regular operation on the Burma highway represents a growing reserve on which the Chinese can draw both for the transportation of government stores inward and for the outward shipment of exports. The Ministry of Communications has been granted authority to commander motor vehicles in Yunnan, and according to reports is regularly exercising this right, taking a fixed proportion (one half) of all privately-owned trucks which cross the border into Yunnan. This releases both government-owned trucks and government fuel stocks for use elsewhere.

Finally, it may be noted that the Burma highway is now vulnerable to Japanese air attack for practically its whole length. With bases in Indochina the Japanese can attack the western end of the road from Wanting to Paoshan, along which section large dumps of government stores are known to exist. Add to this the fact that there are a number of important bridges which might conceivably be destroyed (e.g., the bridges over the Salween and Mekong Rivers), and the future of the Burma highway as an important supply route appears somewhat doubtful even if the Anglo-Japanese agreement regarding the shipment of war materials is not renewed upon expiration. However, in view of the insobility of the Japanese to hamper seriously by mere air bombardment transportation on the Wanning road, which was only about one hundred or one hundred and fifty miles from their bases, it is not believed that air bombardment alone can result in serious losses for the Chinese unless large storage dumps should be destroyed.

Nevertheless, the Chinese are believed to be already seeking alternative routes. The Consulate has heard reports of construction work on a cut-off route to Szechwan branching off from the Burma highway at Siangyun, and striking north to Hanchang in Sikang. In August it was reported that importation of gasoline and other prohibited goods from India by way of Sadiya (in Assam) was under consideration; according to the local agent of the Standard-Oil Company his organization was then seriously considering a trial shipment by this route. Dr. Joseph F. Rock, an American scientist who is thoroughly familiar with the whole region along the Yunnan, Indian, Burmese, and Tibetan borders, states that in his opinion the construction of a highway from Sadiya northeast to Atungse would be feasible; a caravan route already exists.

Summary

Contrary to the British statement that the Burma highway would in any case be unusable during the rainy summer season, traffic on the road has been interrupted only once, and then for a short while, since July 15, 1940. The number of trucks in use on the highway has steadily increased, since this is the one remaining route from the outside world to free China; the capacity of the highway is believed
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DEPARTMENT, 1970.

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DEPARTMENT, 1970.
SPECIAL BULLETIN
No. 18
0-2/2657-231

G-2/2657-231

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MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT
Washington, September 26, 1940

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MISCELLANEOUS FRENCH EQUIPMENT

SOURCE

Information in this bulletin is from an official British summary of French equipment, dated July 25, 1940. Other French equipment from the same source has been summarized as follows:

French Tanks and Armored Cars, SPECIAL BULLETIN NO. 12; French Defense Against Tanks, TACTICAL LESSONS BULLETIN NO. 33; French Artillery, Antitank and Antiaircraft Weapons, SPECIAL BULLETIN NO. 17.

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CONFIDENTIAL

--1--
1. MORTARS

The following are particulars of the mortars in use with the French Army:

a. Brandt Mortar 27/31

Caliber: 81 mm. (3.19"")
Type of mounting: Bipod and base plate
Method of firing: Percussion
Weight of barrel: 20 kg. (44 lbs.)
Weight of base plate: 22 kg. (48.5 lbs.)
Weight of bipod or tripod: 18 kg. (39.6 lbs.)
Maximum range: 3016 meters (3298 yds.)
Minimum range: 20 meters (22 yds.)
Maximum rate of fire: 30 to 35 r.p.m.
Practical rate of fire: 18 r.p.m.
Angle of fire: 40° to 85°
Weight of complete bomb: Standard, 3.2 kg.
                      (7.05 lbs.), High Explosive, 6.4 kg. (14.2 lbs.)
Weight of explosive charge: Standard, 46 kg.
                      (1 lb.), High Explosive, 1.9 kg. (4.2 lbs.)
Propellant: Ballistite cartridge
Transport: 3 men load or 2 pack horses with ammunition

The ammunition for this mortar would probably be interchangeable with that of the German mortar of the same caliber.

b. Brandt 120 mm. Mortar

Caliber: 120 mm. (4.72"")
Total weight: 780 kg. (1720 lbs.)
Maximum range: 7312 meters (7926 yds.)
Danger area of burst of high explosive bomb: Equivalent to 6" shell
Maximum rate of fire: 6 r.p.m.
Practical rate of fire: 4 r.p.m.
Weight of complete bomb: 16.3 kg. (35.9 lbs.)
Weight of explosive charge: 4.275 kg. (9.4 lbs.)
Propellant: Ballistite cartridge
Transport: Small tractor, 2 horses, or 6 men

c. Grenade-Thrower M.37

Caliber: 50 mm. (2"")
Type of mounting: Base plate and bipod
Method of firing: Percussion

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Total weight: 3.3 kg. (7.3 lbs.)
Minimum range: 500 meters (547 yds.)
Minimum range: 70 meters (77 yds.)
Maximum rate of fire: 20 r.p.m.
Practical rate of fire: 15 r.p.m.,
Angle of fire: Fixed at 45°
Weight of complete bomb: 1.45 kg. (.99 lb.)
Propellant: Cartridge (probably 12-bore ballistite)
Details of bomb: High explosive, cast iron body,
short delay fuse. Smoke, N.3.C. type
Transport: One man load.

A special breach-loading pattern of the 50 mm.
mortar is used in casemates. With a lengthened barrel, it has an
increased range.

d. M.35 Brandt

Caliber: 60 mm. (2.4")
Type of mounting: Bipod and base-plate
Method of firing: Percussion
Total weight: 17.2 kg. (37.9 lbs.)
Maximum range: 1005 meters (1099 yds.)
Maximum rate of fire: 30 r.p.m.
Practical rate of fire: 18 r.p.m.
Angle of fire: 45° to 83°
Weight of complete bomb: 1.36 kg. (3 lbs.)
Transport: One man load; one horse load of mortar
and 48 bombs
Other details: Normal crew of 3 men

2. MACHINE PISTOLS AND SUB-MACHINE GUNS

The following types are known to have been in use in the
French Army, probably in limited numbers:

a. M.1935 Model Machine Pistol

Caliber: 7.65 mm. (.3"
Length overall: 63 cm. (24.8 in.)
Total weight: 2.9 kg. (6.4 lbs.)
Type of ammunition feed: Box magazine
Magazine or belt capacity: 32 rounds
Maximum rate of fire: 700 r.p.m.
Sights: Graded for ranges of 100 and 200 meters
(109 and 218 yds.)
Maximum effective range: 200 m. (218 yds.)
Cooling: Air

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Type of ammunition: 7.65 L. (long)
Constructed for rapid fire only.

b. Thompson Sub-Machine Gun

Caliber: 11.25 mm. (.*44")
Length overall: With butt, 80 cm. (31,5"
Without butt, 58 cm. (22,8")
Weight without magazine or butt: 3.8 kg. (8.4 lbs.)
Weight without magazine with butt: 4.5 kg. (9.9 lbs.)
Type of ammunition feed: Box or drum type magazines
Magazine or belt capacity: Box, 20 rounds
Drum, 50 rounds.
Maximum rate of fire: 900 r.p.m.
Method of operation: Gas
Cooling: Air
Will fire single shots or rapid fire.

It should be noted that this weapon is of larger caliber than the other French and German machine pistols and sub-machine guns.

c. Schmeisser Machine Pistol

Caliber: 9 mm. (.*35")
Weight: 4.1 kg. (9 lbs.)
Length: 81 cm. (31,9")
Magazine Capacity: Box, 32 rounds
Maximum effective range: 200 meters (218 yds.)
Maximum rate of fire: 50 r.p.m.
Sights: Graduated to 1,000 meters (1093 yds.)
Type of ammunition: Same as the Erma machine pistol (next paragraph)
Single shots can be fired if desired.

d. Erma Machine Pistol

Caliber: 9 mm. (.*35")
Weight: 4.1 kg. (9 lbs.)
Length: 89 cm. (35")
Magazine capacity: 30 rounds
Maximum rate of fire: 500 r.p.m.
Sights: Graduated from 50 to 100 meters (55 to 109 yds.)
This weapon will fire single shots or bursts.

The Schmeisser and Erma pistols are to all intents and purposes identical with the German weapons of the same name.

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3. RIFLES, AUTOMATIC RIFLES, AND PISTOLS

a. Rifle, Lebel Model 86-92

Caliber: 8 mm. (.31")
Weight: 3.76 kg. (8 lbs. 5 oz.)
Range: 959 m. (1048 yds.)
Ammunition: Type 1886 D.
Muzzle velocity: 670 m.s. (2198 f.s.)

b. Rifle, Lebel Model 16

Caliber: 8 mm. (.31")
Weight: 4.2 kg. (9.3 lbs.)
Range: 1306 meters (1421 yds.)
Muzzle velocity: 701 m.s. (2300 f.s.)
Ammunition: Type 1886 D.

C. Rifle, Lebel Model 07 - 15 M. 34

Caliber: 7.5 mm. (.3")
Weight: 3.7 kg. (8.2 lbs.)
Range: 1080 meters (1181 yds.)
Ammunition: Model 1929 C.
Muzzle velocity: 820 m.s. (2690 f.s.)

d. Rifle, Model 1936

(This rifle had been issued, so far as known, to only a few units. Its details were "confidential" but it is known to be similar to the Lebel rifle (c) although somewhat lighter. It used clips of 5 rounds, 7.5 mm. ammunition. Total length about 110 cm. or 43.3 in. 0-2.)

e. 1936 Model Repeating Rifle with Folding Butt

This weapon, intended for use by parachute troops and ski troops, is in general principle the same as the 1936 Model rifle. It is shorter, however, and the butt, made of a light alloy, is hallowed out and can be folded back on to the barrel casing. Its characteristics are as follows:

Caliber: 7.5 mm. (.3")
Total length: 89 cm. (35")
Length with butt folded: 62 cm. (24.4")

f. Mas Automatic Rifle

Caliber: 7.5 mm. (.3")
Weight without bayonet: 3.9 kg. (8.6 lbs.)
Total length without bayonet: 1.06 meters (41.7"
Magazine capacity: 6 cartridges
Practical rate of fire: 30 r.p.m.
Ammunition: 1929 C model

**g. Pistols and Revolvers**

The service revolver is the 6-chambered 1892 pattern
weapon which has a caliber of 8 mm. (.31") and weighs 1 lb. 13 oz.
Several patterns of automatic pistol were in service, including the
Star, Ruby, and Colt. They were all 7.65 (.3") caliber. They use
Browning ammunition.

**4. MACHINE GUNS**

**a. Chatellersault M 24/29 Light Machine Gun**

Caliber: 7.5 mm. (.3")
Length of barrel: 49.4 cm. (19.4")
Weight of weapon: With mounting, 9.3 kg. (205 lbs.)
                      Without mounting, 8.5 kg. (18.7 lbs.)
Type of ammunition feed: For type magazine
Magazine or belt capacity: 25 rounds
Maximum rate of fire: 600 r.p.m.
Practical rate of fire: 400 r.p.m.
Method of operation: Gas
Sights: Radial back sight and adjustable foresight
Maximum range: 4,000 meters (4374 yds.)
Effective range: 731 meters (799 yds.)
Muzzle velocity: 820 m.s. (2690 f.s.)
Type of mounting: Bipod and butt-stand
Cooling: Air
Type of ammunition: Rimless model 1929 C
Transport: One man load
Can be used on an antiaircraft mounting with special
ring sight.

**b. M.A.C. Light Machine Gun**

Caliber: 7.5 mm. (.3")
Total weight: 14.2 kg. (31.3 lbs.)
Maximum rate of fire: 930 r.p.m.
Practical rate of fire: 370 r.p.m.
Method of operation: Gas
Maximum range: 5200 meters (5687 yds.)
Muzzle velocity: 700 m.s. (2297 f.s.)
Type of mounting: Tripod Model 1916
Cooling: Air
Penetration: 9 mm, armor at 0° at 200 meters
9 mm, armor at 30° at 100 meters
Under trial in April, 1940.

**c. Hotchkiss M.14 Machine Gun**

- Caliber: 8 mm (.31"
- Total weight: 51 kg. (112.4 lbs.)
- Weight of mounting: 24 kg. (52.9 lbs.)
- Weight of weapon without mounting: 27 kg. (59.6 lbs.)
- Type of ammunition feed: Strip or metal belt
- Magazine or belt capacity: Strip of 24 cartridges
  or belt of 251 cartridges
- Maximum rate of fire: 450 r.p.m.
- Practical rate of fire: 200 to 250 r.p.m.
- Method of operation: Gas
- Maximum range: 4500 meters (4921 yds.)
- Effective range: Direct, 2400 meters (2625 yds.)
  Indirect, 3500 meters (3828 yds.)
- Muzzle velocity: 700 m.s. (2297 f.s.)
- Type of mounting: Tripod
- Cooling: Air
- Type of ammunition: Model 1932

**d. Hotchkiss 13.2 mm Machine Gun**

- Caliber: 13.2 mm (.52"
- Weight of weapon: 200 kg. (440.9 lbs.)
- Maximum rate of fire: 500 r.p.m.
- Practical rate of fire: 180 to 250 r.p.m.
- Maximum range: Horizontal, 7000 meters (7655 yds.)
  Vertical, 3000 meters (3281 yds.)
- Muzzle velocity: 800 m.s. (2624 f.s.)
- Penetration: 20 mm. of armor at 500 yds., 15 mm.
  of armor at 1100 yds.

The 13.2 mm Hotchkiss is primarily an antiaircraft weapon but it can also be used for antitank purposes.

5. BRIDGING

a. Girder Bridges

The French regarded the launching of girder and stock span bridges as an operation to be undertaken in back areas, and not under assault conditions. The principal semi-permanent girder bridges used by the French are given in the following table:

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b. Ponton Equipment

1. A variety of types of pontons and ponton equipment was used by the French Army, the principal type being what was known as the Modèle 1935 equipment. This includes open Duralumin pontons 9 x 1.8 x 9 meters deep, flat bottomed and of square section. Roadbearers are of steel 4 meters and 2 meters long rigidly connected between bays and rafts by fishplates and thus forming, in effect, continuous beams. The roadway is 2.38 meters in the clear between ribs and is laid with timber cheeses similar to those used by the British.

The load capacity depends on the spacing of pontons. Provided the speed of the current does not exceed about 6 knots, the rating is as follows:

<table>
<thead>
<tr>
<th>Ponton Spacing (Centers) (Meters)</th>
<th>Load (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>2 (reinforced superstructure)</td>
<td>20.5</td>
</tr>
</tbody>
</table>

The equipment also includes trestles similar to those used by the British, the load capacity being 20.5 tons and the distance between piers 5.5 meters. A train load of this equipment would take about 120 meters of 18-ton bridge, including a proportion of trestle piers. The same amount of equipment could be carried on eighty 5-ton trucks.
2. Other ponton equipment used in the French Army is described as follows:

a. The Model 1901-1925 is similar to, but superseded by, the 1935 equipment described above. The pontons are round bottomed and slightly smaller. In consequence, the load capacity is less, the ratings corresponding to those above being 6, 11 and 16 tons. The superstructure and treatles are the same as for the 1935 equipment.

b. F.C.M. Equipment is a heavier type of equipment taking up to 23 tons in bridge and 21 tons in rafts. The pontons are larger than the 1935 type, and the principal roadbearers are of the girder type. Treatles form part of the equipment and are interchangeable with the 1935 type.

c. The New Cavalry Bridge consists of open Duralumin pontons slightly smaller than those of the 1935 equipment with standard 1935 roadbearers and paved decking laid single for light Infantry and double for heavy bridge. A 4-boat raft will take 13-ton tanks and a raft of the same span with three boats, 9 tons. A continuous bridge of either type can be made.

d. The ¾-ton Tank Raft had been approved but was not in production in March, 1940. The boats are special, square-ended, open Duralumin pontons on which the roadway is laid, with use made of normal heavy bridge superstructure. Access to the raft is obtained by special ramps 5.5 meters long, carried on two brackets clamping to the main transoms at either end, and lifted by standard boat davits and winches mounted at the bow and stern of the pontoons.

c. Light Assault Bridges and Boats

The French had a folding boat known as the Veyry Model, 1930, which could be used as a single boat ferry, in rafts, or made up into a light Infantry bridge of 1 ton maximum capacity. In addition to the Veyry Bridge, there were two types of wooden boats or punts, one made out of scantlings and sawed timber found on the site, and the other made up on the site from sets of planking prepared ready for assembly beforehand. Either type of boat could be made up into a bridge, the gunwales being strengthened for this purpose; they could both be broken up after use and the timber used for other purposes.

Another light bridge was made out of Kapok floats and known as the Passerelle D'Infanterie (Infantry foot-bridge). This was designed to take Infantry in file or horse-drawn machine
gun voiturettes.

The French rubber boat is not as good as the German; it takes longer to inflate and can be sunk by one bullet. This type was not very commonly used, a more popular float being the sac Habert. This is a large canvas bag which is filled with straw, grass, brushwood, etc., on the site. It is provided with straps and buckles for assembly into rafts. The load capacity of a raft is calculated on the basis of 380 pounds per sac.

c. Propulsion

No motor boats were provided in the French Army, but engineer units were issued with a number of well constructed 20 h.p. outboard propulsion units made by the firm of Goiot. They weighed 180 pounds and could be used with any of the standard pontons, wooden assault boats or rafts.

6. ANTITANK OBSTACLES

This subject has been fully covered in TENTATIVE LESSONS, BULLETIN NO. 33, Paragraph II, E.

7. EXPLOSIVES, FUSES AND DETONATORS

a. Explosives

1. Melinite: The effect of Melinite is mainly cutting, but it was used also in mine charges. Melinite burns in free air without exploding. It was supplied in powder or slab form.

Melinite is either yellow, grey or brown in color and its uses are similar to those of gun cotton. The factor for cutting charges is 1.5 and for mine charges 1.0. Dry melinite powder can be detonated by the standard detonator or by instantaneous fuse if there is good contact.

2. Cheddites (Chlorates or Perchlorates): These are for use in mine charges (i.e., similar to ammonal). Cheddite explosives are sensitive to shock and catch fire at temperatures over 250° F. They were not popular with the French. They were issued in the following forms:
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Dimensions (mm.) | Total Weight (Grams)
--- | ---
Cylindrical cartridge containing 100 gr. | 35 diam. x 95 | 130
Cylindrical cartridge containing 135 gr. | 35 diam. x 115 | 160
Slab or petard containing 1 kg. | 100 x 50 x 100 |
Slab or petard containing 10 kg. | 170 x 170 x 200 |

b. Fuses, Detonators, etc.

1. Meche Lente (Safety Fuse): Burns at the rate of 1 meter in 1½ minutes, or 2 feet 54.8 seconds. It burns slightly slower than the British type.

2. Allumeurs (Igniters): Pull, compression, or double action types.

3. Amorce Fulminante (Detonator): Service Detonator No. 1880, similar to and interchangeable with the British type, contains 1.5 grams of mercury fulminate. No. 7 Commercial Detonator contains a mixture of mercury fulminate and powdered melinite. The difference in diameter between the French and British is 0.02 inches. The two types are the same length, and the French pattern will fire the British standard dry gun cotton primer, but is not certain to fire German explosive charges.

4. Cordeau Detonant (Instantaneous Fuse): Burns at 7,000 meters per second; supplied in 50-meter lengths; lead-covered; T.N.T. filling. A second type has a tin covering and a melinite filling.

5. Amorce Electrique (Electric Detonator): Resistance, 1.35 ohms; tolerance, 0.5 ohm.

6. Insulated Cable (Electric): Resistance 22 ohms per kilometer; weight, 16 grams per meter; supplied in 150 to 200 meter lengths on drums.

7. Exploders: The Schaffler dynamo exploder was in general use. This is capable of firing detonators through a total resistance of 150 ohms.

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8. MINES, TRAPS, AND ALARM SIGNAL DEVICES

a. Antitank Mine

This is in the form of an oblong metal box, painted a neutral color with a corrugated contact lid, and provided with a safety rod. The mines are packed for transport in fours, the fuses being carried separately, 25 to a box. The French were not altogether satisfied with their mine and were experimenting with a mine similar in type to the German Teller, but the matter had not got beyond the experimental stage.

b. Mine Bondissante (60 mm, 1939 Model)

This is an anti-personnel mine throwing a 60 mm. caliber Infantry mortar shell into the air timed to explode at a height of between two feet and six feet six inches. The height at which the shell bursts depends upon the weight of camouflage material on the contact board; the most effective height is five feet above ground. The mine relies for its effect on fragmentation and can be operated horizontally as well as vertically. When used horizontally, the shell is thrown a distance of seven to eight meters before bursting. The mine is usually operated by means of a trip wire or contact board, buried in the ground and camouflaged. The effect of the explosion is to knock out all personnel standing or lying down within a radius of 10 meters, with the additional probability of serious injury up to 20 meters.

c. Mine Bondissante (75/81 mm.)

This was produced but has been discontinued in favor of the 60 mm. type. The mine worked on a similar principle, throwing a 75/81 mm. caliber mortar shell into the air. Operation was by the same means as the 60 mm., but the bursting height was in this case determined by a length of wire attached to the bottom of the mine and by the fuse in the nose of the projectile, which was jerked taut when the projectile was thrown into the air, thereby activating the igniter and exploding the shell.

d. Petard Coulissant (Sliding Suspended Mine, 1939 Model)

This consists of an explosive charge contained in a spherical-ended cylinder hung on a wire stretched double across a road between two supports at a height of not more than four feet nine inches above road level. When a vehicle runs into the wire, the safety pin is automatically extracted and the mine is drawn along the wire until it hits the side of the vehicle. The fuse

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in the mine is of sufficient length to allow the mine to be drawn to the vehicle before exploding, but there is no guarantee that it explodes on impact.

The mine weighs about 5 kilograms and contains 3.7 kilograms of malinite. It has been reported that the manufacture of this mine has also been discontinued, but in any case it is not thought that many were in existence.

This form of road block should be located as far as possible in blind sections of roads—that is, around corners, over crests, etc.—and should consist of more than one mine, arranged in depth. Dummy wires can be set up to cause delay, since they cannot be distinguished from those carrying a charge. Thus charges should therefore always be concealed.

a. Improvised Traps and Alarm Signals

French engineer units were issued various electric contact devices for the operation of booby traps and alarm signals.

Devices were divided into three categories:

1. Tell tale (bell, lamp, etc.) alarms.
2. Flares or Very lights.
3. Anti-personnel.

The sensitivity of the electric contact devices made it possible for single cotton threads to be used as trip wires and thus Category 1, and possibly also 2, could be operated by enemy personnel without their having any indication that their presence had been betrayed.

9. FLAME THROWERS

The French had developed a flame thrower for use from inside a light tank. The range was from fifty to sixty yards, and the duration of one continuous stream was just over sixty seconds. The reservoir contained 130 gallons of fuel and was carried on a trailer. Pressure was generated by means of a 7 h.p. motor which pumped the fuel through a nozzle 18 mm. in diameter. Ignition was by means of a spark plug and a pilot jet. It is unlikely that there were any features which would be of particular interest to the Germans.

10. ELECTRICAL AND MECHANICAL

a. Field Searchlights

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Two types were issued to Engineer units - Types RFB and PRA, both made by Peugeot. The former has a single lamp, and power at 12 volts is supplied from a 2 h.p. motor generator through storage batteries. The latter has three lamps mounted together from three 6-volt batteries. The range of either type is about 200 meters.

b. Power Tools

A number of fairly efficient power tools were available for Engineer units in the field. Among the most recently adopted were:

1. The Renco portable gasoline motor band saw which has an effective cutting width of 65 cm. and a speed in normal soft wood of about 1 cm. per second. This saw is more powerful and smoother working than the corresponding German saw, the Dolmar.

2. Rock picks and percussion rock drills, operated by built-in gasoline engines. These had passed their tests but were probably not available in quantity in June, 1940. They are fairly heavy and cumbersome to operate but have the undoubted advantage of doing away with motor compressor units.

3. The Renco borer, which consists of a very heavy monkey controlled by a normal pile-driving winch with a grab at the lower end. It is used for placing mine charges or for boring wells down to about 50 feet, the hole being about 30 inches in diameter. This is a commercial standard equipment and most effective.

4. The Barre a Mine Pinet, which is a type of road cratering equipment used for camouflet charges. It drives a hole of about 2 inches in diameter.

11. FRENCH CHEMICAL WARFARE

Prior to the capitulation a full exchange of views on chemical warfare took place between the French and British Chemical Warfare Staffs. All details of policy, design, production, stocks, and intelligence were freely disclosed, and French Chemical Warfare officers and scientists visited British manufacturing plants and research establishments.

In certain cases, specimen equipment was supplied to them. Anti-gas equipment, including masks, eyeshields, anti-gas ointment, etc., was captured from the E.E.F., and it is therefore almost certain that Germany is now in possession of the majority

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of British chemical warfare secrets. Among French stocks, now presumably in German hands, were large quantities of phosgene and toxic smoke generators.

The latter were large generators, known as Engin Z.5 which weighed 15 kilograms and contained 4 1/2 kilograms of D, M. (diphenylamine chlorarsine). They functioned for about eight minutes and were intended to be used in groups of four, arranged to take over one from another to give a total period of emission of some 30 minutes.

The clouds produced have the usual yellow color characteristic of D, M, and under very favorable circumstances might cause at short ranges a minor degree of penetration of the British Mark IV service container and more serious penetration of the civilian duty and general civilian masks if not provided with the Contex. The latest type of service container, the Mark VI, gives complete protection against such clouds, although occasionally a small of D, M may be detected in the first few seconds of exposure after the respirator has been adjusted.

Another line of research to which the French attached considerable importance and secrecy was poison which might be applied to small shrapnel bullets, miniatures, arrows, etc.

The substance known as Zentin on the continent and as Daryl in Great Britain was specially considered. Its chemical name is Carbamyl Choline, and it is used in veterinary practice. A process for coating large lead shot with this substance had been worked out, and although the efficiency of such a device is considered doubtful as the normal toxicity of wounds is unlikely to be appreciably increased thereby, the possibility of its use by an enemy cannot, however, be ruled out.
TREASURY DEPARTMENT  
INTER OFFICE COMMUNICATION  

DATE September 26, 1940  

TO Secretary Morgenthau  
FROM Mr. Cochran  

STRICTLY CONFIDENTIAL  

Mr. McKeon of the Federal Reserve Bank of New York gave us the following information regarding transactions in the account of the State Bank of the U.S.S.R. maintained with the Chase National Bank.

Principal changes in the account during the period September 19 to September 25, inclusive, were as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount Credited</th>
<th>Received From</th>
<th>Amount Debited</th>
<th>Paid To</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 19</td>
<td>$83,000</td>
<td>Commercial Letter of Credit</td>
<td>$89,000</td>
<td>Commercial Letter of Credit Account</td>
</tr>
<tr>
<td>September 20</td>
<td>62,000</td>
<td>National City Bank</td>
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<tr>
<td>September 21</td>
<td>150,000</td>
<td>Reichsbank</td>
<td>238,000</td>
<td>Commercial Letter of Credit Account</td>
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<tr>
<td></td>
<td>130,000</td>
<td>Amtorg Trading Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>119,000</td>
<td>Stockholms Enskilda Bank, Stockholm</td>
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<tr>
<td>September 23</td>
<td>97,000</td>
<td>Skandinaviska Banka, Stockholm</td>
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<tr>
<td>September 24</td>
<td>205,000</td>
<td>Sveriges Rikabank, Stockholm</td>
<td>350,000</td>
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<td>September 25</td>
<td>157,000</td>
<td>Skandinaviska Banka, Stockholm</td>
<td>90,000</td>
<td>Zivnostenska Bank, Prague</td>
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<tr>
<td></td>
<td>105,000</td>
<td>Amtorg Trading Co.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE September 26, 1940

TO Secretary Morgenthau
FROM Mr. Cochran

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The six reporting banks executed the following transactions in registered sterling:

- Sold to commercial concerns £126,000
- Purchased from commercial concerns £15,000

Of the sterling sold, £51,000 is being used by a cable company to pay for the leasing of wires.

The Federal Reserve Bank sold £15,000 in registered sterling to two non-reporting banks.

In the open market, sterling was first traded at 4.04-1/2. It subsequently eased in light trading to 4.03-3/4, where it closed. Transactions of the reporting banks were as follows:

- Sold to commercial concerns £51,000
- Purchased from commercial concerns £1,000

The Canadian dollar again gained ground in a thin market, closing at 1-3/4-3/8% discount. Yesterday’s final rate was 1-4/3/8%.

The Cuban peso continued to improve. As against yesterday’s discount of 9-5/16%, that currency closed today at 8-1/2%.

The other currencies closed as follows:

- Swiss franc .2254
- Swedish krona .2384
- Lira .0505
- Reichsmark .4000
- Mexican peso .2020 bid, .2060 offered
- Argentine peso (free) .2320
- Brazilian milreis (free) .0505

We purchased $1,007,000 in gold from the earmarked account of the Bank of the Republic of Uruguay.
The Federal Reserve Bank of New York reported that the Central Bank of El Salvador shipped $161,000 in gold from San Salvador to the Federal, for refining and subsequent earmark for its account.

The State Department forwarded to us a cable stating that the following gold shipments would be made from Australia, for sale to the U. S. Mint in San Francisco:

$14,803,000 shipped by the Commonwealth Bank of Australia, Sydney, to the Federal Reserve Bank of San Francisco.

141,000 shipped by the Bank of New South Wales, Sydney, to the American Trust Company, San Francisco.

$14,944,000 Total

Gold in Bombay was priced at the equivalent of $33.93, off 3¢. The silver quotation was equivalent to 44.51¢, up 1/16¢.

In London, the prices fixed for spot and forward silver were again unchanged at 23-7/16d and 23-3/8d respectively. The dollar equivalents were 42.56¢ and 42.44¢.

Handy and Harman's settlement price for foreign silver was unchanged at 34-3/16¢. The Treasury's purchase price for foreign silver was also unchanged at 35¢.

We made four purchases of silver totaling 575,000 ounces under the Silver Purchase Act. Of this amount, 300,000 ounces represented a sale from inventory, and the remaining 275,000 ounces consisted of new production from foreign countries, for forward delivery.
September 26, 1940  
10:37 a.m.

H.M.Jr: Hello.
Operator: Congressman Treadway.
H.M.Jr: Hello.
Congressman Treadway: Hello, Mr. Secretary, I thought you would be interested in a letter I received from President King of Amherst this morning—maybe you've heard of the event.
H.M.Jr: No, I have not.
T: Well, I gave a good many years ago in memory of a son of mine who died a scholarship memorial cup and it's awarded annually to the fraternity group who stands the highest for the previous year, and Dr. King wrote me that it was awarded to Alpha Delta Phi this year and that Bob Morgenthau received it at Chapel in behalf of the Chapter as he was the president of the House for the year.
H.M.Jr: Well, isn't that marvelous.
T: (Laughs).
H.M.Jr: Nothing could please me more.
T: (Laughs). Well, it pleases me very much as an Alpha Delt myself, you see, to have that reward made, and having once or twice referred to your son being there, I thought it wouldn't be out of place to call your attention to it.
H.M.Jr: No, I'm terribly pleased! Bob tells me that they have the nicest group this year.
T: Is that so.
H.M.Jr: I think he told me they took in 21.
T: Oh, that's a large number.
Well, because everybody that they asked accepted and he was particularly pleased because they got all the group that Psi U wanted plus a younger brother of a member who is in Psi U now.

In the Chapter at the present time. Well, that's remarkable.

..... and a big fight on trying to get the boy to break his pledge.

Gracious!

Because his older brother is now in Psi U.

Yeah. Did his brother try to engineer it too and have him break it?

Moving heaven and earth to try to get the boy to break it.

(Laughs). Has the initiation taken place?

Not yet, but he said they got everybody they asked and they've got the nicest group they've ever had.

Well, I think it's fine that your son is the head of the House.

Yes. Well, I'm quite proud.

Yes, indeed.

Well, it was terribly nice of you and I'll tell his mother.

I was so pleased myself that I thought I'd - I didn't know but perhaps you might have heard of it, but the letter just came in from the President. Evidently - oh, he said in the letter written, well, I should say perhaps day before yesterday - possibly yesterday - he says, I have awarded this morning in Chapel so that it shows he wrote me immediately after the award was made and mentioned the fact that your son received the cup.
H.M. Jr: Well, Bob is so modest that he wouldn't tell.

T: He wouldn't have told you, eh.

H.M. Jr: No.

T: Well, start him up a little on it, then.

H.M. Jr: Right. Thank you so much.

T: Not at all. Good-bye.
September 26, 1940
2:13 p.m.

Congressman John Dingell: Hello, Mr. Morgenthau.

H.M.Jr: Yes, sir!

D: How are you sir?

H.M.Jr: Wonderful.

D: Fine. Say, you're a pretty busy man and I certainly don't want to add anything to your burdens, but I've got a very dear friend here, Milton M. Alexander, of Detroit, who is a tax-collecting genius who has a certain proposal that I'd like to present to you to see what you thought of it, and maybe you could give me a few minutes at your pleasure. I mean, we'd be subject to dismissal at your pleasure.

H.M.Jr: Does it have to be this week?

D: Would it have to be this week?

H.M.Jr: Yeah.

D: Well, any time to suit your convenience.

H.M.Jr: Well, the point is, it'd be too late to get into this bill, wouldn't it?

D: Oh, yes. Well, it really isn't in connection with any tax schedule or anything in connection with this tax bill. It's a method of back tax collections.

H.M.Jr: Yeah. Well, why don't we say about next Tuesday at 3 o'clock.

D: Next Tuesday at 3 o'clock?

H.M.Jr: Yes.

D: Next Tuesday at 3 o'clock will be fine.
This gentleman - I've known him for a number of years, Mr. Morgenthau, and he has received one of your autographed books, which he cherishes, away back there in '23 and I think it's your book No. 4 entitled, "All in a Lifetime."

H.M. Jr: That's my father.

D: Oh, is that your father?

H.M. Jr: Yeah.

D: Oh, yeah, the Senior. That's what I thought it was - Dad. That's what I thought it was - the Senior not Junior, and he's rather proud of it and, as I say, he's a very dear friend and I think maybe he's got something here and I wouldn't want to pass on it. He wanted to see the President and he wanted to see you and I said, well, I think we're going to have to compromise on seeing Mr. Morgenthau if and when he can see us.

H.M. Jr: Well, I'll be delighted. Next Tuesday.

D: Next Tuesday at 3 o'clock.

H.M. Jr: Thank you.

D: All right. Thank you, sir. Thank you very much.
Peiping, filed 02:00, September 25, 1940.

1. My reasons for believing that the Japanese will attack Kunming from Indo-China, rather than to drive toward Chungking from Ichang, are based upon the fact that the factors favoring the latter drive, i. e.

(a) The desire to make use of the nearby acquired Indo-China base and to satisfy General Ando.

(b) The prospect of faulty coordination between Chungking and Kunming, particularly if some of Long Yun's subordinates can be bribed. Outweigh the disadvantages, i. e.

(a) Long line of communications over poor mountainous roads, with flank pressure from the Kwangsi forces certain to be met in some degree.

(b) The lack of sufficient troops. While the number that can be made available from Canton, Formosa and Hainan is not definitely known, it does not appear to be overly large.

by more than do similar considerations with respect to the Ichang-Chungking drive.

2. Factors favoring the Ichang-Chungking drive are:

(a) Its success would necessitate the removal of the Chinese capital from Chungking, which has superior bomb shelters, communication and supply facilities, to some place offering

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considerably fewer advantages.

While unfavorable considerations are:

(a) Lack of sufficient Japanese troops,
(b) The presence of Chiang's best troops, backed
by good supply channels.

\textit{Nayer}

\textit{Note by O-2:} Best available information indicates that the
present disposition of Japanese troops is as
follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>Number</th>
<th>Area</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manchuria</td>
<td>11 Divisions</td>
<td>Sakhalin</td>
<td>1 Division</td>
</tr>
<tr>
<td>Korea</td>
<td>2 Divisions</td>
<td>North China</td>
<td>13½ Divisions</td>
</tr>
<tr>
<td>Formosa</td>
<td>1 Division</td>
<td>Central China</td>
<td>15 Divisions</td>
</tr>
<tr>
<td>Japan proper</td>
<td>3½ Divisions</td>
<td>South China:</td>
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<td></td>
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<td></td>
<td></td>
<td>Canton Area</td>
<td>2 Divisions</td>
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<td></td>
<td></td>
<td>Nanning Area</td>
<td>3½ Divisions</td>
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<tr>
<td></td>
<td></td>
<td>Hainan Island</td>
<td>2½ Divisions</td>
</tr>
</tbody>
</table>

\textit{DISTRIBUTION:}

Military Aide to the President
Secretary of War
State Department (3 copies)
Secretary of Treasury
Asst. Secretary of War
Chief of Staff
War Plans Division
Office of Naval Intelligence

CONFIDENTIAL
Paraphrase of Code Radiogram
Received at the War Department
at 4:47 P.M., September 26, 1940

RESTRICTED

Peiping, filed 0255, September 26, 1940.

It is my opinion that the primary objective of the Japanese
is to effect an early settlement of the China venture, and that an
attack against Kunming from Indo-China is more probable than an
attack against Chungking from Ichang.

The argument with the French in Indo-China will probably
be terminated by the addition of a few concessions to the original
Nishihara agreement.

The airfields sought by the Japanese are probably those
at Lackey, Caochang, Dakiang and Langson.

EATER

Note by G-2: Other sources indicate that the initial
air bases will be at Fung Tsuen, Fuzho, Nans, and Lackey.

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Paraphrase of Code Cabledgram Received at the War Department 9:44 a.m., Sept. 26, 1940

London, Filed 11:10 a.m., Sept. 26, 1940

The land mine which the German bombers are now using as a bomb is identical with the magnetic mine, of which you have detailed information.

LEE

Copies to: Military Aids to the President
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Paraphrase of Code RadioGram Received at the War Department 2145 p.m., Sept. 26, 1940

London, Filed 14:07, September 26, 1940

1. Twenty-seven escorted German bombers at 11,000 feet made simultaneous attack at dawn September 25 on Bristol aircraft factory killing 60, injuring 150, and seriously affecting production. British losses, four planes and one pilot. German losses, 12-24 planes, most of which were bombers. Seven German planes damaged. Six British fighters at Plymouth drove off 24 German bombers and 12 fighters, shot down 1-3 bombers, damaged one bomber, and suffered no losses. Oil storage at Portland undamaged despite simultaneous diving attacks. Elsewhere German planes patrolled individually. Total scale 280.

2. The few raids of the night of September 25-26 were insignificant except over London, where German planes were active all night. Six large fires started in city had no military importance except for damage to one railroad shed and one oxygen plant. Raids over London directed chiefly at airvores, three of which were attacked with minor damage and without casualties, and at railroads, which suffered minor interruptions at six places.

3. British attacked six railroad yards, one dockyard and five ports in 116 sorties. Shot down one German bombing plane and sank one ship. Coastal Command escorted 22 convoys and used 96 planes for patrol and photographing. Lost one plane.

4. Germans sank or damaged three British ships; total, 15,000 tons.
5. Government assisting with considerable evacuation from
East End. Good morale among civilian population.

6. Ten trains engaged in evacuations from Berlin each day
according to reliable source. Other evacuation activities reported
at Husburg, Hesse-Nassau, Rhineland, Neublin, and Spandau.

7. Magnetic parachute mines did major damage night of
Sept, 24-25 to Seville Rev.

8. Aldershot has not yet suffered a bombing attack.

9. British sustained loss of two naval officers, twelve
sailors, and one trawler in raid on Gibraltar Sept, 25. Two hundred
bombs used by Germans, the lost at least three planes.

10. Two Indeterminate, two pursuit groups, and maintenance
personnel, all Italian, moving to Germany.

11. Misinformation and overconfidence blamed for failure
of operations at Dakar. No new developments in Libya. Invasion
situation British Isles no change.

* Meaning indeterminate. Believed to be 2 bombing groups.

Copies to: Military Aide to President
Secretary of War
State Department
Secretary of Treasury
Asst., Secretary of War
Chief of Staff
GHI
WPD

CONFIDENTIAL
September 26, 1940
11:15 a.m.

RE BRITISH PURCHASING PROGRAM

Present: Mr. Purvis
         Mr. Young
         Mrs. Klotz

H.M.Jr: Arthur, I wanted to have a talk with you. I feel very much let down, and I am going in to this meeting tomorrow at 12:30 which I asked the President to have on the planes and I just don't know what to say in answer to the arguments which the Army are going to give, why should you have any more planes. Now, from here and there I gather that there are a number of memoranda which I know absolutely nothing about, and I just can't work that way. I can't go over and ask the President to please tell me what the British Embassy has informed him and what lists there are that they want. I just can't do it. There are lists which have been given. There was something about a hundred planes they wanted switched around. General Strong told me last night. The lists which have been furnished from Churchill to the President do not coincide with what you have been telling me.

Now, I just can't work that way. I don't care how many people get crossed up in England and I don't care how many people are all falling all over each other trying to do the same thing, that is their business.

Purvis: That is their business.

H.M.Jr: But I can't give what I have given to this thing and not be informed and have you informed so that you can in turn inform me what is going on.
Now, if they want to work through the Embassy, that is their privilege, but then don't take up my time.

Purvis: No.

H.M.Jr: And the lists - now, for instance, there is some cable that went over the week-end on these rifles which --

Purvis: From Churchill to the President.

H.M.Jr: Yes, there was something that went from Churchill to the President on the rifles.

Purvis: He rang me on Sunday afternoon.

H.M.Jr: There is something went between them. As I say, I can't keep going over to the President and I find - I almost wrote him a note. I said to Phil, "Let's write him a note telling about the rifles," but it would look pretty silly if I were writing to the President and said, "I would like you to know the rifles have gone over the week-end," and he would say, "Why bother me? I did it because I got a message from Mr. Churchill."

Purvis: In their anxiety, they are weakening their position.

H.M.Jr: It has got me all upset. Strong is convinced that they can use some additional planes, but not anything like the quantity that I am talking about because they haven't got the pilots and won't have them. Now, you and I have always told each other the truth.

Purvis: Yes.

H.M.Jr: I have been able to be helpful to you.

Purvis: That is right, over and over again.

H.M.Jr: And just the way I told you originally, forget about the 21 torpedo boats. I told you to
drop out of this trying to get additional stuff after the destroyers, because there wouldn't be any, didn't I?

Purvis: That is right. I got the Ambassador to take that attitude, also.

H.M.Jr: So when I know something, I often strain a point in telling you these things, but at least when I know something, you know it.

Purvis: That is correct.

H.M.Jr: But this thing - now --

Purvis: It isn't heading up.

H.M.Jr: If their training program is such that they are not going to have enough pilots next July to get any additional planes, why have me upset everybody in Washington, when, according to Strong, they can't use any more planes? He says they haven't got the pilots, and when I told him the number - for instance, he has got the figures - these are the figures he gave me, that they keep in the air 600 pursuit ships and 300 bombers and about 87% reserve.

Purvis: That is in the air.

H.M.Jr: And the number of planes which are - which you are producing is in excess, I get it, of the losses and if you had another thousand planes or another hundred planes today, you haven't got the pilots to put them in, and they would just lie around.

Purvis: You see, it is just utterly contrary to what Layton has told me.

H.M.Jr: But now mind you, this information is all going to be in the hands of the President today. It is all in the hands - was on General Marshall's desk at 8:30 this morning. For me to go to this meeting tomorrow - I would like to fly to California rather than go there, because I am just going to be licked.
before I start. And when I talked about it, I tried to get it all in my head. It lasted three hours. He threw figures at me as to what Churchill and Beaverbrook have asked for and they just don't jibe with what you told me at all. Now, let me just - what was the thing that they wanted? I was up the stump last night for three hours, but there was something which took precedent over everything else. Let me just think about it. I can't remember it.

He told me a story where they wanted 500 tripods for the Navy. He went down with this Admiral and when he got down and named the ships, he found that he couldn't possibly use more than 300, so he says, "Right or wrong I have got the impression that whenever they ask--" Finally the Admiral said, "I guess the 500 should have been a 3. It was a mistake." Then he said, "and I feel it is the same thing about machine tools, that they just want all the machine tools and that they are putting them in stock for the next two or three years, and they haven't got any use for them."

Now, the thing that Strong asked for, and he couldn't get, and he has washed his hands of Layton, as a matter of fact - if the rest of them feel about Layton as he does, the best thing you could do is put Layton on the Clare and send him home. Over there he asked Layton, have they got an inventory of their industrial production and their industrial needs, and Layton talked to him, he said, as though he was a schoolboy and a very dumb one at that. Strong is a very important fellow and one of our best, and he said the idea of taking an Economist and having him tell an Army Officer what they do or don't need in the way of weapons, he said it is just silly.

Purvis: He comes out from the War Office. I have seen his --

H.M.Jr: I just wanted to tell you. He says you have not got the pilots. He told Beaverbrook on these Flying Fortresses, "Where are you going to get the crews?"
He told that to Beaverbrook?

Yes.

And yet Beaverbrook is cabling, "What is the matter with you people?"

He told Beaverbrook, "Now, what is the use of your taking them when you haven't got the crews? It takes not months but years to train them." I said, "Well, after all, they have got to make a start some time."

And then the other thing which I didn't know, I put up this big fight on this bomb sight and he tells me that the English bomb sight for night bombing is four times as effective as the one we have. Now again - I mean, it is so hard and I take so many chances, and I give so much of myself to this thing and to be let down by your Government because they don't keep you informed so that you can keep me informed, I think it is outrageous.

As recently as --

I think it is outrageous. If you knew it, you would tell it to me.

You bet I would tell it.

Now, after all, if they had given stuff to Strong and the picture has changed - and he told me this is an accumulation of beatings, you see. Salter ought to have told you, or somebody.

But he left London before Strong. There is a case where any change in the picture --

You don't mean Salter.

Layton.

But really I don't know how to go into this meeting tomorrow.

I can see your position so clearly.
H.M.Jr: I can't put up a fight for this stuff.

Purvis: My information is exactly the reverse.

H.M.Jr: If General Marshall says to me, ''Morgenthau, have they got the pilots?'' I will have to say, ''I don't know.'' If they can't use any more planes, they won't have any more pilots until next spring - he used the figure that the last week in August were 434 - maybe off a couple - planes were produced in that week and he had all the figures as to losses and everything else. From the 15th of August to the 15th of September, the air fight was at its maximum.

Purvis: And there were 434 a week produced?

H.M.Jr: Total.

Young: That is pilots.

H.M.Jr: No, planes. And he comes away with a distinct impression that you are producing enough planes to maintain the 900 - I don't know what you call them, that you keep in the air, plus the reserves. See what I mean?

Purvis: I see exactly what you mean.

H.M.Jr: That you are producing enough.

Purvis: Every single --

H.M.Jr: And he also is convinced that they are multiplying by three and four times the needs of everything that they want. He used these mounts or tripods for the pom pom guns, that is what it was. They asked for 800 and the maximum counting the ships under construction and counting the 50 destroyers that we have that have none of these, the maximum of these pedestals that you could use were 300.

The other thing which they got into a terrible row over was Canada, Beaverbrook told them they
had 750,000 pounds of gold, including the French gold, and Kennedy got very excited and said they only had a million two.

Purvis: 750,000 ---

H.M.Jr: I am using pounds, in gold, including the French. How they figure they have the use of the French gold, I don't know, but the figure that Kennedy used is the figure that the Treasury gave me, which is a million - a billion 200 thousand dollars, and the fact that Beaverbrook - Kennedy got very excited and said he exaggerated 300%. But the point I am getting over, this man is coming back to exaggerate their resources, multiply their needs by three or four, that the pilot training program is completely bogged down, that you won't get any more pilots until next July, so why worry. Now, mind you, this fellow is distinctly sympathetic.

Somebody did ask, or somebody talked about two squadrons of four-engine bombers of 16 each. It is a thing of which I have never heard. They did ask for two squadrons of four-engine bombers of 16 each and then the question came up of the pilots. I mean, they talked in terms which was - if they had been talking about the needs of Japan, it would be just as foreign to me. I mean the stuff --

Purvis: The whole thing did not relate to --

H.M.Jr: To what you are telling me, and you have always been 101½ with me, a 101. Now, I mean, Arthur, at this stage and at this time, I mean the one person that they ought to take in their confidence is you and me, and I can't function like this. I just can't work this way, and here this meeting is scheduled at 12:30 tomorrow and I don't know. Now, you had better get Churchill or Beaverbrook on the telephone. I think you ought to get Churchill himself on the telephone.

Purvis: As recently as Sunday, Churchill has personally given me the order of priority on these things. He has dealt with it in the same terms as every cable. Mind you, all the cables I have seen at
the Embassy, and I have been getting copies of their cables, support exactly the things that you and I have been talking about, but if Strong has been given a different picture over there --

But he has. Now, how, for instance, did they get cables to the President cleared through?

I don't understand that. I have never known that there was any direct cable. I have always seen the - recently I made rather a point about it at the time one or two got missing, and I found that Mr. Butler there was holding back on me. I got that series of cables and as far as I know, Lothian is giving me everything that is coming.

Now, there is a message on the 250,000 rifles which got the rifles and pried them loose. There is a message on that, and it must have come through your office.

I will make that a point. Now, Lothian, unfortunately, is in New York today at the Fair. He left at 7:00 o'clock this morning and won't be back until midnight tonight.

Well, the meeting is scheduled at 12:30 tomorrow. Now, let me give you another thing. Standard Oil of New Jersey over a week or ten days ago - and I have been so busy I haven't been able to do anything about it - but evidently Mr. Agnew walked into their office or saw them somewhere and informed them that from now on all business with the UK, Standard Oil of New Jersey, Standard Oil must accept 50% of sterling. Now, up until today I have heard nothing from Agnew.

Now, this is the only thing you have said that I have something on. I have had on my list for a week with you, Agnew said to me - it must be now 12 days ago - he said to me one day, "What do you think would be the chances of getting UK sterling - the American oil companies to accept sterling?" He said, "Is it legal?" I said, "I don't know. I will get the lawyers' opinion on whether it is legal very easily, but I don't know." He says, "Well, I am half inclined to
mention that today." It was the last day, as far as I know, that he saw you, but you may have seen him since then.

H.M.Jr: I haven't.

Purvis: Then this is the very last day he saw you. He said, "You know, I am half inclined to mention it, because it might have a bearing on our broader picture," and I said, "I think you would be very wise to, but I don't think that should come up in a formal meeting. Why don't you perhaps say something--"

H.M.Jr: But this is an ultimatum and, of course, the Standard Oil of New Jersey's reaction is this, that, of course, this is simply a move either to make it impossible for us to do business or so that the business will flow to the English companies. It is a freeze-up. I mean, how can they accept 50% of their payments - not their profits, but their payments - in sterling, and J. Crain, who is the Treasurer of Standard Oil of New Jersey and is an old Federal Reserve man - I mean, I have complete confidence in him. When I wanted this foreign funds thing, he gave up everything to come down to help me and he came down here and he simply said, "What are we going to do?" He said, "It is either a question of our giving up our business and losing it or taking half of our payments--"

Purvis: That is right, in sterling.

H.M.Jr: In sterling.

Purvis: That undoubtedly is an effort of the Treasury to force the issue wherever it thinks it can with supplies all over the world. As I say, Agnew had a request to know whether the companies here would accept sterling and I said to him, "I think you ought to mention that, even if you mention it off the record." And then he came back to me later in the day. I met him in the corridor. He said, "I didn't get a chance to say that." He said, "If you get a chance, will you?" To my mind it was such an
extravagant idea that, as we have had a rather full agreement, I have never mentioned it to you.

H.M.Jr: Do you know what my answer is? I want you to tell this to Lothian and send it over. In view of that request, I am asking the British Government to send over a man, who, for a better name, I am going to call a liquidator, who will be here, and they will start as a matter of good faith to begin to liquidate some of the American properties which they own in this country, of which they have not sold one dollar, not a dollar, and who also will be familiar with the properties they own in the Argentine, and I don't want him to send a clerk and I don't want to talk to this man they have got in New York, because I might just as well do my business through J. P. Morgan in the first instance. Do you know the man I mean?

Purvis: Yes, sir.

H.M.Jr: I am not going to work through him, because every suggestion I make he turns down. If I want to work with J. P. Morgan, I will call up J. P. myself. I don't have to do it through this man. That is my reaction. I mean, if that is the way they are going to do, they are going to force the American companies to take half in sterling, then I want a liquidator to come over here to begin to at least as a matter of good faith make an honest effort and to begin to sell some of the very valuable properties which they have interests in in this country, of which, as far as I know, they haven't sold one dollar.

Purvis: Yes, sir. Sorry.


Purvis: But I mean, after all, this is much healthier that we know what the position is and try to get it straight.

H.M.Jr: Sure.

Purvis: That is the only thing that can be done.
H.M.Jr: Well --

Purvis: I have been a little patient myself.

H.M.Jr: Well, you have never heard me talk like this before, but here we are in this whole thing, you know, and we have worked this thing up and everything, and then for them to treat you and me like this isn't right.
September 26, 1940.

Dear Mr. Purvis:

In the course of a brief call on Mr. Henry Morgenthau this afternoon, he surprised me very much by saying that U.S. observers in the United Kingdom have reported that the Canadian air training plan is a failure, that it is short of aeroplanes, that its output is below schedule; that consequently Britain will be short of pilots; thus it is useless to ship more aeroplanes from U.S.A.

This report on our air training plan is the reverse of the real situation, as I have verified by telephone calls to Ottawa this afternoon. The plan is well ahead of schedule, its aeroplane situation is well in hand, recruits are greater in numbers than can be handled, Australian trainees have arrived for advanced training ahead of schedule, and everything about the plan is most satisfactory.

Following is the position as given me by telephone from J. S. Duncan, Deputy Minister, in charge of the plan:

<table>
<thead>
<tr>
<th>Schools</th>
<th>Now Open</th>
<th>Schedule calls for</th>
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</thead>
<tbody>
<tr>
<td>October 1, 1940</td>
<td>32</td>
<td>25</td>
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<tr>
<td>December 31, 1940</td>
<td>42</td>
<td>36</td>
</tr>
<tr>
<td>December 31, 1941</td>
<td>83</td>
<td>73</td>
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</tbody>
</table>

All aerodromes for the full plan (128 in number) will have been completed by November 1, 1940, instead of November 1941, as scheduled. All buildings involved in the plan will also have been completed by the end of this year.

Aircraft

At September 16, 1940, the schools had 895 aeroplanes, as follows:

- 409 Elementary trainers
- 137 Twin-engine trainers
- 215 Single engine advanced trainers
- 114 Bombing and gunnery trainers
- 20 Communication flight trainers
By July 1, 1941, the schools will have 3,108 aeroplanes, largely from Canadian production, with Jacobs and Manasco engines, as follows for deliveries:

<table>
<thead>
<tr>
<th>Month</th>
<th>1940</th>
<th>1941</th>
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<tbody>
<tr>
<td>October</td>
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<tr>
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<td>May</td>
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<td>June</td>
<td>200</td>
<td></td>
</tr>
</tbody>
</table>

The plan will ultimately require about 5,000 planes, and production of all has been arranged.

While failure of British to furnish planes as promised threatened the success of the plan in its early stages, the deficiency was quickly made up by purchase of new and second-hand planes in the U. S., and by greatly enlarged production of training planes in Canada, engined with Jacobs engines.

Trained Personnel

Canada has now sent to N. K. 3 squadrons complete with ground crews and aeroplanes (instead of 1 squadron as promised) and 300 wireless operators.

Between now and January 1, next, we will send in addition from the training plan:

204 pilots
102 observers
232 air gunners

By April 1, 1941, these numbers will be increased to:

850 pilots
408 observers
696 air gunners

By July 1, 1941, these numbers will be increased to:

1,968 pilots
950 observers
1,550 air gunners

Regraded Uclassified
Each subsequent month will make available an increasing number of each type of graduate.

The fact that the training plan has been accelerated has made increased demands on the output of the schools for instructors, but in spite of this, the output for overseas will be larger in each month than the schedules call for.

I feel that Mr. Morgenthau should have this information, the authenticity of which I have verified, and I will be greatly obliged if you will communicate it to him.

I regret that I must write you in long-hand, but no steno is available.

Yours truly,

(Signed) C. D. Howe
C. D. Howe.

Mr. Arthur B. Purvis
British Purchasing Commission
Washington, D. C.
60 squadrons

22

13 20

Operate 12 planes

to a squadron

60 x 12 = 720

Maximum fighters

in all in one day

Single engine fighter

production in August

was 400

losses at least that

(Spatz)

Given me by Col. Spatz

at lunch, dept 26, 1940.
Bombars
50 squadrons
16 each
\[ \frac{50 \times 16}{1} = 800 \]
20 squadrons for training
30 squadrons operating
of which 9 are at active at one time
Coastal Command Group

Navy
MEMORANDUM

To:        The Secretary

From:     Mr. Young

INFORMAL POLICY COMMITTEE MEETING
WEDNESDAY, SEPTEMBER 25, 8:30 A.M.

Present were:

Secretary Morgenthau
Assistant Secretary of War, Patterson
Mr. Knudsen
Philip Young
Under Secretary of Navy, Forrestal - absent

Secretary Morgenthau opened the meeting by stating that he considered the primary purpose of the committee to be the allocation and coordination of the British program and the Defense program, whereupon, the point was raised as to possible allocation of aircraft deliveries on a one-for-one basis from now until July 1, 1941.

Judge Patterson stated that in considering the allocation of any part of the British program it had to be remembered that General Marshall did need a certain amount of basic equipment for training purposes. Mr. Knudsen added that the Army also needed a certain number of pursuit planes for its training program despite the needs of the British.

Secretary Morgenthau explained to Mr. Knudsen the conversation which he had had with the President last week on the one-for-one allocation of aircraft delivery. He added that Secretary Knox had said the preceding evening that he was ready to go along and that also Secretary Knox had stated that he might anticipate aircraft deliveries for the Navy carriers and release some of the present planes from the Navy carriers to the British as many of them were two or three years old. In fact, Secretary Knox even went so far as to say that he might release 50 percent of those planes on hand.
Secretary Morgenthau pointed out the British needed trainers and Knudsen replied with the statement that the British did not have more than five hundred on order. The Secretary described in summary form what the attitude of Canada was with respect to the release of training planes.

Secretary Morgenthau pointed out the delivery ratios as evidenced by the Consolidated aircraft table and Mr. Knudsen inquired as to whether or not the same machine was being manufactured for both the British and the U. S. Secretary Morgenthau replied that the British would have to take the same type and that additional orders would be placed where necessary to compensate for the diversions. Mr. Knudsen inquired as to whether the U. S. would also receive accelerated deliveries on a one-for-one basis in a situation such as Lockheed, where the entire production seemed to be British. Secretary Morgenthau replied that the U. S. would certainly not get such deliveries as there was no question of fairness involved. Mr. Knudsen said that the Secretary should be given the Order of the Garter, to which the Secretary replied that he would prefer something above the waist.

Secretary Morgenthau inquired as to the number of shifts employed at the Boeing plant and was informed by both Mr. Knudsen and Judge Patterson that that particular company was already up to the ears and operating on three shifts.

In looking at the Martin schedule, the Secretary made the statement that half of the B26 orders should go to the British. Judge Patterson pointed out that the British were already getting better than one-for-one on all the important stuff and that this theory would not work if put on a basis of total figures. Secretary Morgenthau cited the Sperry bomb sight as an example of what might be done.

Judge Patterson raised the question as to commercial business and pointed out that certainly no capacity in England was being used for the production of commercial planes. With this in mind the group examined the tables for Lockheed and Douglas, but Mr. Knudsen didn’t think much of the idea of cutting down on this commercial business.

Secretary Morgenthau stated that he wanted to get the British everything that he could to fight with between now and July. Mr. Knudsen pointed out the fact that the tables which
were being studied by the group were not up-to-date, inasmuch as the Army and Navy had placed a number of orders recently. Judge Patterson again reiterated the fact that the British were really getting more than one-for-one, if analyzed on a basis of type. The Secretary replied that he was not trying to be fair about it and was considering the one-for-one theory purely on the basis of the monthly delivery schedules from now until July. Judge Patterson insisted that the formula was misleading and should be so clarified that its meaning was clear. Mr. Knudsen interposed the remark that the British would be getting planes on a fifty-fifty basis, just like one horse and one rabbit! The Secretary stated that he was very anxious to squeeze out an extra one thousand planes and Mr. Knudsen said it was a question as to whether the Army and Navy could get along without them.

In any event, it was decided that the matter should be definitely brought up before the President, and the Secretary closed the conference with the statement that because Under Secretary of the Navy, Forrestal, was late, it would cost him five hundred planes.

Secretary Morgenthau inquired as to what other problems there were which should be taken up and glanced at a list of items which had been submitted by Philip Young. The Secretary mentioned the certification of tank assembly capacity by the War Department and the Defense Commission and asked Philip Young to explain it. It was pointed out that General Harris of the Ordnance Division was quite agreeable to certifying that assembly capacity for three to four tanks per day was necessary although the Army would probably only need, immediately, capacity for one and a half tanks per day. However, General Harris did not wish to make such a certification unless asked to do so. Judge Patterson stated that he would be glad to take care of the matter and Mr. Knudsen said that he could see no difficulty with such a letter on the part of the Defense Commission. Judge Patterson inquired as to whether it should read as being "desirable for national defense" and Mr. Young stated that it should be "essential to national defense".

Secretary Morgenthau raised the question of British machine tool orders and Judge Patterson said that he thought that was a very serious situation. Mr. Young replied, however, that it was definitely making progress and would probably iron out in a few days.

---00000---
After Judge Patterson and Mr. Knudsen had left, Under Secretary of the Navy, Forrestal, arrived at approximately 9:05 A.M. Secretary Morgenthau explained to him what had transpired, as noted above, and stated how much he had missed Forrestal's support on the one-for-one program. The Secretary also told Forrestal about his conversations with Colonel Knox the evening before, to which Forrestal replied that the Navy was ready to go ahead. The Secretary added that Colonel Stimson was not at all enthusiastic about the idea of the Informal Policy Committee and that it was necessary for him to be interested if it were to be successful. Mr. Forrestal brought up the question as to whether Admiral Stark and General Marshall should be present at the White House Conference, or at these informal committee meetings. The Secretary replied that he emphatically thought they should not be present as they represented the professional end in their individual departments rather than the policy end. Mr. Forrestal was very apologetic about his being late for the conference and made the statement that he had assumed Secretary Knox was going to be present.
2. Sweden has applied for an export license for complete plans, drawings and specifications of Republic 2PA and EPl pursuit planes. Jigs, dies and fixtures for these models are already in Swedish possession in the United States and do not require an export license. Sweden has also asked for an export license for three aircraft engines for Douglas DC3's, as well as spare parts for wing panels and landing gear.

3. Desirability of forcing manufacturers of commercial transport planes to utilize capacity now engaged on commercial business for military purposes.

4. Method to be used for ascertaining the possibilities of increasing production in certain critical and strategic items through the placing of orders for fixed amounts of specific models over a definite period of time.
Hello.

Yeah. This is Knudsen.

Good morning, Bill.

How are you?

Fine.

Say, I looked over these planes and wherever they've got orders they are pretty well on a 50-50 basis now. In fact, they are a little over.

Yeah.

Now, do you want to take these figures down?

Do I want to take them down?

Sure.

There's just a few of them. Take it to July 1st, see.

July 1st.

To July 1st.

Bell -- British, 300 -- U.S., 267

Boeing -- " 18 -- U.S., 128

Now was that the 4-engine?

That's Boeing, the GF.

That's the 4-engine?

Yes, sir.

Right.
<table>
<thead>
<tr>
<th>K:</th>
<th>Brewster -- British, 561 -- U.S., 190</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.W.Jr:</td>
<td>Consolidated -- &quot; 109 -- &quot; 258</td>
</tr>
</tbody>
</table>

K: Now, that would be the 4-engine, wouldn't it?

H.W.Jr: Yeah, that's these flying boats.

K: Oh, that's flying boats.

H.W.Jr: That's both. That's both flying boats and 4-engine.

K: Oh, you don't distinguish between them.

H.W.Jr: No. They are about the same size, you know in power.

K: I see.

H.W.Jr: Curtiss-Wright -- British, 1116 -- U.S., 960
Douglas -- " 423 -- " 933
Grumman -- " 201 -- " 370
Lockheed -- " 1166 -- " 320
Glenn Martin -- " 352 -- " 180
North American -- " 1092 -- " 1215

Now they've got two orders more, one with Vought-Sikorsky and one with Vultee for 50 and 75, respectively. These two companies have got American trainers that are not comparable. But on comparable planes, we are back on the basis you spoke about now.

H.W.Jr: Well, the only place where they can pick up pace is really then in Consolidated and in Boeing. Is that right?

K: That's right.

H.W.Jr: And Brewster.....

K: And Grumman. You might.....

H.W.Jr: Grumman?

K: Grumman.

H.W.Jr: Grumman, Consolidated and.....
K: Boeing, Consolidated and Douglas, I would say.


K: I think that's the only precise plane they are looking for.

H.M.Jr: How about Grumman?

K: Well, Grumman is this little fighter and they haven't got very many of them on order.

H.M.Jr: Well, now, let me just do that once more. That's Consolidated, and Douglas, and Grumman.

K: No. Boeing, Consolidated and Douglas.

H.M.Jr: Yeah. Now that meeting is supposed to be scheduled with the President for tomorrow. The Army said they weren't ready. They asked to postpone it 24 hours.

K: Can I send Mead?

H.M.Jr: Well, you come yourself.

K: Well, I have to be away tomorrow.

H.M.Jr: Oh, gee! Well, that's too bad. Do you have to be away tomorrow?

K: Yeah. Is it important that I be here?

H.M.Jr: Do I think so? Yes. I mean, I don't know what your meeting is, but if it's definitely scheduled for tomorrow, I think it's very important.

K: Uh-huh. What time is it tomorrow?

H.M.Jr: It'll be in the morning.

K: In the morning.

H.M.Jr: Yeah. I don't think that Mead would do – I mean, with the President – you know. I don't think the President knows him.
K: All right. Well, I'll try to arrange it so I can be here.

H.M.Jr: Supposing I call up General Watson, you see, and tell him that you have a meeting tomorrow but if the meeting was definitely tomorrow, you'd postpone it. Is that right?

K: Correct.

H.M.Jr: Is that right?

K: Fine.

H.M.Jr: But that you wouldn't want to postpone it unless the meeting was definitely scheduled. I'll do that and I'll let you know.

K: Thanks.

H.M.Jr: Now, I take it - Ed Foley reported his luncheon with you yesterday ....

K: Well, we agreed - I called up Hitchcock and had him withdraw the request for rulings.

H.M.Jr: Is that Curtiss-Wright?

K: Yeah.

H.M.Jr: Where did that leave you?

K: That leaves us here where we'll have to talk about the contract proper first. See?

H.M.Jr: But as far as the Treasury is concerned ....

K: You are not asked to do anything at the moment.

H.M.Jr: Are you satisfied for the moment?

K: Yes, sir.

H.M.Jr: Entirely?

K: Yes, sir.

H.M.Jr: Thank you very much.

K: Thank you.
Hello, Henry Stimson.

Stimson: Hello. Henry talking. I think you called me earlier today.

S: I did. I had a talk with the President this morning and I took up with him the subject that I talked over with you - the regularization of our situation - and he was not at all unfavorable there - but I'm trying to gather in some of the lines.

S: I had a talk with the President this morning and I took up with him the subject that I talked over with you - the regularization of our situation - and he was not at all unfavorable there - but I'm trying to gather in some of the lines.

S: We had appointed here sometime ago some representatives from the Army and the Navy and the British Purchasing Commission to consult together in regard to aircraft standardization and aircraft delivery schedules. Now I think there ought to be somebody on it from the Treasury.

S: Good.

S: We had appointed here sometime ago some representatives from the Army and the Navy and the British Purchasing Commission to consult together in regard to aircraft standardization and aircraft delivery schedules. Now I think there ought to be somebody on it from the Treasury.

S: Good.

S: In other words it's a commission through which ought to come these matters which too often come in other ways from above instead of from below up.

S: (Laughs). I see.

S: (Laughs). They come from above down and - I mean, they are more apt to get fair discussion first.

S: Who is the above - meaning me?

S: No, not meaning you.

S: (Laughs).

S: (Laughs). But giving you a fair guess at who I do mean.
I get you.

But I think that your people ought to be on it so that you'll be in touch — have your figures.

Good.

Now, I also wanted to tell you that I'm having prepared, and I had the first draft of it last night, a study made by the general staff here as to — containing an estimate of the present relation of the United States to the world crisis, and the present, as far as we can forecast them — the conditions of the various munitions which we're having made at different periods of that crisis — what'll be ready at one time, what'll be ready at another.

Yes.

Unfortunately, they're not all in line — very differently — and some of the ones that we need quickest are the furthest behind.

Right.

Now, I told the President of that — he was interested, and I'm trying to get these different elements of the machine under-way.

Good.

Another thing was — I did catch his mind on one thing that I think I discussed with you — I've forgotten whether I did or not, I think I did.

What's that?

That is in the deferment program of the long-range Army bombers.

Oh, yes.

That, in other words — I called his attention to the fact that if there was to be any deferment in either the B-17 or the B-24, in the
first place the B-17 was practically blocked out by the fact that the British have no orders in that class whatever that could be preferred.

R.M.Jr: Yeah.

S: But in regard to the B-24's, if it's to be done, why it ought to be done only on condition that we get a preferment in regard to certain engines for our B-17's.

R.M.Jr: I see.

S: He didn't know what is the fact, that we have some B-17's which could be ready very quickly if we had engines. You see?

R.M.Jr: I see.

S: And they'd make a great change in our position, and if they're going to ask us to give them preferment in another class - B-24's - of course it's substantially the same class only an improved element of it - that by giving us counterpoise in the shape of the engines, they could make the deal one which would be fair from every standpoint. You see?

R.M.Jr: I'm listening carefully.

S: And he took that in.

H.M.Jr: Good.

S: ...... and jumped at it and said he hadn't known that fact at all that there was that class of B-17's that needed engines.

R.M.Jr: Well, as I understand it, we have an appointment at 12:30 tomorrow.

S: Well, now that was my last proposition. I wanted to ask you what that was about.

H.M.Jr: Well, it's about these ......

S: For I've been, except for this interview that I had this morning, I've been, so to speak,
a dark star in the horizon for the last two weeks or so.

H.M.Jr: Well, I'd say it was a rising star even though it was a dark one.

S: (Laughs). I don't know what, I mean, I don't know what brought this up or what it is about, so you can tell me now.

H.M.Jr: Well, as I said at lunch, I want to get all the fighting planes that you and the Navy can spare for the English between now and the 1st of July, and we had this meeting Wednesday at my office at 8:30 at the suggestion of Patterson.

S: I was just lucky - we just called him in here.

H.M.Jr: Patterson knows all about it. Now the meeting was to have been scheduled for today and Patterson asked it to be postponed until tomorrow, and we had an appointment with the President and then he postponed it until 12:30 tomorrow because Patterson asked for it, and I take it Patterson reports to you everything that he does over here.

S: If you were speaking through a loudspeaker he would be able to answer whether or not that was accurate, but I assume it is. (Laughs). All right. If he asked you, it's accurate.

H.M.Jr: Pardon me?

S: If he asked you, I have no doubt it's accurate.

H.M.Jr: Well, you haven't caught me slipping yet.

S: No, I have not and I don't think so.

H.M.Jr: Well, if you ask him about it, he'll tell you.

S: Well, that's what it's to be.

H.M.Jr: What additional airplanes the Army and Navy - fighting planes - can spare between now and the 1st of July for the English.
What additional airplanes the Army and Navy - fighting planes - can spare between now and the 1st of July for the English.

Yeah. And as I say, it would have been today if Patterson hadn't called me and asked that it be postponed until tomorrow.

That's a detail that I didn't mean to raise.

Well, is he there?

He's here.

Is he nodding his head up and down?

So far he's maintained an attitude of judicial poise which I distrust.

Well, tell him to get off the bench.

(Laughs). All right. He will, he understands.

Thank you. Good-bye.
Dear Mr. Secretary,

I enclose herein for your personal and secret information copy of the latest report received from London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

(For the Ambassador)

The Honourable

Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.
Telegram from London of
September 24th, 1940

Naval.

A British submarine reports
having sunk an enemy merchant vessel of
8000 tons off Gironde on September 23rd.

During the last two days 51 ocean
going ships have arrived safely in convoy in
United Kingdom ports. Cargoes included 16
grain and cereal, 5 of iron and 3 other metals.

It is considered that extensive
damage was done to shipping and barges in
Dutch and channel ports during our night bombing
operations on September 22nd-23rd. Now reported
4 aircraft successfully attacked aluminium works
near Dresden and 4 other railways in Germany.

September 23rd 6 Blenheims were
despatched on offensive reconnaissance of the
channel ports, but 5 could not complete their
task. All returned safely.

Night aircraft of Coastal Command
attacked Brest harbour. It is thought that a
large number of bombs attained the target areas,
although results could not be observed.

On the night of September 23rd-24th,
186 aircraft were sent out, of which 150 heavy
bombers.
bombers went to attack utility services at Berlin. The remaining 66 were given shipping targets in Dutch and channel ports. In addition, 5 medium bombers carried out a security patrol over Calais and 9 other aircraft leaflets over Northern France and the channel islands. All the aircraft except 2 returned safely.

3. **C.A.F.**

Of 4 serious fires caused during the night of the 22nd-23rd and already reported, 3 were under control yesterday evening. One is still serious and threatens the complete destruction of a factory. At 1 gas works, there was serious damage to three gas-holders, and one flour mill, normally employing 1800 hands, has been practically destroyed and will be out of commission for a long period. Casualties reported during this night in the metropolitan police area were 78 killed and 224 injured. Repair works on sewers in one London district caused by previous raid was delayed by further damage, and an unexploded mine has temporarily stopped pumping at a station supplying Eltham district with water.

September 23rd, enemy activity consisted of 2 main raids. About 300 enemy aircraft operated over Kent and the Thames estuary during the morning. They consisted chiefly of fighters. Our fighters intercepted and destroyed 10 aircraft before they withdrew. In the evening, about 100 enemy aircraft were plotted over East Kent. Bombs were dropped.
chiefly in Eastbourne and Hastings area.

During the night of September 23rd there was again considerable enemy activity in the London area and raids also occurred in East Anglia, the Midlands and Liverpool area of Lancashire. In London, only partial dislocation of suburban lines was caused, and railway damage generally was less than usual. The same applies to damage to factories although Woolwich Arsenal and a factory at Dagenham damaged the night before were again hit.

Preliminary reports indicate that casualties in London were widespread and rather heavier than of late. No important damage is reported from Liverpool district.

4. **Summary of Air Casualties.**

<table>
<thead>
<tr>
<th>Enemy</th>
<th>Destroyed</th>
<th>Probable</th>
<th>Damaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>By our fighters:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fighters</td>
<td>11</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>By A.A. fire:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fighters</td>
<td>nil</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

In addition an enemy bomber is reported down near Chobham during the night of September 23rd/24th and a Heinkel aircraft destroyed off Lands' End.
End by coastal command aircraft.

British

11 aircraft (5 pilots reported safe)

5. **Shipping Casualties.**

During the night of September 23rd/24th 2 S. Boats attacked a northbound convoy off the east coast and fired torpedoes. One small British ship of 500 tons was sunk.

39 of the crew of a British tanker (10,500 tons) have been rescued. It is assumed that this ship, which was in a homeward bound convoy attacked on September 31st, was sunk on this occasion.

6. **Middle East**

**Libya.** During the night of September 21st/22nd, 4 heavy bombers scored direct hits on a ship and on several warehouses in Benghazi harbour, and on the 22nd 6 Blenheims attacked mechanical transport at Sidi Barrani.

35 Enemy bombers attacked Matruh harbour and station the night of September 22nd/23rd. The station is believed damaged, and 2 other ranks were killed.

On September 22nd, an enemy air attack was made on Cyprus for the first time. There was no damage and no casualties.

7. **Present situation with regard to the Port of London.**

The Port of London has never been unusable.
Use of the port has been reduced to vessels of 5000 tons maximum, and vessels must discharge at once and leave the port. Within these limitations the port is functioning normally and is dealing successfully with the present volume of traffic. Railway congestion at the docks is very much eased. Although some warehouses have been destroyed, the equipment and essential services of the docks have sustained little damage.
September 26th, 1940

Dear Mr. Secretary,

I enclose herein for your personal and secret information a copy of the latest report received from London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

(For the Ambassador)

The Honourable

Henry Morgenthau, Jr.,

United States Treasury,

Washington, D. C.
Telegram from London dated September 25th.

1. Naval.

A British submarine sank a U-boat on September 24th in the East Atlantic; another British submarine attacked and sank a large merchant vessel, escorted by two ex-Norwegian destroyers in the Bay of Biscay the same day.

Five German mine-sweepers were reported sweeping a British minefield nine miles off Dover the morning of September 24th. Twelve Blenheims sent to attack obtained direct hits on two vessels and a near miss on a third. Enemy fighters intercepted and one of them and also a Blenheim were shot down.

Lyon. His Majesty's Ship "Cumberland" has arrived at Bathurst.

During the morning and afternoon of September 24th Béar fort and "Michelieu" were fired on by the capital ships. Visibility was bad and no apparent effect was obtained on either target.

Air action against our ships is increasing and French morale remains high.

Gibraltar. Gibraltar was bombed September 24th by unidentified aircraft; about 150 bombs were dropped, some of which fell ashore and a few in the dockyard. The steam generating plant and Diesel plant were both damaged, but the latter will be repaired shortly.

Egypt. Up to early morning of September 23rd no further enemy forward movement in the coastal area had been reported. On the evening of September 22nd, a mobile column of our armoured division silenced four enemy batteries without effective enemy retaliation.

3. Royal Air Forces.

During the night of September 23rd/24th, at least 85 aircraft dropped their bombs on Berlin and widespread fires and damage was caused in the target areas. The heaviest attacks were made upon two gas works and five power stations, our objectives included railway targets, the B.B.W. and Siemens factories, and air port. Most of the attacks appeared successful, although the results were not in every case fully observed.

Other secondary targets engaged in Germany included locks on the Kiel Canal, docks at Bremen and Hamburg, the Dornier aircraft works, railway targets and aerodromes. Several direct hits were reported by other aircraft detailed to attack shipping in the Channel ports.

One further heavy bomber is missing making a total of three. Night of September 24th/25th 122 aircraft were despatched to attack the following targets. A transformer station at Berlin, an electrical works near Frankfurt, barges and shipping in Channel ports, and railway targets in Northeast Germany and Belgium. Some mine-laying aircraft were also despatched, and also some machines of the Fleet Air Arm to attack shipping at Brest.

15. German Air Force.

Additional reports of night bombing on September 23rd/24th. At an aerodrome one heavy bomber was burnt and another damaged. At an armament works, production is impossible at two shops, but some machinery may be

salvaged.
salvaged; in the other two, production will be resumed in a few days. The latest estimate of casualties in the London area is 150 killed and 350 seriously wounded.

During the morning of September 24th two formations of about 300 and 200 enemy aircraft crossed the south east coast. Elements of both raids reached the Thames and East London but did not approach within ten miles of the centre of the City. During the first raid bombs were dropped in the Thames Estuary and notably at Gravesend where training ship "Cornwall" was sunk.

During the second raid bombs were dropped indiscriminately over Kent and Sussex. In the afternoon a smaller raid of about 20 attacked Southampton, where 25 persons were killed and 40 injured at an aircraft factory shelter. No serious damage was done to the factory and the effect on production will be slight. About 40 casualties including 28 killed, also occurred at Brighton. Weather conditions during the day were unfavourable for fighter action and comparatively few interceptions took place.

During the night London was again the main target for Enemy bombing which was very widespread. Railways and hospitals appeared to receive most attention, 6 hospitals being hit; damage very slight. Dockland was almost untouched. Fires throughout London area were extensive but are now under control. Other areas visited by Enemy bombers were Liverpool, Dundee and the Midlands and South Midlands. Some interruptions were caused to railways in inner and suburban London and serious damage was caused to "The Times" building. Little damage was done at Liverpool and no casualties are reported. One aerodrome was bombed and an unexploded mine is reported inside an aircraft factory.
5. Summary of air casualties.

<table>
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<tr>
<th>Enemy</th>
<th>Destroyed</th>
<th>Probable</th>
<th>Damaged</th>
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<tbody>
<tr>
<td>by fighters</td>
<td>4</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Bombers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fighters</td>
<td>3</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>8</td>
<td>13</td>
</tr>
</tbody>
</table>

British: 5 fighters (3 pilots safe).


2 more British ships totalling 11,000 tons are now considered sunk in enemy attack on convoy on September 21st but Panamanian tanker mentioned in the summary on the 22nd is safe in harbour, the ship of this nationality sunk being a smaller one of 5,000 tons.

One tanker (8,000 tons) not in convoy was torpedoed on September 21st.

7. Middle East.

Libya. On 22nd our medium bombers attacked Italian concentrations causing fires and explosion and on 25th they attacked Tobruk where bombs fell on buildings and jetty. All our aircraft returned.

East Africa. Between 22nd and 25th in attacks made on Italian encampments and aerodromes in addition to damage caused to buildings 2 enemy fighters and 1 bomber were destroyed on the ground.
Dear Mr. Secretary,

I enclose herein for your personal and secret information a copy of the latest report received from London on the military situation.

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

[Signature]

The Honourable

Henry Morgenthau, Jr.,

United States Treasury,

Washington, D. C.
September 27th, 1940

Personal and Secret

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I enclose herein for your personal and secret information a copy of the latest report received from London on the military situation.

Believe me,

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Very sincerely yours,

(SGD) LOTHISN

The Honourable

Henry Morgenthau, Jr.,

United States Treasury,

Washington, D. C.
Telegram from London dated September 26th.

**Naval**

Our operations at Dakar have been discontinued. Previous bombardment of September 25th, one British battleship was hit by a torpedo and another suffered slight damage from shell-fire. Three other warships were slightly damaged.

During an air attack on Gibraltar September 25th about 200 bombs were dropped and one naval cruiser was sunk. Two naval officers and twelve ratings were killed. Three or four aircraft are claimed shot down by anti-aircraft fire.

British naval forces again attacked Sidi Barrani morning of September 25th causing fires and explosions.

2. **Royal Air Force.**

During the night of September 24th - 25th two important factories, one power station and a principal transformer station at Berlin were attacked. With the exception of the last target, direct hits were seen and fires started. The attacks on barges and shipping were generally successful especially at Havre, Boulogne and Calais. Several large fires and station at Havre was hit. Railway targets in Germany and Belgium/
Belgium were also successfully attacked.

September 25th an aircraft of coastal command scored a direct hit on one of three small merchant vessels off the Dutch coast and a Blenheim shot down an enemy flying boat near Brest.

Night of September 25th - 26th aircraft were despatched against the following targets: three German capital ships at Kiel, two power stations in Berlin, railway targets in northwest Germany and Belgium and dock and shipping in Dutch and Channel ports. All aircraft have returned.

3. **German Air Force.**

Unexploded mine in aircraft factory reported in last summary has been dismantled.

September 25th in the morning about 100 aircraft approached Dover. Our fighters were in the air and no interceptions were made as the enemy turned back towards the French coast. At about 11.45 about 50 enemy aircraft approached Bristol where an aircraft factory was bombed and damaged; repair work and accurate assessment of damage are at present hindered by an unexploded bomb; 60 persons are reported killed and 150 wounded; our fighters intercepted and shot down 18 of the formation. Later in the afternoon a formation of 24 bombers escorted by 12 fighters attacked Plymouth; our fighters intercepted and dispersed the raid; no serious casualties or damage to ships or naval establishments/
establishments were caused. Other seaside towns on south coast were bombed and damage caused to private property and some casualties inflicted. Some machine gunning took place at Brighton.

**Summary of Air Casualties.**

<table>
<thead>
<tr>
<th>Enemy</th>
<th>Destroyed</th>
<th>Probable</th>
<th>Damaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>by our fighters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bombers</td>
<td>16</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Fighters</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Type unknown</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>By anti-aircraft fire</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type unknown</td>
<td>4</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>26</td>
<td>8</td>
<td>12</td>
</tr>
</tbody>
</table>

British 4 aircraft (2 pilots safe).

One bomber missing (yesterday).

**Night of September 25th - 26th**

enemy bombing in London was on a similar scale although East End was almost entirely neglected and indiscriminate bombing over the rest of England was more extensive. Some damage was done to house property and small factories but no reports of damage to important factories have been received. There were fewer fires than on previous nights and all were under control by the morning.
Shipping Casualties.

September 25th British ship "Salaria" (5,800 tons) in convoy with a general cargo for Montreal was torpedoed and sunk in the northwestern approaches. Another British ship (6,200 tons) in convoy was torpedoed in the same area but is still afloat; H.M.C.S. "Ottawa" has 55 survivors on board.

A British warship reports that she has on board 45 additional survivors from the "City of Benares".

A French escort vessel has arrived in port towing a British merchant vessel torpedoed in an attack on homeward bound convoy on September 21st.

A convoy of 32 ships has arrived safely in home waters. Cargoes include steel and scrap, pig iron and iron ore, oil, lumber and paper and pulp.

Middle East.

Erythraea. Between September 21st and 24th medium bombers attacked various aerodromes in Erythraea. At one aerodrome a large petrol fire was started and bombs fell amongst five fighters. On the night of September 23rd - 24th two of our aircraft made dive attacks on enemy troops in Kasala.

Malta. On September 24th 6 Italian fighters of the latest type were intercepted by Hurricane fighters and two Gladiators; one enemy fighter was shot down and two damaged, one by anti-aircraft fire.
6. Italy.

Two groups of Italian fighters, about 54 aircraft, and two wings of bomber aircraft, about 70 aircraft, are leaving Italy for Germany. It seems fairly certain that these units are moving completely with their own maintenance personnel and will operate under German control.
September 27, 1940
3:50 a.m.

RE BRITISH PURCHASING PROGRAM

Present: Mr. Purvis
Mr. Young
Mrs. Klotz

H.M.Jr: Before I forget, I have a suggestion to make, to show you how - you can remember this, this is easy. It will just take me a minute and I don't want to forget it. I want to show you how right I was in the impression, as Phil called it, the "Fifth Columnists." Bill Bullitt was at my house last night for dinner, and he talks very blue, so I said, "What is the matter?" "Well," he says, "the British are running out of pilots."

Purvis: When Layton saw Knox yesterday afternoon, the first thing he heard was that the people on the other side were running out of pilots.

H.M.Jr: So I said, "Well, look, Bill, have you heard about the Canadian program?" He said, "No." I said, "Between now and the first of January, they are going to deliver 2,000 trained pilots." Do you know Bullitt? He said, "God, it is marvelous! Why didn't somebody tell me that?"

Now, Howe is in New York and he must hold a press conference today.

Purvis: Howe is here.

H.M.Jr: Then he must do it here, and tell his story to the press.

Purvis: I have got his actual figures. Now, I will condense them for you.

H.M.Jr: Not so good?
Purvis: They are not bad.
H.M.Jr: Whatever they are, did you get the same story?
Purvis: I get it everywhere.
H.M.Jr: Well, can't C. D. Howe have a press conference?
Purvis: It would be an excellent scheme.
H.M.Jr: This morning.
Purvis: Yes. I have got to go over to the Hay Adams. I have got Morris Wilson down. I have got them all here, and I don't see anybody who can do anything for me except Howe.

H.M.Jr: Couldn't he have a --
Purvis: I think it would be a good idea, even on that picture. I would like it if you would - I am sorry to have it - but that is condensed. I have his letter here.

H.M.Jr: Canadian training program. What does that mean, "open"?
Purvis: That means the number of schools open.
H.M.Jr: Three, 48, 83.
Purvis: The number by which that is ahead of schedule, not bogged down behind. There are seven schools more than they were supposed to have at that date, twelve more than they were supposed to have at the end of the year, and ten more than they expected by the end of next year. Airdromes will be all completed by November 1st, 1940, which is one year ahead of the original schedule. Buildings all will be completed by the end of November, 1940, and aircraft is available to train, elementary trainers, 137; single engine advanced trainers, 215; bombing and gun trainers, 114; observation flight, communication flight, 20; elementary, 409. The total is 895 planes available for training on September 15 of this year. 3,108 will be available by
July 1, 1941, resulting in new deliveries of 400 in October of this year, and 200 monthly to March and 200 monthly to June. I tried to condense this for you.

H.M.Jr: If they could just say how many come out from the United States, England, and Canada.

Purvis: Well, he hasn't given that.

H.M.Jr: Do you want to make a note?

Purvis: Yes, that is fine. Then by the time the scheme is in full force, they are up to 5,000, so by the end of this coming year, they are well in advance.

H.M.Jr: You mean 5,000 planes?

Purvis: 5,000 planes is what is required to do the 25,000 they expect to produce in 1942.

H.M.Jr: This is planes?

Purvis: That is planes, yes. They have their arrangements made.

H.M.Jr: Scheduled full forces December 31, '41, they will have 5,000 planes but you will make a note --

Purvis: Yes, I have got that on the top. Now then, trained personnel, which is the important thing. Already sent to UK, far from being behind, three squadrons complete with ground crews and 300 wireless operators as against one squadron promised. To be sent in addition by January 1, 1941, 204 pilots, 102 observers, and 122 air guns.

Young: That is a cumulative total?

Purvis: Yes. Scope of scheme, 25,000 in 1942 of those types, of which you see you get 7 to 8,000 pilots. Now, what I have got to get, of course, is the same thing for the UK, which is more difficult to get.
Well, after sleeping on the thing, Arthur, the thing I am — I am sorry I couldn't wait for you last night.

That is all right.

But you and I have got to have what I asked for.

Yes. May I — in order to get operational data of that kind, which is as you can imagine, representing losses, are pretty — I mean, you can imagine it will have to go to the War Cabinet, that request. Do I understand — I mean, I didn't compare notes with you (Young) afterward, but from what Young told me the aim here is a very important aim from our point of view, if I have understood it correctly. I just noted down what we said, but I understood the object of the request for information is first to enable you, as the Administration, to see that we can man additional airplanes before July 1, 1941, and then I want — in case I misunderstood you in any way, a further main aim is to achieve a situation whereby the UK deficiency for fighting purposes in the different groups be currently known with a view to the United States making up such deficiencies where they can to the required UK fighting level out of its resources as losses necessitate, in which way it is felt it may be possible to get away from the present unsatisfactory situation where the UK seems to be asking for releases for planes from the United States without adequate reference to the particular needs for the particular crews.

You have it right. Let me just put it in my own language.

Yes.

What I figure is — I can't make any promises, you see, but if you came in here once a week and instead of you and a half dozen other people trying to go around, say, "This is
what we need the most." If you came in and said, "Now look, Mr. Morgenthau, this is for you and for the President. Our situation net as of last week was this figure for arms. We have extraordinary losses in the one, but we gain in the other. Now, we need desperately 50 planes to make up our losses in the Navy. What can you do?"

Purvis: Yes.

H.M.Jr: Well, then it is up to me to go and see if I can get you the particular kind of 50 planes you need, and I don't think it is beyond the imagination that if you were very, very short in that particular field we would take some right out of our existing planes.

Purvis: Yes, exactly. Yes, I mean --

H.M.Jr: Do you see what I mean?

Purvis: It is the sort of thing that counts.

H.M.Jr: After all, if you and I are running the business, we take an inventory once a week. If certain merchandise doesn't sell, we don't stock up in it. If we have a big run on something else, we do. All I am suggesting is, I am not motivated by idle curiosity, but if that -- we felt that in a certain place you are getting along and our people might be very, very -- let's say, the Army has 200 pilots, advanced training pilots, sitting on the ground with no planes, and you are sitting particularly pretty, say, on the pursuit situation. You might say, "Well, we can forego 50."

Purvis: Quite right.

H.M.Jr: It would be a two-way -- you have so many pilots actually finished and trained, waiting, no planes. All right, "We can forego one week's shipment."

Purvis: And work it that way as a balancing medium.
H.M.Jr: Work it that way. Isn't that sensible? And then instead of saying, "We need this, we need that." Now, the first argument, you see, that they throw at us - I want to get on this other thing - you haven't got the pilots, you don't know how to run a four-engine bomber. Well, you either do or you don't. This Colonel Spatz I had lunch with, I asked him this particular question and he said, "Of course they can. Out of that vast number of trained pilots, they can pick enough to man one squadron."

Purvis: Yes.

H.M.Jr: Of course they can. Now, how many you can man, I don't know, but you have enough.

Purvis: Yes, exactly. I know they have had four-engine machines. I would be very surprised if they couldn't run them.

H.M.Jr: So that this thing of doing - of changing this canvas with a brush a foot thick instead of having a very fine, delicate brush, we have got to get down to particulars. And then look what a strong position you are in. But you say, "Look, Morgenthau, these are the figures. We have lost 75 of this thing. We are short. We don't need - we are short in this particular thing, but can't you lend us one month's production of this type?"

Purvis: I think the only difficulty I am liable to run up against is the fear of letting information as to losses which might be - leak into - unintentionally get into the wrong hands, but that is the kind of thing I may find that will frighten them.

H.M.Jr: Well, on the other hand, you can't do a job here without it.

Purvis: I agree we have got to get information to enable us to give the general picture, but I say, that will be my difficulty.
I think this is good enough. I still think if Howe would have a press conference - at least, whatever it is, it is factual.

And he has had that verified, actually. I don't know whether you want to read his letter, but he wrote me in his own handwriting last night. That is an excerpt. That is my excerpt which I had this morning because I was supposed to give you something concrete.

That is what I am proposing to do. The way I feel, I have two chances to talk to the President. What I was thinking of doing was this: I understand we are all right on the Navy bombers. You see, the picture is this. The Consolidated are supposed to produce between now and the first of July 164 for the Navy and 79 for you, or a total of 243, so what I am going to ask for is 120 instead of 79, you see. Now, in the case of the B-24, which you have orders for, they are supposed to order 94, of which you were supposed to have gotten 41 and I am going to ask for 47, but it doesn't - that figure - but you wouldn't get one until February. This way you would begin to get some in October.

In my opinion it is just as important a factor.

And then they can begin to learn how to use those. Now, the other thing which I was going to ask for, the Army has on order 359 Boeing Flying Fortresses and you have none, of which they were to get 101.

Of which they were to get 101 by that date.

Now, what I would like your authority to say is that you are ready to place an order for 100 of these provided that you can get 60 of them between now and the first of July.

Sounds all right.

And the other 40 within - by October 1st.
Purvis: Yes.
H.M.Jr: Now, I thought if I could get that --
Purvis: That is the new type?
H.M.Jr: Definitely. I have recommended against the other. This doesn't --
Purvis: Because that is important in the armor and so forth.
H.M.Jr: No, this will be the new type, and I wish somebody in your shop could go out and take a look at it, if they will let you out there, the new Boeing. Let's just see what they call it here. Now, that is - you see, I was going to concentrate on that and not ask for anything else pending what we hear.
Purvis: Yes, until we see what this develops into in the way of --
H.M.Jr: I mean, what your shortages are, until I get the rest of the picture, because there is no use of going all over the lot.
Purvis: And just asking for sacrifices, you mean, irrespective of our needs.
H.M.Jr: Right. Now, the Army has on order the B-17-C, that goes through until March. Then they have a B-17-E which starts in April.
Purvis: That is probably a further improvement.
H.M.Jr: Only 68 of these B-17-C's - well, they were supposed to have gotten 70. If you could get 30 of those, you see, of the B-17-C's, if you could get 30 of those and then get the balance in the 17-E's.
Purvis: Yes, that would be excellent.
H.M.Jr: Have you talked with Tom Morgan about his bomb sight?
Purvis: No.
Young: He said he didn't want to talk about it until he got clearance on the secrecy angle, which is about cleared now, he told me yesterday.
Purvis: And by the way, answering your point yesterday about this remark that we have bomb sights four times as accurate, may I say that the answer to that is merely this: It is not the question of getting the secrecy item; the thing we are short of is the actual bomb sights. We take a great number of relatively older, stabilized bomb sights, provided they have a stabilizer. It is the shortage of the number rather than the - we also felt we had something very good, as everybody does, but we are actually very short of bomb sights.

H.M.Jr: What it gets down to is these flying boats, these two group of four-engine bombers, and the bomb sights.
Purvis: Yes.
H.M.Jr: Now, do you think before 12:30 you could break this thing down?
Purvis: Yes, I could break it down probably now. I will get hold of Howe straight away.

H.M.Jr: But you will have him have a press conference this morning?
Purvis: I will get right after him on that.

H.M.Jr: Now, just a second, please. Oh, I know what I wanted to say. This Colonel Spatz, after much coaxing - I don't know why he was so afraid - the remark was so intelligent - I mean, you would say, "Well, why haven't I thought of this before?" He said he can't understand, and he didn't want his name used, why the English didn't divide up their production so that those planes which they could fly across, they would buy them here and not take the risk of trans-shipping them by boat, and concentrate their orders for
bombers here and concentrate their orders for fighters in England.

Purvis: It seems just too simple, doesn't it?

H.M.Jr: He said, "I can't understand it, Mr. Morgenthau. The English put their orders for fighters here, then they have the risk of putting them in ships and all the rest of that."

Purvis: I think probably the answer would be that, not knowing for certain in regard to what might be done in export - I mean, after all, public feeling has inclined more toward the Allies as the war has gone on, but it might have been possible for it to drift the other way with an export embargo on some particular type, which would absolutely ruin the ones they have on the other side.

H.M.Jr: But this thing I am asking for today falls into that category. I am only asking for big ships and ships that could fly across. I am making that point.

Purvis: Of course, I mean, if one could ever get to that comfortable situation, it is a very fine idea.

H.M.Jr: And you might be thinking of it also in connection with future orders.

Now, Phil says that Lockheed called up and says they can take an order for 2,200 more planes.

Purvis: Lockheed?

H.M.Jr: Yes.

Purvis: Did we get permission from the Defense Advisory Board?

H.M.Jr: Well, everybody comes back and says your people are crazy about the Lockheed Hudson.

Purvis: Yes. We have always had a strong yen for those.
It is a question, of course, of making arrangements with the Defense Commission. You see, we are only limited by our orders.

H.M.Jr: Have you heard this thing that Phil and Buckley worked out in connection with the Canadians, which I am so very enthusiastic about? Have you told it to him?

Young: I haven't told it to him.

H.M.Jr: Let me tell him, because I want it pushed. I talked with Howe and he said it was perfect, to get four --

Purvis: Oh yes.

H.M.Jr: And the 2,000 engines in Canada and then put it into these two planes that Canada wants.

Purvis: I had already gone after Howe on that immediately after you suggested it last week. You mentioned that to him.

H.M.Jr: Yes.

Young: That engine goes into American planes.

H.M.Jr: What are the ones that the plans are for?

Purvis: I have them here, the Lockheed P-38 and the Martin B-26 bombers, and the Lockheed P-38 pursuit.

H.M.Jr: Canada wants plans for what?

Young: Martin B-26 bomber and the Lockheed P-38.

H.M.Jr: That ought to be simple.

Young: Do you want to know what engines they are to take?

H.M.Jr: I thought they were going to concentrate on this 2000 engines.

Young: They are. That goes into the Martin - it will
go into both of them, I am sure.

H.M.Jr: Well, make sure.

Purvis: I suppose it is suitable to both types, that is the only thing we would have to make sure, that it actually fits both types.

H.M.Jr: Well, make sure. If they can concentrate on one 2,000 horse engine and build the planes around them, they will be getting somewhere.

Purvis: Yes.

Young: Right.

H.M.Jr: Well, I am all right now.

Purvis: Yes. I don't think Howe is feeling bad. Do you need that thing we had typed up?

H.M.Jr: Yes. Is this going to help you out?

Purvis: No, I have a copy of it, but we can get you typed ones for later in the morning.

H.M.Jr: That would be good.

Purvis: I will have a copy of Howe's letter to me giving this information plus the excerpt that I made earlier this morning typed up.

H.M.Jr: He will want something - I don't know whether he will want to give a breakdown, but certainly --

Purvis: I may be able to get that done before the morning.

H.M.Jr: For the press conference. What are the three squadrons? What does that mean, three squadrons complete with ground crews?

Purvis: A squadron takes, I understand, from these figures, 60 squadrons of 22 pilots each, turned into figures of pilots. There are 22 to a fighter squadron and 15 to a bomber squadron.

H.M.Jr: But you don't say. You say three squadrons complete with ground crews.
Purvis: That was the only way he knew it. I prodded him on this, but I wanted to give you the only information that he had verified from his own office.

H.M.Jr: I wonder if this is a fighting squadron or a bombing squadron, because I will be asked that question.

Purvis: What he did say, he said this whole thing meant 6,000 people, because they are ten to one in ground service. The difficulty in getting schools earlier, which, however, disappears suddenly, is that you first train your instructors to instruct.

H.M.Jr: If this is right, then why in heck do you need anything down in Texas?

Purvis: Well, I think the answer, if I may say quite frankly, is this: We expect to increase our numbers we keep in the air, cumulatively, progressively, all through the next year and a half. Therefore we want more and more pilots all the time to put more planes in the air.

H.M.Jr: But otherwise—if they have got this show going, why do they need anything in Texas?

Purvis: It takes a tremendous—we have got one in Australia going, which I am going to get particulars on, Australia and New Zealand has one. Australia is quite big. Now, there is another thing that I haven't dared to give you because I haven't got the complete figures, but in addition to all that, Canada is doing under the joint air training program, she is opening 12 new schools, entirely for U.K., in order to transfer personnel from there, from that part of the country which is rendered useless by the bombing and so that is only the joint air training scheme which it was said had bogged down, but apparently I think what we need in Texas, the further stuff in Canada, the acceleration in Australia, is probably due to the effects of the fighting.

H.M.Jr: Please ask your people to give you the whole thing.
Well, I mean, you can't get everything. If this is all over Washington - if this is all over, it is a bad show.

It is a bad show. And you say you got that when you went to Knox, too?

Yes.

The Norwegians, too.

What about the Norwegians?

The Norwegians again.

How many?

I would say he has got a very good school outside of Toronto.

That is good publicity, even though they don't turn out so many.

Well, we will see what we can do with this. I will catch Howe before he gets to the plane.

And you are going to be here until you get through with me?

Oh, yes.

All right, thank you.
Well now, things went fairly well. I am authorized to say that on the PBY-5's, you are going to get every one from now until the first of July.

Thank you.

That is that. I don't know how you make your arrangements, but that is set. But in telling it to Beaverbrook and he to Churchill, we definitely don't want any publicity on it.

I am rather relieved to have you say that, because I got that cable. Can I make that a general application to the rifles as well?

We don't want any publicity. I would say we wouldn't want any on that, either.

On either of them?

Yes.

I will give them that reply.

Yes. Now, you can have the Sperry bombsight with all the refinements.

That is improved?

Yes, the very best, whatever they have got, and I was amazed to learn that the ones the Army are buying are going on the shelf, and General Marshall said there was no reason why you couldn't have those.
Purvis: Yes.

M.M. Jr.: That is what he said.

Purvis: What is that?

M.M. Jr.: Sperry, that is what he said. The Pratt & Whitney engines to be built by Ford in Canada, yes, and you are to get the two plans of the planes you have asked for, the Martin B-26's and the Lockheed P-38's.

Purvis: Thank you.

M.M. Jr.: Now, when they come down to the Army, it was really tough. I haven't been turned down, but somebody has told Stimson something about being short of so many engines, and while I was there, before we went in, Knudsen went to a telephone and came back and said, "All right, I have gotten them 200 - I have switched with the English. They will take 200 of a certain kind of engines and give us 200 of something else."

Young: Just as I went out to lunch.

M.M. Jr.: Yes. Well anyway, on this thing, he said that he would be willing to say - but this is not to go across the water - that he would be willing to give you the first six of the Consolidated bombers.

Purvis: Those are the B --

M.M. Jr.: The B-24's.

Purvis: Those are the ones we asked for.

M.M. Jr.: Well, the first six. He wants to take a look at the engine situation, and between now and
Tuesday he will talk to us, and I begged him to call a meeting on Tuesday for this purpose. They are very loath to give up any Boeings, very loath, but I think that the chances of at least getting every other one of the Consolidated B-24's, the chances are excellent. I think what they want is - Knudsen said it would be easy. I think he said they were only short 40 or 50 engines for the Army for the Boeings, and if they got those, I think they were going --

Young:
These planes that are already completed?

H.M.Jr:
Phil, Mr. Stimson didn't have the facts. I couldn't get it. I don't know what the heck he is talking about. I just don't know. But you three will have to do some late work between now and Tuesday to find out just what it is all about. I couldn't get it. But you haven't been turned down on anything and you did get the thing they asked for so badly. You have got your bombsight and you can go ahead in Canada.

Purvis:
It is pretty good for one morning.

H.M.Jr:
One morning? A week!

The President - you see, we followed Sir Walter Layton and the President said he told Sir Walter Layton that he should go nowhere and see nobody unless he had Arthur Purvis with him.

Purvis:
Sir Walter Layton has been duly impressed. I have been trying to suggest it to him for some time, that this is the proper channel. If he goes to the Army, he will see the Army only, whereas if he goes through this channel, he will see them all in due course.
And the President told him everything that I told him this morning about this information that I wanted.

He told him that, yes. Layton just mentioned it to me as I came away.

But as if it was his own idea, right?

Yes.

Well, that is all the better.

Now, if you hear what I am going to dictate, I can't help it. Admiral Stark said - oh, in the first place, a number of people said, "How are they going to pay for this thing?" And Stark said, "Well, all I know is that Ambassador Lothian said they would have reason to begin to worry in the spring of 1941, how they are going to get the money to pay for these contracts.

That is rich.

And then you wonder how some of these rumors start.

Phil, the thing that was a knockout with these three sheets of paper which I had to give to the President this morning, the fighters and the trainers and the observers. Now, this is the thing we can get away with on a semi-political basis. After all, he says the trainers are getting low. He says three to one, which is perfectly all right on the fighters, and the rest is about fifty-fifty or something like that. He says, "I think that is perfect." But he said, "Taking it as a rule of thumb, from now on, the English will get half of everything."
But he had these things and he said, "Where were those figures, Henry, that you gave me this morning?"

One mistake I think we are making, Phil, if you don't mind, we don't service Stark and General Marshall. When we send stuff like this, you see, we haven't been sending it to them and I think in the future where we send something to Stimson and the Assistant Secretary and the Undersecretary, we should also send these things to both General Marshall and Admiral Stark.

Young:

Did they get the others all right?

H.M.Jr:

What? I didn't circulate that stuff. I only went part way on this stuff. But this Canadian thing should be circulated.

Young:

Yes.

Knudsen didn't question the figures?

H.M.Jr:

In the first place, the meeting opened this way. I asked Knox please to speak first. He said, "The Navy is ready; we can give what Henry wants." So we started off that way. That broke the ice.

Then when they kept arguing about the engines and the planes and the Boeings, Knudsen said, "But they are asking for so little." He said, "They are asking for 59 Boeings." He said, "It is so little." He said, "I can take care of the engines. I can take care of the engines, don't worry about that. But they are not asking for anything." He said, "They are asking for so little." He said, "Don't worry about the engines, I can take care of the engines." He said, "I have got the engines."
He paints a perfect picture.

I can just see George Mead's face when he says that.

He said, "I can take care of the engines."

(Discussion off the record)

There is one thing you ought to have your West Coast man - this Boeing B-17-C, which is the one which is coming along for the next three or four months, has no engine at all in the tail, no gun. Do you want it? Is it worth fighting for? As long as they for some reason or other feel so generous about the Consolidated, why not concentrate on the Consolidated?

Quite a point.

Is it worth fighting about? And then do with Consolidated what we are going to do on Buffalo, really help this fellow get production.

Yes.

The Buffalo man was in today. He is even going to go above what he has already promised. He is getting ten engines a day. He is going to go above what he has already promised. He may go to nine or ten planes a day.

Yes.

Now, if he can do it, why can't Consolidated do it, and if the PSY-5 and the four-engine bomber all come from Consolidated, let's everybody concentrate to help them turn the stuff out and check also on the Boeings. I know they have lots of labor trouble out there.
They are in a bad labor spot. They are threatened with a strike every day. And if these things that I am telling you have no gun in the tail, maybe you don't want it.

Purvis: I have got your point there and I think there is something to it, too. Again, many thanks.

H.M.Jr: Right.
BOEING AIRCRAFT COMPANY

Unfilled Orders estimated deliveries Total deliveries on present orders
Model and Purchaser Sept. 1940 Sept. 1940 Sept. 1940 Sept. 1940estimated deliveries delivered estimated to deliveries estimated to

Flying fortress:
- U. S. Army
  - DB-7B two-engine bomber: British
    - 283
  - XB-29 two-engine bomber: U. S. Army
    - 2
  - XP-88 two-engine patrol bomber: U. S. Navy
    - 1

Total Army, Navy and British
- 650

Office of the Secretary of the Treasury, Division of Research and Statistics. September 15, 1940.
# Consolidated Aircraft Corporation

## Model and Purchaser

<table>
<thead>
<tr>
<th>Four-Engine Bomber</th>
<th>Orders ( \times 1000 )</th>
<th>Estimated Deliveries ( \times 1000 )</th>
<th>Total Deliveries ( \times 1000 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Army</td>
<td>106</td>
<td>2 5 3 3 5 7 10 10</td>
<td>53</td>
</tr>
<tr>
<td>British*</td>
<td>180</td>
<td>1 3 7 14 16</td>
<td>41</td>
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<tr>
<td>Total B-24</td>
<td>266</td>
<td>3 5 3 3 5 6 14 24 26</td>
<td>94</td>
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<tr>
<td>British*</td>
<td></td>
<td></td>
<td>192</td>
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## Two-Engine Navy Bomber

<table>
<thead>
<tr>
<th>B-25</th>
<th></th>
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<tbody>
<tr>
<td>U.S. Navy</td>
<td>220</td>
<td>6 10 11 15 16 19 20 26 24</td>
<td>164</td>
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<tr>
<td>British**</td>
<td>234</td>
<td>1 3 3 5 8 10 12 15 10</td>
<td>79</td>
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<tr>
<td>Total B-25</td>
<td>454</td>
<td>7 13 14 23 25 27 32 41 34</td>
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<tr>
<td>British**</td>
<td></td>
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<td>215</td>
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## Four-Engine Navy Bomber

<table>
<thead>
<tr>
<th>F4Y-2</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>U.S. Navy</td>
<td>7</td>
<td>2 1 1 2 1</td>
<td>7</td>
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<tr>
<td>Total Army, Navy and British</td>
<td>751</td>
<td>12 19 18 26 31 32 33 46 65 60</td>
<td>344</td>
</tr>
</tbody>
</table>

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* British orders of this model are reported as LB-30.

** British orders of this model are reported as 26-5AE and 26-5AME.
### A-20, A-20A type two-engine attack bomber

<table>
<thead>
<tr>
<th>Model and Purchaser</th>
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<th>Estimated Deliveries:</th>
<th>Total:</th>
<th>Deliveries on:</th>
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<tr>
<td></td>
<td>1940</td>
<td>1941</td>
<td></td>
<td></td>
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<tr>
<td>U. S. Army</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>228</td>
<td>8</td>
<td>15</td>
<td>28</td>
<td>34</td>
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<tr>
<td>British*</td>
<td>751</td>
<td>27</td>
<td>55</td>
<td>30</td>
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<tr>
<td>Total A-20, A-20A type</td>
<td>956</td>
<td>35</td>
<td>70</td>
<td>58</td>
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### SB2-1 scout bomber

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<tbody>
<tr>
<td></td>
<td>1940</td>
<td>1941</td>
<td></td>
<td></td>
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<tr>
<td>U. S. Navy</td>
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<td></td>
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<td>157</td>
<td>11</td>
<td>27</td>
<td>20</td>
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### B-23 two-engine bomber

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</thead>
<tbody>
<tr>
<td></td>
<td>1940</td>
<td>1941</td>
<td></td>
<td></td>
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<tr>
<td>U. S. Army</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>British (spares)</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>1</td>
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<td>Total B-23</td>
<td>6</td>
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### XB-19 experimental bomber

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<tr>
<td></td>
<td>1940</td>
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<tr>
<td>U. S. Army</td>
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<tr>
<td>1</td>
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### DC-5 two-engine transport

<table>
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<tr>
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<th>Deliveries on:</th>
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<tr>
<td></td>
<td>1940</td>
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<td></td>
<td></td>
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<tr>
<td>U. S. Navy</td>
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<tr>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
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</tr>
<tr>
<td>Total Army, Navy and British</td>
<td>1,153</td>
<td>50</td>
<td>100</td>
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</table>

*British orders of this model are reported as DB-7, DB-7A and DB-7B.
### Strictly Confidential

**Beech Aircraft Corp.**

<table>
<thead>
<tr>
<th>Model and Purchaser</th>
<th>Orders</th>
<th>Estimated Deliveries</th>
<th>Total Deliveries on present orders</th>
<th>Estimated deliveries estimated to be made after June 30, 1941: July 1, 1942</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>1940</td>
<td>1941</td>
<td></td>
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<tr>
<td><strong>Trainers</strong></td>
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<td></td>
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<tr>
<td>U.S. Army (AT-7)</td>
<td>72</td>
<td>3 8 9 11 10 11 10 10 72</td>
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<tr>
<td><strong>Transport</strong></td>
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<tr>
<td>Philippine Army (1SS)</td>
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<td>1</td>
<td>1</td>
<td></td>
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<tr>
<td>U.S. Navy (JRB-1)</td>
<td>5 3 2</td>
<td></td>
<td>5</td>
<td></td>
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<tr>
<td><strong>Total Army and Navy</strong></td>
<td>78</td>
<td>3 3 3 8 9 11 10 11 10 10 78</td>
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Office of the Secretary of the Treasury, Division of Research and Statistics.  

September 18, 1940.
<table>
<thead>
<tr>
<th>Model and Purchaser</th>
<th>1940</th>
<th>1941</th>
<th>Total</th>
<th>Estimated deliveries</th>
<th>Total deliveries on present orders</th>
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<tbody>
<tr>
<td>Airacobra pursuit</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Army</td>
<td>92</td>
<td>6</td>
<td>32</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>British</td>
<td>450</td>
<td>5</td>
<td>60</td>
<td>30</td>
<td>150</td>
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<tr>
<td>Total Airacobra</td>
<td>542</td>
<td>6</td>
<td>60</td>
<td>332</td>
<td>210</td>
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<tr>
<td>Airacuda fighter</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>U.S. Army</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
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<tr>
<td>MFI-1 Fighter</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total Army, Navy and British</td>
<td>547</td>
<td>11</td>
<td>60</td>
<td>337</td>
<td>210</td>
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</table>

Office of the Secretary of the Treasury, Division of Research and Statistics.

September 15, 1940.

* British models of this type reported as P-400.
**Model and Purchaser**

<table>
<thead>
<tr>
<th>Item</th>
<th>1940</th>
<th>1941</th>
<th>Total</th>
<th>Estimated Deliveries</th>
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<tbody>
<tr>
<td>Orders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**To-50 Observation**

| U. S. Army | 3 | 1 | 1 | 1 | 3 |

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<table>
<thead>
<tr>
<th>Model and Purchaser</th>
<th>Estimated Deliveries</th>
<th>Total Deliveries on estimated present orders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept.:</td>
<td>Oct.:</td>
</tr>
<tr>
<td>F2A type fighter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Navy</td>
<td>153</td>
<td>30</td>
</tr>
<tr>
<td>British</td>
<td>204</td>
<td>11</td>
</tr>
<tr>
<td>Total F2A type</td>
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<tr>
<td>F2A-1 one-engine scout bomber</td>
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<tr>
<td>U.S. Navy</td>
<td>493</td>
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<tr>
<td>Total Army, Navy and British</td>
<td></td>
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</tbody>
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*British versions of this type are reported as model 339-E.
### GEHHIA AIRCRAFT COMPANY

**Model and Purchaser**

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<thead>
<tr>
<th>Unfilled</th>
<th>Estimated Deliveries</th>
<th>Total Deliveries on estimated present orders</th>
<th>Deliveries: estimated to be made after June 30, 1941; July 1, 1941</th>
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<tbody>
<tr>
<td>Orders:</td>
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<td>Sept.: 18</td>
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#### Trainers

<table>
<thead>
<tr>
<th>U. S. Army (AT-6)</th>
<th>33</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>4</th>
<th>4</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>33</th>
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</thead>
<tbody>
<tr>
<td>British (T-50)</td>
<td>160</td>
<td>6</td>
<td>12</td>
<td>18</td>
<td>24</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>150</td>
<td>30</td>
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</table>

**Total Army and British**

| 213 | 1 | 2 | 9 | 16 | 22 | 28 | 34 | 35 | 36 | 183 | 30 |

---

Office of the Secretary of the Treasury, Division of Research and Statistics.

September 15, 1940.
<table>
<thead>
<tr>
<th>Model and Purchaser</th>
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<th>Estimated deliveries</th>
<th>Total deliveries on present orders</th>
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<tr>
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<td>1941:</td>
<td>deliveries:</td>
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<td></td>
<td>Sept.:</td>
<td>Oct.: Nov.: Dec.: Jan.: Feb.: Mar.: Apr.: May: June: Sept. 15, 1940: Be made after June 30, 1941: July 1, 1941</td>
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<tr>
<td>P-40 Pursuit</td>
<td>14</td>
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<tr>
<td>U. S. Army</td>
<td>69</td>
<td>51</td>
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<tr>
<td>British (K-81A)</td>
<td>530</td>
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<td>Total P-40 pursuit</td>
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<td>P-40D Pursuit</td>
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<td>U. S. Army</td>
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<td>British (K-87)</td>
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<td>Total P-40D pursuit</td>
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<td>P-36Q Pursuit</td>
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<td>British</td>
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<td>B25A Dive bomber</td>
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<td>U. S. Navy (via U. S. Army)</td>
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<td>Q-52 Scout observation</td>
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<td>U. S. Army</td>
<td>1</td>
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<tr>
<td>Other models</td>
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<tr>
<td>U. S. Army - experimental</td>
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<tr>
<td>U. S. Navy - experimental</td>
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<td>U. S. Navy - scout</td>
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<td>Total Army, Navy and British</td>
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<td>106</td>
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September 18, 1940.

In accordance with exchange agreement between U. S. Army and U. S. Navy.
| Model and Purchaser | Estimated Deliveries | Total | Deliveries on
<table>
<thead>
<tr>
<th></th>
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<td>15-30</td>
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<td>June 30, 1941</td>
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<td></td>
<td></td>
<td></td>
<td>July 1, 1941</td>
</tr>
<tr>
<td>Trainers</td>
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</tr>
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<td>U.S. Army (AT-9)</td>
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<td></td>
<td></td>
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<td>Other models</td>
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<td>U.S. Army (C-46)</td>
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<td>U.S. Army (P-249)</td>
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<td>Total Army</td>
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Office of the Secretary of the Treasury, Division of Research and Statistics. September 18, 1940.
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Office of the Secretary of the Treasury, Division of Research and Statistics. September 15, 1940.
## Unfilled Orders: Estimated Deliveries

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*Office of the Secretary of the Treasury, Division of Research and Statistics.*

*September 16, 1940.*
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Office of the Secretary of the Treasury, Division of Research and Statistics. September 15, 1940.

* British orders of this type are reported as G-36-A and G-36-B.
## Strictly Confidential

**Lockheed Aircraft Corp.**

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<th>Estimated Deliveries: 1941</th>
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*British orders of this type reported as model 322.*

Office of the Secretary of the Treasury, Division of Research and Statistics.

September 16, 1940.
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Office of the Secretary of the Treasury, Division of Research and Statistics. September 18, 1940.
### Ryan Aeronautical Corp.

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Office of the Secretary of the Treasury, Division of Research and Statistics.

September 18, 1940.
**SPARTAN AIRCRAFT COMPANY**

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Office of the Secretary of the Treasury, Division of Research and Statistics.  

September 18, 1940.
# Steamship Aircraft

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Office of the Secretary of the Treasury, Division of Research and Statistics. September 18, 1940.
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Office of the Secretary of the Treasury, Division of Research and Statistics.

September 18, 1940.
VOUGHT-SIKORSKY AIRCRAFT

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<th>Model and Purchaser</th>
<th>Estimated Deliveries</th>
<th>Total Deliveries from Orders on</th>
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<th>Deliveries estimated to be made after</th>
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O2U type one-engine observation
U. S. Navy

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One-engine scout bomber
U. S. Navy (SB2U-3)

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British (V-156-F)

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Total scout bomber

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Total Navy and British

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Office of the Secretary of the Treasury, Division of Research and Statistics.

September 18, 1940.
<table>
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<tr>
<td>Total Army and British</td>
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Office of the Secretary of the Treasury, Division of Research and Statistics.  
September 16, 1940.
MEMORANDUM FOR THE PRESIDENT:

Appended is a confidential table submitted to me September 26, 1940 by Sir Andrew Agnew, on the lubricating oil situation in Europe.

The conclusion that is arrived at is of considerable interest. It is stated as follows:

"On the basis of this estimate, which allows for a rationed consumption even in neutral countries, there is a shortage of supply over industrial demand of 275,000 tons per annum before allowing anything for service consumption of Italy and Germany."

(Signed) H. Morgenthau, Jr.

Attachment

HDW: ash
9/26/40

By Messenger 1040
<table>
<thead>
<tr>
<th></th>
<th>Peace-time Consumption Incl. substitutes (1938)</th>
<th>Estimated war-time Industrial Consumption Per Annum</th>
<th>Indigenous Production Incl. substitutes</th>
<th>Parole or shortage For Axis War Effort</th>
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<td>Indigenous Production incl. substitutes</td>
<td>Surplus or Shortage for Miltiary Efforts</td>
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**TOTAL**

- **1,380**
- **1,044**
- **669**
- **375**

**RUSSIAN SURPLUS FOR GERMANY**

- **100**
- **275**

On the basis of this estimate, which allows for a rationed consumption even in neutral countries, there is a shortage of supply over industrial demand of 275,000 tons per annum before allowing anything for service consumption of Italy and Germany.