

DIARY

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June 27, 1941
9:25 a.m.

HMJr: Hello.

Colonel Halsey: Yes, sir.

HMJr: Halsey, Morgenthau.

H: Yes, sir.

HMJr: How are you?

H: All right, sir.

HMJr: I think our monetary bill come up today.

H: Yes, sir. Senator Glass spoke to me about it yesterday.

HMJr: You know how we stand on it - are we all right?

H: Well, it's in awful good hands. Byrnes been working with Glass on it and I think it's in kind of good shape, I don't know.

HMJr: Have we got the votes?

H: I don't think that's been canvassed to any extent yet.

HMJr: Could you do a little inquiring?

H: Yes, I will and I'll let you know.

HMJr: Will you - it comes up today doesn't it?

H: Oh yes. Senator Glass wanted them to meet at 11, but of course with the death of Houston, I don't know whether they'll be in session or not.

HMJr: Gee whiz - you know this thing expires June 30, you know. We'll be in a nice pickle if they don't pass it.

H: Uh huh.

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HMJr: You see. The whole Stabilization Fund, everything expires June 30.

H: Well, I'll impress that upon them, but I doubt - I don't know - it's been always customary when a Senator died to adjourn immediately, and that come upon the question of these Appropriation Bills too, you know. The bills - the fiscal year ends here, June 30.

HMJr: When - will they meet again on Monday, do you think?

H: Oh, it will be tomorrow if they don't adjourn - don't sit today.

HMJr: Oh, they would meet tomorrow.

H: Yes.

HMJr: Well, if you'd interest yourself in it, I'd appreciate it.

H: I'll do so.

HMJr: Thank you.

H: Goodbye.

June 26, 1941
9:30 a.m.

GROUP MEETING

Present: Admiral Waesche
Mr. Thompson
Mr. Haas
Mr. Bell
Mr. Schwarz
Mr. Graves
Mr. Kuhn
Mr. Odegard
Mr. Johnson
Mr. Viner
Mr. Cochran
Mr. White
Mr. Foley
Mrs. Klotz

H.M.Jr: Good morning, Gentlemen.

Norman?

Thompson: Here is a letter here you might sign.

H.M.Jr: I would like to give him that myself.

Thompson: He isn't here this morning.

H.M.Jr: He isn't here?

Thompson: No, he is gone for the day. That is all I have.

Bell: We received subscriptions totaling five hundred and thirty-seven million for cash and a hundred and ninety-nine million dollars of exchanges.

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H.M.Jr: How much?

Bell: A hundred and ninety-nine of the two eleven.

H.M.Jr: You know, George, for the first time Henry Murphy particularly was much too conservative on investments. He wanted January. I wheedled him into April. It should have been a full three years.

Haas: Yes. I think the difficulty there, Mr. Secretary, on the prices of the outstanding issues mean very little. They are so closely held there is no trading. I think that is what threw Henry off on it.

(Mr. Foley entered the conference.)

Bell: Well, the chart was all right. We should have eliminated the chart for this pricing. That is what New York did. They used their judgment.

H.M.Jr: They were right and we were wrong.

Haas: That is right.

H.M.Jr: You admit it?

Haas: Absolutely.

H.M.Jr: All right.

Bell: But no harm was done.

Haas: The paper chart was not of much value.

H.M.Jr: That is right.

Bell: But there was no harm. It didn't cost a lot.

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Haas: I suspected that was a possibility, but I would rather have it work this way than on the other side.

H.M.Jr: Oh yes, but I just wanted to let you know I knew it too.

Haas: Yes, I suspected you did.

Bell: The way this circular was worded, it was really a five hundred million dollar issue. I would like to allot seven percent. That would be three fifty. Then the total combined with the exchanges would make about five forty. Six percent gets you right on the dot of three hundred million.

H.M.Jr: Jesse wants this Monday.

Bell: I know he does. That is the reason I am recommending it.

H.M.Jr: It is all right with me.

Bell: We have had a great deal of correspondence and several conferences with people on our regulations concerning the issuance of savings bonds where it involves trusts, particularly trusts created by an individual for himself and revokable. We provided that they can't buy those bonds at all.

Last week we had a conference with representatives of the Corporate Fiduciaries Association in New York, and we have had many letters from the Chicago area saying there is a lot of money in there if we wanted to change the regulations. I don't think it would do any harm, and I recommend we change them so we can get some of that money; and if they do revoke them or have the bonds transferred to them for cash, they get them at the discount

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value rather than the face value.

H.M.Jr: It is all Greek, but if you say it is all right --

Bell: I am sure it is.

That is a letter to Cox on the Lease-Lend Agreement he sent you some time ago for one of the countries paying cash.

H.M.Jr: Now, I have a letter from the President, and I don't know what to do with it. Undoubtedly Cox wrote it. It says here, "Section 3A2 of the act of March 11, 1941, Lend-Lease Act, empowers me to authorize you to transfer to any country whose defense is vital to our defense, articles procured from the funds appropriated prior to March 11 to the extent of one billion three. Will you please let me know as soon as possible what defense articles your Department has available and will have available for transfer under this section now month by month until the end of the fiscal year '42." What did Oscar mean when he got the President to do that?

Bell: There is your Coast Guard vessels or anything that would come under Coast Guard, paid out of appropriations made available prior to March 11. I don't know of anything else, do you?

H.M.Jr: Anyway, I will tell you --

Foley: It is whatever there is in the Department.

H.M.Jr: I will appoint a committee of Bell, Waesche, and Foley to bring me in a report Tuesday morning, and I will - you (Mrs. Klotz) give them each a photostat of that, please.

Bell: That is all I have.

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H.M.Jr: Dan, I was reading this. I hate to criticize these defense quiz things because I think they are wonderful, but in this thing here, "What happens if I suddenly need the money I put into Defense Savings Bonds?"

Answer: "You can cash your bond any time after sixty days."

Wouldn't it be clearer if you said, "Any time after the first sixty days"?

Graves: That isn't right, anyway.

H.M.Jr: You mean what I am saying isn't right?

Graves: What this says is not right. In the case of the E Bond, no notice whatever is required. They may be cashed on demand. That limitation applies to the F and G, doesn't it, Dan?

Bell: Yes, that is right.

Graves: That answer should never have been --

Viner: What about the thirty days' notice?

Graves: Thirty days' notice is not required for the E Bond. They are redeemed on demand.

H.M.Jr: Harold, how could this go out without being checked?

Graves: It should have been. I am at fault.

H.M.Jr: You are at fault?

Graves: Yes, sir.

H.M.Jr: Isn't this a terrible crowd? Haas says it was a mistake and he missed the boat. What-is-his-name says he is at fault. Aren't you going to let me scold anybody? Is it in hand?

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Graves: I didn't know about it. To tell you the truth, I didn't read those.

H.M.Jr: Well, you shouldn't have to.

Graves: Well, I should have seen that somebody else read them.

H.M.Jr: Shouldn't they go to Accounts and Deposits?

Bell: No, Public Debts. Mr. Kilby or Mr. Broughton, it seems to me, should go over everything that has to do with the subscription of the bond or its terms.

H.M.Jr: I meant Public Debts. That is what I meant.

Graves: That is inexcusable.

H.M.Jr: I meant Broughton.

Bell: I think that is right.

H.M.Jr: Are you all right?

Bell: Yes, I am finished.

H.M.Jr: Harold?

Graves: You have sent me a number of notes. If you like, I will comment on them now.

H.M.Jr: I will tell you what let's do. Let's go around the room, because I have got a lot of things I would like to talk to you about.

Graves: All right.

H.M.Jr: And then I may ask you to stay behind. Anything of general interest?

Graves: Well, unless it is the picture that you

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wanted to know about showing tonight. That might be of general interest.

- H.M.Jr: Yes.
- Graves: That will be available. It is not complete and not perfect, because the background part of it they haven't shot yet, but the Barry Wood song and orchestra and all of that is there. It is about a ten minute picture as it stands.
- H.M.Jr: Well, my movie impresario, Sam Klaus, Esquire, if he could find some other picture to go with it and if you will let me know at ten o'clock. Otherwise, we could just go downstairs any time today and see it.
- Graves: I have one routine matter. Mr. Mack has given me a report about certain people - certain independent oil operators in Texas wanting to donate oil to the Lease-Lend thing. He has given me a memorandum.
- H.M.Jr: Yes, What-is-his-name, Oscar Cox said that What-is-his-name had been so very helpful on that.
- Graves: That is merely for your information. There is nothing for us to do about it. It is well in hand. The Procurement Division function will be simply to provide receiving and storage facilities and so on.
- H.M.Jr: And I am not going to give away those glass boxes today, on second thought. I just don't like to do it. I sent them all out. I mean, I won't say anything about it. If you stay behind with Odegard and Kuhn, we will have a little session.
- Graves: Yes, sir.

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H.M.Jr: Bell, are you ready with a report on installment buying?

Bell: No, I am having a luncheon tomorrow with Mr. Parry of the Federal Reserve Board to go into it.

H.M.Jr: Lubin was over here on another matter and brought it up, and I told him what you were doing and told him to call you. I don't know whether he did or not.

Bell: Yes, he did, and I called him back three times and couldn't get him. He was out yesterday.

H.M.Jr: But he is very much excited and I told him to talk to you and --

Bell: All right.

Klotz: Is that finished?

H.M.Jr: No, still pending.

Graves: May I ask Mr. Foley to tell you what he did about Patterson?

Foley: I called Patterson on the telephone and he said he would like forty-eight hours to go over it and think it over, and wanted to know if he could have some literature and I called Harold and Harold sent him the outline and stuff.

Graves: We ought to be hearing today, I would think.

Foley: Yes, he promised to let us know.

H.M.Jr: I gather Sullivan isn't going to show up. I didn't want to tell this story without his being present, but yesterday morning

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at around six, having sent my car for him, I figured, well, if Sullivan did the usual thing and came late, it wouldn't be so bad. I didn't have to wait for him, but he had my car. So I had the Treasury operator call him at six o'clock to wake him.

So when I met him - so when he came down, he said to me very seriously, "I am sorry you have lost complete confidence in me. After all, to have to have me called and that sort of thing." He said, "After all, my alarm clock went off at a quarter of six," and he said, "I reached down and turned it off and went to sleep again."

He said, "I don't know why you lost confidence in me." (Laughter)

So I said, "What does Mrs. Sullivan do under those circumstances?" And he said, "I will have to take it up with her. I went sound asleep," and when the telephone operator called him, he would have been sleeping yet if she hadn't called him.

I wanted him to tell it himself, because he tells it very well.

It was some trip, oh boy!

Foley: What time did you get back?

H.M.Jr: We landed to the dot at midnight at the Washington Airport. To the dot.

And as they lowered the body, not being able to hear the minister because I was too far away, Senator Russell said to Senator Connally, "I am sorry, Tom, we can't get that appropriation until the new fiscal year." (Laughter)

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The other thing that happened, the mayor of Biloxi, who had his four motorcycle escorts who had never escorted anybody in their life and pretty near killed me in the process, he said to Sullivan, "Even though I live here, if I had stayed there five minutes longer at the church they would have had to carry me out."

John says, "You are wrong; if it had lasted five minutes longer no one would have been there to carry you out." (Laughter)

Klotz: He is funny.

H.M.Jr: It rained just before, and the steam just boiled. The fellow says, "You ought to be here in August. It is lovely now." (Laughter)

We will get to you, Harold --

Were you (Foley) through? He is taking forty-eight hours to read Harold's literature. I have no comment on that.

Harry?

White: Nothing.

H.M.Jr: Are you going to have an agenda for me this afternoon? Three o'clock? You, Harry White.

White: I don't know what is going to happen.

H.M.Jr: Well, I expect a progress report from the English.

White: They are coming here at three this afternoon?

H.M.Jr: Yes. Check up on it.

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Bell: Yes, they are due here.

H.M.Jr: I expect them, and I want Cox and all and I hope that they are going to tell me something is done and I expect progress.

White: All right, we will have it.

H.M.Jr: If nothing has been done, they had better do it this morning.

Bell: Well, they have been meeting with Cox. I know that.

H.M.Jr: Well, if you could get Cox over here a little bit before three, a quarter of three, and the Treasury crowd could have a little session before that, because if we don't show progress, I am going to get very impatient.

Bell: By the way --

H.M.Jr: Who will communicate with Cox? Will you, Foley?

Foley: Sure.

H.M.Jr: Harry had better. Because you (White) and he have got to have an agenda for me.

White: We will have it.

H.M.Jr: Quarter of three. I expect Bell and White and Viner and Cochran.

Bell: I have a meeting of the Board of Directors of the Federal Farm Mortgage Corporation. They haven't had one for about three months, and they have got some important things coming up. Do you think you need me on this thing?

H.M.Jr: What time is it?

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Bell: Two-thirty. It will last about three hours.

H.M.Jr: Have you got to go to the other one?

Bell: I haven't got to, but I think they will have some bills up that I would like to be there when they discuss.

H.M.Jr: Ask them to show you the agenda before you go, will you please?

Bell: O.K. I don't think I am needed on this. I think Cox and Harry have the story, and Merle.

H.M.Jr: All right. Well, take a look at the agenda, will you?

Bell: All right.

H.M.Jr: Chick?

Schwarz: Depending upon your thoughts with respect to this - the tax anticipation notes and the whole increase in taxes generally, I think we ought to plan definitely on - I would like to have a few field people, West, South, and Middlewest, just a few, from now until March 15. I think there is a big job that needs to be done at this time. I believe it would much more than reflect itself in revenue.

H.M.Jr: Why?

Schwarz: I think there is so much impact upon the American citizen at this time from various sources that in order to get a clear picture of new taxes and of tax anticipation notes, precise and distinct from other things, that we need to do a specific job.

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H.M.Jr: I will tell you what you do. See if you can sell it to Kuhn and Odegard and bring it back at nine-thirty tomorrow morning, will you? See if you can sell it to them.

Bell: I think we have got to be careful that we don't interfere with the Savings Bond program.

Schwarz: That is what I have in mind.

Graves: It seems to me, Mr. Secretary, that whatever is done on publicity on this tax certificate has got to be definitely tied in with our - we can't have two Publicity Departments around here on the promotion of bonds.

Schwarz: We should be very, very distinct about it and very clear --

H.M.Jr: Are you willing to let Kuhn and Odegard represent you, Harold?

Graves: Represent me? I am very willing.

H.M.Jr: Well, I mean they will try it out and they will bring back a report tomorrow morning, how is that?

Graves: All right.

H.M.Jr: All right, Dan?

Bell: Yes.

H.M.Jr: Chick gave me this all prepared for my signature, you see, and I shot it back at him and told him to bring it up now.

Schwarz: I think definitely it should be thought about in advance.

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- H.M.Jr: Well, see whether they think it is necessary and then bring it back tomorrow morning. I personally don't see it, but maybe they do and maybe I don't understand what you have in mind.
- Schwarz: Just so the record is there. I think it is a good idea.
- H.M.Jr: Well, I gather that.
- Schwarz: Very much so.
- I have had handed to me a letter from the Bata Shoe Company. As a public relations matter, they are trying to clear up their reputation with the Government departments with which they are now doing some business. It is State, Justice and Treasury. It is addressed to you saying, "We are good boys."
- H.M.Jr: What do they want to do to prove it?
- Schwarz: They recite some facts and they say, "We have in our files a lot of material," with which we could check their assertions.
- H.M.Jr: I mean, what do they want to do, give us a radio hour or something?
- Schwarz: That is an idea. Or some shoes. For the Army?
- H.M.Jr: Tell them the Treasury is barefoot.
- White: The Foreign Funds has a great deal of material on this corporation; so should anything come up --
- H.M.Jr: What is the name of this company?

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White: Bata Company.

H.M.Jr: Before you do anything with them, you had better take it up from the labor union angle. If we want to get into it. I don't see why we should.

Schwarz: They are simply trying to convince us, that is all. They are asking nothing at this time.

H.M.Jr: I would forget about it. It is none of my business.

Schwarz: It is simply a matter of information addressed to you.

H.M.Jr: Peter, will you stay with Harold?

Odegard: Yes.

H.M.Jr: George?

Haas: I have nothing this morning.

H.M.Jr: Professor Viner?

Jake, make sure these Treasury boys are going to have some accomplishments this afternoon. That is what you are here for this week. Will you?

Viner: Hear that, boys?

H.M.Jr: When they come in at three - you know, you and I have been sitting around all week just waiting on them.

Viner: I think they are making real progress.

Bell: We have been sitting around, too, haven't we, Jake?

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H.M.Jr: When are you (Bell) - aren't you going to give me a report on Eccles' idea on that tax certificate?

Bell: Yes, we can.

H.M.Jr: When?

Bell: I thought maybe you ought to have a conference on that, possibly tomorrow morning.

H.M.Jr: I want a Treasury conference first.

Bell: All right, any time you say. They would like to put it off until tomorrow.

H.M.Jr: Must I meet again with Eccles on the thing?

Bell: You promised him you would call him at a conference. He said yesterday it wasn't necessary for him to come over when you had your conference.

H.M.Jr: Why not have one at ten thirty tomorrow morning? The same people that were here last time. Is the Treasury together?

Bell: Pretty well. We met for three hours yesterday on the thing.

H.M.Jr: Who won, Jake?

Viner: What would you say?

Haas: Both were on the floor at the end.

Viner: I would say it was a very polite gathering.

H.M.Jr: Do you mind my being very sarcastic?

Viner: Not at all.

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H.M.Jr: You must have had a good time.

Viner: Because it was polite?

H.M.Jr: I thought you said impolite.

Viner: No, polite.

H.M.Jr: I take it all back. (Laughter)

Haas: You would be bored to death.

White: I thought you were slipping.

Viner: Of course, Ed Foley wasn't there.

H.M.Jr: I asked your permission to make a wise crack. I thought you said it was a very impolite conference.

Bell: Very polite and very argumentative.

H.M.Jr: What else, Jake?

Johnson: I can just say that Herbert Gaston is busy covering Coast Guard and Customs in Los Angeles and San Diego. He is now on his way to San Francisco.

H.M.Jr: Any trouble keeping the wrong people in the United States?

Johnson: No. It has been pretty small fish so far. We have set up a regular plan of clearing each case and are handling them quite promptly. It is coordinated with Immigration.

Foley: They have arranged for a boat to leave New York around the fourteenth or the fifteenth of July to take about six hundred of the German and Italian consuls and certain others out of the country, and, at the same

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time, another boat bringing our people back is supposed to leave Lisbon. Our boat doesn't go until the other boat sails. We are working on arrangements as to the amount of search and the amount of inquiry that will be made of the consular officers when they board the boat.

H.M.Jr: Admiral?

Waesche: One of the items I think under that Lend-Lease program is due to the - before the Appropriations Committee of Congress yesterday on our ice-breaking bill. They went a great length to cut that from sixty million to forty-seven million, and the report said that the other thirteen million should be furnished from the Lend-Lease appropriation. Otherwise, it would have an effect of increasing the Lend-Lease appropriation. So they cut that appropriation of sixty million - authorized all the ships, but cut the appropriation from sixty million to forty-seven million and said the other thirteen million should be furnished from the Lend-Lease fund.

H.M.Jr: On what theory?

Waesche: On the theory that these ten vessels were given to Great Britain and the actual construction cost plus the rearmament cost for those ten ships was thirteen millions of dollars.

H.M.Jr: That is a great victory for me, you know, because that was the position that I took with Hopkins. That is the position I took with Hopkins.

Waesche: Well, that is exactly the position the Appropriations Committee took, and they reported it out favorably. It was passed

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by the House yesterday.

H.M.Jr: That is the position I took with Hopkins, and Hopkins wouldn't go along. That is fine.

What else?

Waesche: We have a request here to put an exhibit on an exhibition train. The Army, Navy, State Department, Labor, Maritime Commission, Interior, Agriculture, Office of Emergency Management, and others have already accepted space on it, and I would like permission to go along with that.

H.M.Jr: Where does the train go?

Waesche: To thirty-nine of the cities of the United States.

This letter is from Cook and Sons, who are running this thing for the manufacturers of the country. They said, "We have been re-questioned by a number of leading manufacturers to assist them in organizing a national defense program exhibition train which will make a tour of the United States from coast to coast following the itinerary attached to this letter."

H.M.Jr: Wait a minute.

Waesche: The itinerary goes all around the coast and up into Canada.

H.M.Jr: Kuhn and Odegard have to pass on it.

Waesche: All right.

Kuhn: We ought to be on that train with our Savings Bonds.

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H.M.Jr: Well, see what kind of a - how it is put up.

Kuhn: That is not new. It is an idea that has been going around. We have had it for several months.

H.M.Jr: You pass on it and it doesn't have to come back to me.

Kuhn: Right.

Waesche: Those transports sailed at six o'clock this morning, the three transports from New York sailed at six o'clock this morning. The Maritime Commission have taken over, or will take over next Monday, the Italian and German ships which we have had guards on. They have also taken over direct the Lithuanian, Estonian, and Latvian ships, of which there were three in our harbors. They are taking those over, I believe, today.

H.M.Jr: Would you stay behind, because I want to ask you a secret question alone, a minute, if you will stay behind.

Waesche: Yes, sir, I will. The Finnish vessels up in New York, I communicated with the State Department yesterday as to whether we should take any action.

Baylis reports that the crews of those Finnish ships are very pro-Nazi and suspects that they probably will be sabotaged if Finland actually goes to war; and, of course, she has gone to war. They discussed that over at the State Department but are not ready to take any action on putting guards aboard those ships at this particular time. We made a report yesterday to the Navy Department on five vessels in the Great Lakes, to recommend that they be taken over for this weather

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patrol on the basis that the Navy would purchase the ships and give us one million seven hundred fifty thousand dollars to repair them, and then we would put them in shape and release the three hundred twenty-seven foot cutters to the Navy.

They have been very, very anxious to get those three hundred twenty-seven foot cutters, and this is the best bet we have been able to get for any ships for that purpose. I think that covers everything of any particular importance.

The Japanese have some trawlers up in the middle of the Bering Sea right now. That is nothing unusual.

- Cochran: You said you were interested in other films. I still have that colored film of the Burma Road from Archie.
- H.M.Jr: Will you give it to Sam? I am thinking of having some movies tonight. I don't know yet.
- Cochran: I will pass it on.
- H.M.Jr: Give it to him.
- Cochran: And Howland Shaw telephoned me yesterday that that Coe arrangement is entirely agreeable to the Ambassador. It is just a question of arranging with Harry as to the time, I think.
- H.M.Jr: And I want to talk with Coe and Harry before he goes, Harry.
- Cochran: And Stopford gave me yesterday a memorandum which you asked him to prepare on Latin-America.

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H.M. Jr: Oh, yes.

Cochran: I haven't distributed it yet.

H.M. Jr: Well, give it - a copy to Foley, White, and Bell, please.

Cochran: All right, sir.

H.M. Jr: I will keep the original.

Cochran: You said you might want to send it to Mr. Acheson.

H.M. Jr: Yes.

Cochran: So I have a copy.

Foley: I would like to ask the presidents of the Federal Reserve banks to send in a man who is handling the foreign funds business in the branches for a meeting next week. We have had very good cooperation up in New York, but we aren't getting cooperation in Philadelphia, and Towson got on the train yesterday morning and went up there. The situation he found up there wasn't good.

H.M. Jr: Who went on the train?

Foley: Towson. He is Pehle's assistant.

H.M. Jr: I know him.

Foley: I think it would be a good idea to have a meeting here, and then afterward I think Towson and somebody from Bernie's shop ought to go around and spend a couple of days in each bank with people and have meetings with the bankers.

H.M. Jr: Well, if you and Bell will work it out. Will

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you please?

Foley: Yes.

H.M.Jr: It is a good idea.

Anything else?

Bell: Of course the other banks haven't had much to do up until this last order. New York had all the work to do.

H.M.Jr: If you and Ed will work it out.

Bell: They probably need some instructions.

Foley: I think they ought to come in here first, and then I think we ought to send people around to them and let them call in the bankers and let them have some group meetings.

Bell: I think they would be glad to do this, and it would be an education for them.

(Mr. Sullivan entered the conference.)
(Laughter)

H.M.Jr: Not thinking you were coming, I told the story of you how you got up yesterday.

Sullivan: You picked the wrong day. (Laughter)

H.M.Jr: I hope you rested well.

Sullivan: I did, very well.

H.M.Jr: Good. You earned it.

Sullivan: When I woke up I felt as though I had walked both ways. (Laughter) So I rolled over.

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Foley: Forrestal wrote us a letter and asked us if we had an income tax case pending or in preparation against the Falk Corporation of Milwaukee, because they had given them some contracts, and they wanted to give them some more, and they would like to know about this income tax angle, particularly whether it involved criminal culpability on the part of the present management before they went any further.

H.M.Jr: Who is this?

Foley: The Falk Corporation, F-a-l-k, of Milwaukee.

H.M.Jr: Who wants to know it?

Foley: Jim Forrestal.

The president of that company is a civilian consultant in the War Department. The company has--

H.M.Jr: What?

Foley: The company has padded its costs under the Vinson-Trammell Act, and there is criminal culpability there, and while the investigation has been going on they came in and voluntarily paid four hundred twenty-five thousand dollars, and we think that they owe somewhere in the neighborhood of seven hundred fifty thousand dollars for Vinson-Trammell and excess profits taxes.

I have got a letter here that you might want to sign to the Secretary of the Navy setting forth the facts, also a copy of it with a little letter of transmittal for your signature to Bob Patterson.

H.M.Jr: No, the Secretary of War.

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Foley: The Secretary of War. We are saying that "I thought you would be interested in this information not only because the War Department may also be dealing with the Falk Corporation, but also because I have been informed that a Harold S. Falk is Civilian Aide to the Secretary of War. The President and Works Manager of the Falk Corporation, who handles its shop management, is named Harold S. Falk."

I think anybody that does a thing like that on Government contracts and who is down here in the War Department working on Government contracts should not be here.

H.M.Jr: Well, how far do you go.

Foley: Oh, I just bring the matter to their attention, that is all. I don't know why this case - this case has been investigated for two years, and while the agent has recommended the fraud penalties and all the rest of it, they haven't decided yet what they want to do. The Falk family is a very important family in Milwaukee, and I think it is probably the most prominent family there, but this is a very bad--

White: Does the public know anything about the activity of the Treasury in examining these contracts with a view to protecting the tax payer against undue charges? I don't think that the public knows we are doing it, and I think it would be very salutary if this is a good case, and it appears to be, some publicity could be given, not from the angle of the Army and the Navy, but from the angle of the Treasury watching these matters.

Foley: Harry, we can't give it any publicity because

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this is information gotten from the income tax returns.

Viner: He means the general procedures.

White: Well, they paid four hundred million dollars, didn't they? Four hundred thousand dollars? Isn't that public?

Foley: Well, they just came in and paid it voluntarily. They admit the liability. They admit they did it. They - and the officer of the corporation that did it admits it and - but the management's excuse is that it didn't know anything about it, but it is impossible for the management not to know about a thing like that.

White: There may be legal reasons. I can't see why, certainly from the point of view of public policy, it isn't an excellent thing to exploit from the point of view of publicity value.

H.M.Jr: Well, Harry, you are right, but I can't call up - do that to Mr. Stimson. I have got to give him his chance first to do it himself.

White: That is right.

H.M.Jr: Now, what I want to do is - let me see this - what I want to do is, I want to call up Stimson and Knox and tell them that this is coming. I want to read this myself. Then my thought was, that after all there are two members of the OPM - that all of these people are down here.

I will talk to you (Foley) later on that.

White: Just one word more, Mr. Secretary--

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- Foley: Do you want me to fix up this letter? I wrote the transmittal letter to Bob Patterson.
- H.M.Jr: Well, just take this part and write it to the Secretary of War.
- White: I wasn't thinking of it only from the point of view of the fact that they have a consultant. That is bad enough. That is their business. But from the point of view of Treasury care in examining contracts; and that, it seems to me, is Treasury business and not Army and Navy business.
- H.M.Jr: Well, let Ed think that angle over; but, as I say, I don't want to crack down on Stimson without giving him a chance to clean up his own house first.
- All right?
- Foley: Yes.
- Oscar Cox is now off our payroll, and I would like to put Joe O'Connell in his place, if that is agreeable.
- H.M.Jr: O.K.
- Foley: That involves an increase of five hundred dollars for him. He is getting seventy-five and it will give him eight. If it is all right with you, I am going up to Saranac late tonight to make that speech tomorrow. I will be back Sunday night.
- H.M.Jr: All right.
- That is all. I would like to see Graves and Kuhn and Odegard.

6/26/41

Extract from Special Agent's Report dated March 17, 1941

"Mr. Harold S. Falk is President and Works Manager of the Falk Corporation. He is about 57 years of age and is a nephew of Herman, Otto and Clarence Falk, brothers. He owns 3.97 percent of the outstanding stock of the Corporation and handles its shop management and general policies. He has many outside activities such as President of the Vocational School; Civilian Aid to the Secretary of War; Trustee and a member of the Finance Committee of the Northwestern Mutual Life Insurance Company, one of the largest life insurance companies in the United States; Director of the Employers Mutual Life Insurance Company of Wausau, Wisconsin, the Heil Company, Mississippi Valley Electric Company, and many others."

Copied:

6-26-41

June 26, 1941
10:15 a.m.

RE DEFENSE SAVINGS BONDS

Present: Mr. Kuhn
Mr. Odegard
Mr. Graves

H.M.Jr: Sit down, gentlemen, and let me clear my couple of things first. I have got a couple of things I want to clear.

I talked night before last with Howard Dietz about seeing Carmer. I wonder what happened. He said he would either talk to you or get hold of Carmer direct.

You know nothing about it?

Odegard: My understanding was that he was to get hold of Carmer in New York.

H.M.Jr: But you don't know whether he did?

Odegard: No. Carmer would report back here.

H.M.Jr: I have got a call in now. I am arranging to see Dietz myself over the week-end.

Kuhn: Good.

H.M.Jr: I just want to say this. I read the Carmer stuff, you see, and I --

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Odegard: I haven't seen it.

H.M.Jr: Well, I am going to give it to you. I am not very enthusiastic about it. It doesn't thrill me, you see. I mean, I am disappointed.

Odegard: This is what he did the other day?

H.M.Jr: Yes. I am disappointed.

Kuhn: We quit doing those.

H.M.Jr: I want the idea, but in the first place, it is very amusing. Practically everything is revolution against the British.

Kuhn: Some of it, yes.

H.M.Jr: You read it?

Kuhn: Yes, I read it.

Odegard: Did you read this, Ferdie?

Kuhn: Yes.

H.M.Jr: Half of it is revolting against the British and at this time I don't think it is so good, and that story which I read in the "Hudson River" of this fellow who went down to New York and back.

Odegard: You mean Mehitabel?

H.M.Jr: Whatever his name is. I don't see where that is applicable.

Kuhn: The one about the manor lords, of course, was not so good.

H.M.Jr: We are always honest with each other. Now,

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I have got a suggestion I want you two fellows to look into. I mean, I still want to do it, but I don't know that that is the script to do it on.

Now, here is a suggestion which, if you could look up today for me, from James Landis. He says, couldn't we - we got talking. This is after lots of talk. To me - I mean, I think this has got possibilities.

He said, "Can't we show what it was that made those people leave Germany and what drew them here," and out of it came the possibility of doing the life of Carl Schurz, you see. One, what drew him to America and what forced him out of Germany.

He says that Josephine Goldmark has written a wonderful book on the forty-eighters and I thought that you people might kind of look it up, you see.

Kuhn: That is a full length film, the life of Carl Schurz. It is a real one.

H.M.Jr: I know, but the idea that appealed to me there was what forced him out of Germany, and in reading those books on foreign affairs that got on to Germany, going back a hundred and a hundred and fifty years - I read that foreign affairs book. It goes into the whole thing, trying to show that the Germans - well, this thing that the Germans are doing today is the seed which has been sown over a hundred and fifty years. It isn't something which has just suddenly cropped up. You know the book I am referring to?

Odegard: It is published by the Council of Foreign Affairs.

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- H.M.Jr: The one that your (Graves') son is - the same series. It is very interesting. You can circulate it amongst your own group. They need that kind of stuff. It is the background of what is Nazism and how did it happen.
- Odegard: It is an interesting thing in that connection. I have been receiving for the last year and a half or more from various German agencies in the United States, material just exactly like that and Carl Schurz figures very prominently in Nazi propaganda in the United States.
- The way in which the Nazis threw the news of the week, and this information offers us just the very things, for example, to establish a --
- H.M.Jr: Entente cordiale?
- Odegard: Yes, what the German population is told is amazing. It seems to me that can be done, but I think it might be a good thing to look at the way in which they have used these people.
- H.M.Jr: The reason - I let him read the Carl Carmer stuff, you see, going down on the plane. He was on the plane with us. I had read it and I was disappointed. I still want the idea. The fact that it is difficult doesn't make me want to do it any less.
- Kuhn: Mr. Secretary, I spent two hours yesterday with the Life people up in New York on this very subject. They are lending us for two weeks their promotion man, the man who has these ideas and works them out up there, just to come and sit down here and think over this problem and recommend methods of getting the thing done. Will that be all right with you?

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H.M.Jr: Wonderful.

Kuhn: They were most cordial and helpful. They were first of all flattered, and secondly - I am convinced that they believe in this job.

H.M.Jr: Did you get --

Kuhn: I got Roy Larson, who is president of all the companies there and is the circulation man. Luce is out of town. I spent an hour with William Geer, who is this mysterious fellow in the organization who is coming down here for two weeks. He is only coming down to explore. We don't commit ourselves. If we don't like his recommendations, we don't have to take them, but --

H.M.Jr: I think that is swell.

Kuhn: I would like him to sit in this building and not over in the Defense Savings --

H.M.Jr: Put him downstairs.

Kuhn: And just regard this as a special problem.

H.M.Jr: Well now, the thing that I - depending upon how this picture looks, you see, my idea of doing the difficult thing - I mean, this thing we are talking about - I sent a notice to somebody that I wanted "America the Beautiful" done in four colors. Did I send it to you?

Kuhn: I got that this morning.

Graves: I got it in Mr. Kuhn's absence and sent it to Mr. Powel, but I haven't had a report from Powel yet.

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H.M.Jr: Well, I am going to take it up with Dietz direct and also the "Ballad For Americans." I want those two things put into shorts. I mean, that could be done very quickly, you know.

Odegard: Yes.

Kuhn: Yes.

H.M.Jr: That wouldn't take - if Dietz wanted to do it, he could do it in a week.

Kuhn: Just to show you how minds run along the same line --

H.M.Jr: I think the idea of appealing to patriotism through music - I don't know any better way. Nothing has stirred me as much as Irving Berlin's song. I am crazy to see the movie. Have you seen the movie?

Graves: No. Just got it here yesterday.

Kuhn: I just thought in connection with the "Ballad For Americans", Fortune's defense issue for August is having a full page with nothing but the words of the "Ballad For Americans" and all around it a frame of American faces.

H.M.Jr: American what?

Kuhn: American faces.

Odegard: You see, they scoop us.

Kuhn: Irish and Frenchmen, Czechs and Poles.

H.M.Jr: That is all right. Have you got the thing? Have you got the - that page?

Kuhn: No, but Geer will probably - can bring it down.

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- H.M.Jr: Well, I wish we could get Robeson to do it because I have heard Robeson do it and I have heard Bing Crosby do it. Landis said Bing Crosby was better, but I don't think we can use Robeson. Personally, I don't know why we can't use the man that did the other song for us.
- Kuhn: There is another Negro singer who has done that thing in the same way.
- Graves: Jules Bledsoe.
- H.M.Jr: Do you want a Negro to do that? "I Am An American." You have got a third of the population. Do you want to do that?
- Kuhn: Well, it is the resonant voice --
- H.M.Jr: But not for a movie.
- Kuhn: Oh, I see, for a movie.
- H.M.Jr: For a movie.
- Odegard: No, I don't think so, not for the movie.
- H.M.Jr: No.

Now, one other thing - I am going to let you talk, Harold, don't worry. And this you should tell Bell about. I told - I wish you would make notes on this. I told The Comptroller of the Currency over a week ago - he was bothered because he had been criticized by the Giannini people because he won't let them have branches in California. So I told him to look into the possibility of having a Treasury office at every camp in the United States, patterned after the Consolidated Ticket Office down here, where a man can go either to cash a check or make a deposit.

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- Odegard: Or buy a bond.
- H.M.Jr: Now, and that is the thing I didn't tell him, or buy a bond. You beat me to it, you see. I was down there yesterday. It is a big waste land, and by the fifteenth of September they are going to have twenty-four thousand soldiers learning how to be mechanics at Biloxi.
- Now, whatever the finance office is, where the men get paid, you see, in the Army camps, the United States Treasury should have an office where they will sell bonds, stamps, cash a check or make a deposit for any bank in the United States. Do you see, Harold?
- Graves: Yes, sir.
- H.M.Jr: And I don't want to be told it can't be done. It can be done. I can go down to Union Station and buy a ticket to Seattle and come back via Los Angeles and make twenty different stops, and they can work out their bookkeeping. Certainly we can do it. They will tell you it can't be done. I want it done, and it is great advertising for the Treasury, you see. Service to the soldiers. I mean, we cash this check, let them make a deposit, remit it to the bank, or sell a bond or stamp, and it should be in the office - don't you think so - how do they pay soldiers and where do they go to get their checks?
- Graves: I think there is a paymaster with every unit.
- H.M.Jr: Do they have to line up?
- Graves: I think so. I don't know
- H.M.Jr: If they don't have to line up, then I would rather have it in these United Service things, that is where I would rather have it.
- Kuhn: Isn't there more than one paymaster in a camp, Harold?

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Graves: Well, there would be one paymaster-in-chief and I think--

H.M.Jr: Well, will you, Harold, put a high pressure fellow on that, because when you go up against the regular Treasury organizations they will give you all the reasons why it can't be done.

Graves: You want me to do it myself?

H.M.Jr: I want you to handle it yourself. I said "high pressure".

Graves: You also mentioned Dan.

H.M.Jr: I said tell him because the Comptroller is under him, but Dan has had nothing to do with this.

Graves: The agency which would supervise this for us is Bartelt's organization, which also comes under Dan.

H.M.Jr: And Preston Delano.

Graves: Yes.

H.M.Jr: But I want you to do it.

Graves: Yes, sir.

H.M.Jr: Now I am sorry to have taken up so much time, but I am full of this.

Graves: I have only a little item. In the first place, I thought I would tell you our appropriation situation. We went down with the request for a supplemental appropriation amounting to six million dollars, of which three and a half million was for the defense savings staff, and two and a half million was Broughton's

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routine operations. The House Committee gave us five and a half million of our six, without indicating where it was to be used. Dan and I agreed that we would let that stand. We may run out of money--

H.M.Jr: We can go back again.

Graves: We will go back. I told you about the picture and I suppose I ought to hear from Sammy Klaus about that.

About Ford: We have through our Michigan State organization a promise from the CIO organization in the Ford plant and the promise of Edsel Ford himself, personally, that they will install the savings plan in that plant. It hasn't been done yet. As you know, they have been busy on settling their dispute. It is now settled and I think in ten days--

H.M.Jr: You have already told me that.

Graves: I mentioned it over the phone.

H.M.Jr: Yes.

Graves: Your button--

H.M.Jr: Yes.

Graves: I didn't get a button, but there is a replica.

H.M.Jr: You know, I am switching.

Odegard: On buttons?

H.M.Jr: I am thinking about it.

Graves: I think I had better take Odegard to one side and --

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H.M.Jr: I am switching.

Graves: And push him around a little bit.

H.M.Jr: I am switching. America loves buttons. Well, all right, you take --

Odegard: That is one reason why --

H.M.Jr: Go ahead, finish.

Odegard: You have buttons for your United Service Organizations. You have buttons for Greek Relief, you have buttons for British Relief, you have buttons for everything under the sun, and if you start going in for buttons for the Defense Savings Staff now as a designation of someone who is cooperating with this program, you run into competition simply because Americans like buttons so much. They like buttons. They don't like to wear half a dozen buttons. They like to wear one button.

H.M.Jr: Have you seen any stickers on automobiles?

Odegard: No, I think that is a different thing.

H.M.Jr: How about a sticker for an automobile.

Odegard: I think that is O.K.

H.M.Jr: Will you go along on that? I haven't seen a sticker on an automobile.

Odegard: No. I sent Mr. Powel very early a memorandum summarizing the things that were done in the Liberty Loan drives. You (Graves) may remember that.

Graves: Yes.

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- Odegard: They put out forty million stickers. The second Liberty Loan drive, forty million stickers.
- H.M.Jr: For cars?
- Odegard: For cars and so on. There is no reason we couldn't do that.
- H.M.Jr: How about stickers for cars?
- Odegard: That is what I am speaking of.
- H.M.Jr: All right. Will you put it down? Harold, think about it. Now, are you finished, because I have got one other thing.
- Graves: I am not finished, but I will wait.
- H.M.Jr: All right. I was tremendously impressed with this billboard poster which I saw that the First National Bank was doing downstairs. Now--
- Odegard: It is a very nice job.
- H.M.Jr: A beautiful job. Now, your friend Harford Powel said that Wrigley offered us all of his billboards. I don't know whether he was talking through his hat or not. When I spoke to him--the thing that always happens is, instead of kindling my enthusiasm, he always throws a cold bucket of water on it. Now, a suggestion I would like you to make to him today, and give me an answer in twenty-four hours--he could get on the telephone--if the statement he made is true, that Wrigley has offered us all of his billboards, then I would like to know--I have changed. I said no billboards at the beginning. Couldn't we take that exact thing and where it says on sale or something at the bottom, First National

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Bank of Chicago, I am not interested any more in saying where it is on sale. Simply say, "Through the courtesy of the Wrigley Manufacturing Company," you see. Just "Through the courtesy of the Wrigley--" so it would be the same color and everything, but where it says "First National Bank of Chicago," instead of that, simply say "Through the courtesy of--" I mean, it doesn't have to be exactly those words, but where the printing is "First National Bank of Chicago," I would put in, "Through the courtesy of the Wrigley Manufacturing Company, Manufacturers of Chewing Gum, etc."

Kuhn: The same poster?

H.M.Jr: I want exactly the same poster. The only difference, where the word is the "First National Bank of Chicago", I would put in the word, "Through the courtesy of the Wrigley Manufacturing Company". I would just like to call Mr. Harford Powel's bluff. He made the statement that the Wrigley people had offered us all of their billboards; is that right?

Odegard: That is right.

H.M.Jr: I want to call his bluff, and I would like an answer tomorrow morning. He can get on the phone. They may say, well, we may have to print those posters for them. Well, that would be reasonable. But that exact poster. Are you with me, Gentlemen?

Graves: Yes.

Odegard: I would suggest--Ferdie and I looked at it. I would suggest one change. It isn't serious. The poster now reads, "for defense and investment." Investment is not a plus symbol for

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most Americans, but security is. "For defense and security." It seems picayunish, but it makes a better--

H.M.Jr: Defense and security?

Odegard: Yes.

H.M.Jr: I like it.

Kuhn: Now it reads, "For defense and investment."

H.M.Jr: One balances the other.

Odegard: Yes.

H.M.Jr: I agree.

Odegard: After all, defense is for security.

H.M.Jr: Do you agree with me as to just throwing that on the billboards?

Odegard: Oh, yes, I think that is fine.

Kuhn: It is a beautiful poster.

H.M.Jr: Down below it says "First National Bank of Chicago" say "Through the courtesy of Wrigley Manufacturers."

Kuhn: That is what Powel has done with all these other manufacturers who have put out posters for us. They simply say, "Through the courtesy of Simmons Beds" and so forth.

H.M.Jr: But it is all of that trick stuff. But this is a beautiful job.

Odegard: To come back to the stickers, Mr. Secretary, if I might clarify that, if possible and not

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inconsistent with the Bureau's policy, if we could reproduce the original stamp design of America on guard, rather than "For Defense" on the stickers, instead of having it read, "I have invested in America" or something like that, just have the sticker on a car, not for the purpose of designating this car as someone who has invested, but for the purpose of getting a broader impact for our program.

- H.M.Jr: Check on that. I agree with you.
- Graves: In other words, we just put a poster on a car, that is what that amounts to. It doesn't designate the owner of the car as belonging to a club or anything.
- Odegard: I checked, and it would be a grand job for the Boy Scouts, the stickers. Now, are you all right?
- Graves: Well, I did want to bring you up to date about this field organization thing.
- H.M.Jr: Well, you had better come back, because I have got my press now.
- Odegard: Are you going to take up this check thing?
- H.M.Jr: Wait a minute.
- Kuhn: Mr. Secretary, you have an 11 o'clock that is cancelled; you remember, you changed the date on him and he can't come this morning.
- H.M.Jr: All right. You can have 11 o'clock. Gentlemen, I will see you again at eleven.

June 26, 1941
11:00 a.m.

RE DEFENSE SAVINGS BONDS

Present: Mr. Graves
Mr. Kuhn
Mr. Odegard
Mrs. Klotz

H.M.Jr: I have got a call in for Howard Dietz and I asked him to come to the farm either Saturday or Sunday. He would like to come Sunday, but he said he was asked to come down here Monday by Harford Powel. He would like to get out of it. Does anybody know what Powel wants him for?

Graves: I only suspect that it has to do with the memorandum that you sent to Mr. Kuhn yesterday.

H.M.Jr: Let's get Powel on the wire.

Kuhn: I know that Dietz hasn't been down here for a long time, and there were various matters that Powel, I think, wanted to talk to him about.

Klotz: He is not well. I gather from his conversation that he didn't want to come, but didn't want to turn them down.

H.M.Jr: Who did you speak to?

Klotz: Dietz.

H.M.Jr: Dietz himself?

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Klotz: Yes, I talked to him.

H.M.Jr: Good.

(Unrecorded telephone conversation with Mr. Powel)

Klotz: Of course, I am just reading into this, you know.

H.M.Jr: Yes.

Klotz: I thought you could ask him.

Graves: While you are waiting for Mr. Dietz, I might tell you a little gossip. I spent last night with Callahan because I broadcast a couple of minutes on a program at nine o'clock and again at midnight.

H.M.Jr: You broadcast?

Graves: Just a couple of minutes on the Texaco Hour to announce the Treasury program for next week. Callahan told me that he had heard that Dietz was very tired and wanted to get out of this job. He didn't tell me who told him, but said he had heard that. I thought maybe it was something you should know.

H.M.Jr: Well, he was keen to come to the farm, wasn't he?

Klotz: Yes. Well, he thought of it as a lark, coming to see you, so much so that he wanted to take his wife.

Graves: I think he is overworked. He has this Texaco Hour on his hands and the motion picture thing on his hands, and it takes a lot of his time. I know when I last saw him he said that he was tired.

- 3 -

H.M.Jr: Well, he said something about he hoped he would get this thing through, but he said that he had gotten somebody to help him now on the Texaco Hour and he hoped to turn it all over to him.

Graves: He probably means Monroe.

H.M.Jr: No, another name. No, he has gotten somebody else. No, it was not Monroe.

Graves: I asked Callahan if anything should happen to Dietz if that would cripple us on the Texaco thing, and he said not at all, that we were far enough along, that we could go ahead on that without Dietz.

H.M.Jr: Has Dietz given it much time?

Graves: That I don't know.

(The Secretary held a telephone conversation with Mr. Dietz as follows.)

June 26, 1941
11:07 a.m.

HMJr: Hello.

Operator: Howard Deitz.

HMJr: Hello.

Howard
Deitz: Hello, Mr. Morgenthau.

HMJr: How are you feeling?

D: Well, I feel a little
weak, but I feel perfectly
able to function.

HMJr: Are you home?

D: No, I'm in my office.

HMJr: I see. Mr. Deitz, if you
are so inclined, I'd love
it if you and Mrs. Deitz
would come over to see me
in the country.

D: Well, I - your secretary
told me about it and I'd
like to very much.

HMJr: Will Mrs. Deitz come too?

D: Yes, she'd love it and I was
given a choice of either
Saturday or Sunday, is that
right?

HMJr: That's right.

D: And I thought Sunday would
be better.

- 2 -

HMJr: Now, where could we pick you up?

D: I should say that La Guardia Field would be the most convenient.

HMJr: Is that the...

D: The La Guardia Airport.

HMJr: There's no place down there where you live?

D: Well, I live out at Sands Point and to find any - there are a few private airports, but I think that the best place will be - it's only about 30 minutes for us to drive to La Guardia.

HMJr: I see. Well, you are near Sands Point?

D: Yes.

HMJr: I'll have our people look it over and see if there's anything near there.

D: Is it - is it land or sea?

HMJr: Both, it's an amphibian.

D: Oh well, then you could land right in Port Washington.

HMJr: You could?

D: Oh yes, right at Port Washington at either the Manhattan Yacht Club or the Sands Point Bath Club. Seaplanes have come in there or the regular former Clipper landing.

HMJr: Well, you know - you familiar with either one of those?

- 3 -

D: I'm familiar with all of them.

HMJr: Which is the easier, do you know?

D: Well, the - I don't know what they call it - you know where the Clipper went off...

HMJr: Where the Pan American...

D: Yes, the Pan American Airway there - I don't know whether they've discontinued that as a

HMJr: I tell you what I'll do, so that - if you - I'll have our men look it over and who could they let know in your office so they won't bother you.

D: Well, they can just call me and I'll tell my secretary to take the call.

HMJr: All right, and I'll have them look it over - what spot - that's Port Washington?

D: Yes.

HMJr: And is 2:30 a good time?

D: 2:30 is a fine time.

HMJr: I'll have a Grumman Amphibian at Port Washington for you.

D: That sounds very exciting.

HMJr: What?

D: That sounds very exciting.

- 4 -

HMJr: And they'll take you and Mrs. Deitz over to our airport which is just 20 minutes from where I live.

D: Good.

HMJr: We'll land you on the airport there.

D: Well, that will be fine. Now, Mr. Morgenthau?

HMJr: Yes.

D: Is one of the things that we're to discuss, the radio programs.

HMJr: The thing that I have most - is not the radio, no.

D: I tell you the reason I....

HMJr: No, it's not, - go ahead, please.

D: The reason I said that was, I was going to take with me

HMJr: No..

D: But I won't. No.

HMJr: No, this is not radio - let - that's what I want to tell you what it is.

D: I see.

HMJr: What I'd like to talk with you is the possibility of putting on Ballad for Americans in the movies, you see.

D: Yes.

HMJr: I don't know whether you ever heard it.

- 5 -

D: No, I don't think I have.
I mean - you don't mean
this

HMJr: Yes.

D: Oh yes, I think I have heard
that.

HMJr: Yes. Have that ever been done
in the movies?

D: I don't think so. I'll find
out. (talks aside)

HMJr: Well, there's two records,
there's one by Robeson that
I don't think we could use,
I mean Robeson and the other
one, Bing Crosby's on the
record.

D: Yes.

HMJr: Which is fair.

D: Yes.

HMJr: You might want to get the
Bing Crosby and hear it.
I got it last night, but I
thought to do that - it so
happened when I had this
idea, I didn't know it -
Fortune magazine is printing
the poem in August with the
photograph of the various
people mentioned.

D: Yes.

HMJr: All through the pictures, I
mean all through the book,
you see. They got the idea
also, but I got it first (Laughs)

D: Yes.

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HMJr: And then the other thing that I want to put into the movies if it's never been done is, America, The Beautiful.

D: America, The Beautiful. Now, what - that - Ballad for Americans, I'm very familiar with. I know it all the way. America, The Beautiful, I don't.

HMJr: America, The Beautiful is a hymn.

D: It's a hymn.

HMJr: And it has - if you could send for that and have it, I'd like....

D: America, The Beautiful, I want to get...

HMJr: And in that, I want it in four colors, if I

D: In technicolor?

HMJr: Yes.

D: Well, I don't see why it can't be done. The.....

HMJr: My thought on these two things - that's what I wanted to talk to you - I mean, I've gotten more thrill out of Irving Berlin's song, you see. I don't know how it affects the public and these two things, if you thought well of them and the moving picture industry thought well of them, we could put them on and all we want out of it would be, my thought would be just - well, at the beginning

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or the end, Under the Auspices of the Treasury Defense Savings Bond Section, you see?

D: Yes.

HMJr: No advertising, but this thing for morale.

D: I tell you the first consideration before we get to a real discussion of it, I will have done some preliminary work about it before I see you.

HMJr: Yes.

D: But the first consideration is this. If we are to release these films as a regular film service for which the theatres pay, that is one type of distribution. If we are to get - ask them to run it as a patriotic service, that almost practically involves, that we give them the print free. Now, there are two ways, I don't know which is the most satisfactory from our point of view.

HMJr: Well, from my point of view it - that isn't important. What I want to try to do is this - that's why I want to talk to you. Until Mr. Roosevelt has the morale I want to do all I can, you see, with your help.

D: Good.

HMJr: And it's on that front that I want to talk to you about.

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D: Good.

HMJr: Not about the Texaco hour.

D: Good. Now, we'll make an over all plan and probably get some where on Sunday.

HMJr: That's what I thought.

D: Well, that's very fine.

HMJr: And a - and we'll get you back in time for supper because they got to take off before sunset there. I mean, they'll have to land before sunset.

D: Well, I'll be ready and waiting.

HMJr: I don't think it'll take you more than 30, 40 minutes to fly over you see while if you did it in a car it would take you, I don't know how many hours.

D: Yes.

HMJr: Now, Monday - forget Monday.

D: All right.

HMJr: Cancel out Monday.

D: And a.....

HMJr: We don't want to use a good thing too much.

D: I see.

HMJr: Or wear out our welcome.

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D: I see, yes.

HMJr: I mean, Monday was a silly thing anyway. Powell is running a plane down here, they're opening so-called "Treasury House".

D: Yes.

HMJr: Outside here in connection with Standard Oil of New Jersey, but I wouldn't wear myself out unless - unless it's something you want to do.

D: I see. Well, I think.....

HMJr: It's not necessary from our standpoint.

D: Well now that's fine, then I won't do it because I have a number of things here to do and after I've talked to you on Sunday, I think I'll have an additional program to embark upon.

HMJr: You mean, for us.

D: For us, yes.

HMJr: And as I say, I hope that you will say you'd have time enough to do this sort of thing - and once the Texaco is launched - you say you got somebody now to help you anyway.

D: I think so. I think I can get out from under on that.

HMJr: That'll be wonderul.

D: But it's just a question of - you see some of the people -

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it's just a question of direct contact. I mean others are not as able to ask the person to do something as I am.

HMJr:

I'm sure of that.

D:

And that's all there is to it, really and looking at the script, I just wanted to be sure that the scripts don't get silly.

HMJr:

Well, you see, I happen to be prejudiced in favor of the movies, as against the radio, and that's why I'd like to do more through the movies than we have been doing.

D:

I was in touch - I've been in touch with Carl Carner.

HMJr:

Oh, fine.

D:

And he's sending me his script and then he's coming in - he lives right near me, and I will surely follow that out. I told him I thought it wasn't necessary to have a preliminary talk until I read those sketches and he's sending them to me by mail today.

HMJr:

And that's another thing I want to talk to you about.

D:

Well, I ought to have had them and read them by the time I see you.

HMJr:

It's about these, what I call for a better name, shorts on civil liberties.

D:

Yes, maybe we can make movies out of those too.

- 11-

HMJr: Well, that's - that - I didn't have those in mind for the radio. I had them in mind for the movies.

D: Well, I see. Well, maybe we can do both if there's - if you have no objection to that.

HMJr: No, no, but the movies to me - I think it lives longer, and that's why I'd like to do the movie thing first and then if they want to pick it up on the radio afterwards, that's all right.

D: May I ask this one question while you're on the telephone. On the question of the Liberty Bell striking on this program, is that a pet idea of yours? I mean...

HMJr: No. It's a - I would call it a nuisance idea.

D: Well, I'm trying it and it looks as if it is a nuisance idea.

HMJr: Forget it.

D: We can't forget it.

HMJr: It's Powell's pet, not mine.

D: Well Powell had the pet and I thought it was yours and if it was I'd have followed it right through and naturally we'd do it, but as it's switching lines, and an awkward switch, and not much to be gotten out of it. We have enough vitality on the program to create a patriotic atmosphere.

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HMJr: I think they announced it last night.

D: Yes, they did announce it.

HMJr: I'm afraid so.

D: I wonder if that's a betrayal if we don't do it. Perhaps we'd have to come through on that.

HM
HMJr: I'm afraid they - I'm afraid they announced it last night.

D: Yeah, I heard it announced. I heard Mr. Graves. But I was wondering whether the public really pays attention to that, you know (laughs)

HMJr: Well.....

D: I wonder if I can still throw it into the optional class.

HMJr: Yes.

D: Or whether it's a must.

HMJr: Don't let it worry you.

D: I won't, but I'll - at our conference today I'll see what - just what it involves.

HMJr: Don't let it worry you.

D: Thank you very much and then I'll wait for a message about Sunday.

HMJr: Now, just so I - what is your telephone number in Long Island?

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D: My telephone number in Long Island is Port Washington, 560.

HMJr: Port Washington, 560. Now just - I'll get you the name of the officer who's going to contact you - now, just a moment please. (Talks aside) Captain Baylis.

D: Captain Baylis.

HMJr: Yes, he's a - he's the - Coast Guard.

D: Captain Baylis of the Coast Guard and he will call here at this office.

HMJr: He'll make the arrangements. He can call your secretary and also you - I'm going to make him responsible for getting you over there.

D: Thank you very much and I'll.....

HMJr: His name is Captain Baylis.

D: And I'll be waiting and looking forward to seeing you.

HMJr: All right.

D: Thank you very much. Goodbye.

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- Kuhn: He didn't sound so weak on the phone.
- H.M.Jr: I remember the first time I did that. It is fun, isn't it?
- Klotz: It is exciting. What about the Liberty Bell?
- Graves: Well, the function that I performed last night on the Texaco Hour was to announce the first program, and we not only announced that the Liberty Bell would be rung, but we made a little feature of it and it would not do, in my opinion, to omit the Liberty Bell after what was said in the announcement.
- H.M.Jr: Well, you heard what he said. If the man is worried and it is going to be a nuisance, do you feel let down?
- Graves: Oh, I don't feel let down; it is the Treasury that is being let down.
- Odegard: It should be done, because it is really a historic thing. The Liberty Bell is not sounded - I don't think it has ever been sounded before.
- Graves: I have never heard of it.
- Odegard: Like this, and I am inclined to think that it - particularly in view of the announcement that many, many people, thousands of them, will listen to that program because they will say, "Here you will hear the Liberty Bell for the first time and perhaps the only time."
- Graves: I have assumed that Mr. Dietz knew and approved that.
- H.M.Jr: Because it was submitted to me and I made

- 5 -

no inquiry about any feature of it. I think it is too far. You can't officially announce it and not do it.

Kuhn: You couldn't begin your programs by letting them down on something you announced.

Graves: Because that is important. I have the same feeling that Peter has, that a lot of people are going to listen to that program to hear the Liberty Bell.

Klotz: It is silly, but never mind.

Graves: Yes --

Klotz: Yes, I mean --

Odegard: The Liberty Bell was taken on tour some years ago and the crowds were so great --

Klotz: Terrific, I know.

Odegard:for the opportunity to come and touch it. In fact, it got very maudlin, because many of the D.A.R Chapters and Sons of the American Revolution arranged to kiss the Liberty Bell. (Laughter)

Klotz: As I say, it is silly but that is how they feel about it.

Graves: Well, a lot of people are sentimental about it, Mrs. Klotz.

Kuhn: I think we could do ourselves good in Philadelphia, also. I think if this were done from Philadelphia, it would --

Graves: If it is not going to cause Mr. Dietz any trouble because --

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(Mrs. McHugh entered the conference and the Secretary dictated a telegram.)

- H.M.Jr: Mr. Howard Dietz, Metro Goldwyn Mayer, at the New York address, whatever it is, rush telegram:
- "Harold Graves, Ferdinand Kuhn and Peter Odegard disagree with me one hundred percent." (Laughter)
- Klotz: That is marvelous.
- H.M.Jr: "They feel that it is most important that the Liberty Bell be sounded in connection with our July 2 program."
- Klotz: Be rung.
- H.M.Jr: "Period." Put in the word "paragraph."
- "Such is the life of the Secretary of the Treasury." (Laughter)
- Klotz: That is marvelous. That is really wonderful.
- H.M.Jr: Signed, Henry Morgenthau, Jr.
- Graves: May I suggest one addition to that?
- H.M.Jr: You would spoil it.
- Graves: I don't think so. I was going to suggest, particularly in view of last night's announcement.
- H.M.Jr: No, he heard that. No, no, excuse me, that weakens it.
- You (Mrs. McHugh) initial it and let it go. Mark it rush.

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Mrs. McHugh: All right, sir.

(Mrs. McHugh left the conference.)

Klotz: Am I unpatriotic?

Odegard: No, sir.

Kuhn: You had better give that to Gaier when he goes over the Treasury papers.

H.M.Jr: It is all right.

Klotz: We have got many such, Mr. Kuhn.

Kuhn: I know it.

H.M.Jr: That is all right. That is why you fellows stick around.

We can't have civil liberties right here in the middle of us and then have somebody pound his desk and say, "That is how I want it."

STANDARD FORM No. 14 A
 APPROVED BY THE PRESIDENT
 MARCH 10, 1925

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

TREASURY DEPARTMENT

WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

Official

(The appropriation from which payable must be stated on above line)

U. S. GOVERNMENT PRINTING OFFICE

2-14117

R U S H

JUNE 26 1941

MR HOWARD DIETZ
 METRO-GOLDWYN-MAYER
 1540 BROADWAY
 NEW YORK NEW YORK

HAROLD GRAVES FERDINAND KUHN AND PETER ODEGARDE DISAGREE
 WITH ME ONE HUNDRED PER CENT THEY FEEL THAT IT IS MOST
 IMPORTANT THAT THE LIBERTY BELL BE SOUNDED IN CONNECTION
 WITH OUR JULY SECOND PROGRAM PARAGRAPH SUCH IS THE
 LIFE OF THE SECRETARY OF THE TREASURY

HENRY MORGENTHAU, JR.

DEFENSE SAVINGS STAFFADVANCE NOTICE RADIO PROGRAMS

THURSDAY - JUNE 26, 1941

Time: 8:45 - 9:00 A.M.	Time: 2:30 - 2:45 P.M.
Program: Hymns of All Churches	Program: John's Other Wife
Station: WJSV	Station: WMAL
Time: 9:45 - 10:00 A.M.	Time: 4:15 - 4:30 P.M.
Program: Woman of Courage	Program: Portia Faces Life
Station: WJSV	Station: WRC
Time: 10:45 - 11:00 A.M.	Time: 5:45 - 6:00 P.M.
Program: Aunt Jenny	Program: Lowell Thomas News
Station: WJSV	Station: WMAL
Time: 1:15 - 1:30 P.M.	Time: 9:15 - 9:45 P.M.
Program: Mystery Man	Program: Professor Quiz
Station: WRC	Station: WJSV

Note: In addition to the above, each of the 868 radio stations in the United States, territories, and possessions are broadcasting five Defense Bonds and Stamps announcements each day.

THESE PROGRAMS PROMOTE SALE OF DEFENSE BONDS AND STAMPS.

CONFIDENTIAL

UNITED STATES SAVINGS BONDS AND SAVINGS STAMPS

Sales in June Compared with May, 1941
On Basis of Issue PriceFirst Twenty-one Business Days
(May 1-24, June 1-25)

(Amounts in thousands of dollars)

Item	Sales		Increase or Decrease (-)	
	June	May	Amount	Percent
Series E - Post Offices	\$ 33,788	\$ 34,366	-\$ 578	- 1.7%
Series E - Banks	<u>52,501</u>	<u>49,650</u>	<u>2,851</u>	<u>5.7</u>
Series E - Total	86,289	84,017	2,272	2.7
Series F - Banks	18,540	35,714	- 17,174	- 48.1
Series G - Banks	<u>115,827</u>	<u>215,626</u>	- <u>99,799</u>	- <u>46.3</u>
Total	<u>\$220,655</u>	<u>\$335,356</u>	- <u>\$114,701</u>	- <u>34.2%</u>
Stamps	\$ 2,489	\$ 2,982	-\$ 493	- 16.5%

Treasury Department,
Division of Research and Statistics.

June 26, 1941.

Source: Division of Savings Bonds. Figures shown as post office sales of Series E bonds are deposits by postmasters with the Treasurer of the United States. The bank figures are taken from Federal Reserve Bank reports (daily) and include their own sales. Stamp figures are estimated by the Post Office Department; figures through June 7 have been prorated to agree with complete reports by postmasters which are made quarter-monthly.

Note: Figures have been rounded to nearest thousand and will not necessarily add to totals.

UNITED STATES SAVINGS BONDS AND SAVINGS STAMPS

CONFIDENTIAL

Daily Sales - June 1941
 On Basis of Issue Price
 (In thousands of dollars)

Date	All Bond Sales				Bank Bond Sales				Savings Stamps
	Total	Series H	Series J	Series G	Total	Series H	Series J	Series G	
June 1941	\$ 12,844	\$ 5,771	\$ 1,097	\$ 5,976	\$ 10,511	\$ 3,437	\$ 1,097	\$ 5,976	\$ 134
2	11,788	4,113	1,541	6,133	10,817	3,143	1,541	6,133	135
3	11,788	4,817	1,265	12,916	17,291	3,110	1,265	12,916	108
4	18,998	4,817	1,265	12,916	17,291	3,110	1,265	12,916	108
5	14,467	4,614	1,193	8,681	12,674	2,800	1,193	8,681	101
6	11,252	4,736	1,090	5,425	8,969	2,453	1,090	5,425	118
7	17,308	3,131	930	3,246	5,808	1,631	930	3,246	82
8	11,666	6,145	811	4,710	8,542	3,021	811	4,710	121
9	8,681	3,675	783	4,403	7,978	2,792	783	4,403	124
10	10,018	4,098	751	5,169	8,495	2,575	751	5,169	99
11	9,403	3,679	791	4,933	8,048	2,324	791	4,933	100
12	9,403	3,679	791	4,933	8,048	2,324	791	4,933	100
13	9,778	3,776	749	5,254	8,196	2,193	749	5,254	120
14	5,266	2,444	510	2,572	4,418	1,335	510	2,572	100
15	11,001	4,890	817	5,294	8,608	2,498	817	5,294	143
16	7,701	2,921	679	4,100	7,006	2,227	679	4,100	156
17	10,604	3,824	674	6,145	9,434	2,655	674	6,145	157
18	9,886	4,332	825	4,729	8,325	2,772	825	4,729	125
19	10,109	3,721	747	5,641	8,519	2,131	747	5,641	115
20	7,564	3,213	755	3,596	5,883	1,532	755	3,596	87
21	10,127	4,938	663	5,126	8,372	2,583	663	5,126	126
22	10,296	3,738	906	5,653	9,513	2,955	906	5,653	116
23	10,127	4,938	663	5,126	8,372	2,583	663	5,126	126
24	10,840	3,712	1,004	6,124	9,468	2,334	1,004	6,124	123
25	220,655	86,289	18,540	115,827	186,668	52,501	18,540	115,827	82,469
Total									

Treasury Department, Division of Research and Statistics.

June 26, 1941.

Source: Division of Savings Bonds. Figures show an post office sales of Series H bonds are deposits by postmasters with the Treasurer of the United States. The bank figures are taken from Federal Reserve Bank reports (daily) and include their own sales. Stamp figures are estimated by the Post Office Department; from June 2 through June 1 they have been granted to agree with complete reports by postmasters which are made quarter-monthly.

Note: Figures have been rounded to nearest thousand and will not necessarily add to totals.

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June 26, 1941
11:50 a.m.

HMJr: Hello.

Jesse Jones; Hello, Henry.

HMJr: How are you?

J: All right. Did you have a pleasant trip?

HMJr: Well, it was an awfully hard trip, Jesse.

J: What time did you leave yesterday morning?

HMJr: 7:20.

J: And what time did you get back?

HMJr: Exactly at midnight.

J: Huh?

HMJr: Exactly at midnight.

J: You did?

HMJr: Yeah.

J: Well you did have quite a hard trip.

HMJr: It was 940 miles each way, but I'm awfully glad I went.

J: Yes. Lot of people down there I suppose.

HMJr: A lot of people. Lot of friends of both you and me.

- 2 -

J: Good many people from the Hill...

HMJr: From where?

J: From the Congress - Hill.

HMJr: And a lot of the very prominent a - were all there.

J: Yeah.

HMJr: George and Jimmy Byrnes and Tom Connally and lot of people.

J: Well, that's fine. I'm awfully glad you could go.

HMJr: Yes.

J: Well, now we're getting along just fairly well with our friends discussing terms and conditions and things of that kind. We - you may have seen the Journal story about three days ago - I don't know where they got it - indicating we are going to do this and using some rather large figures.

HMJr: No, I didn't see it.

J: And then, so yesterday I made a very small release to the effect that we were - I suppose you saw that one.

HMJr: That I saw and I had an awfully hard time at my own press conference on account of it.

J: Yeah, did you have one this morning?

HMJr: Yeah. Very difficult but I told them that you and I started to talk about that about three months ago and I said that I thought that your foresight in this matter proved to be correct. Now, in order to keep my position straight in view of, particularly Arthur Krock - I don't know whether you saw that today or not.

J: I glanced at it, but I didn't read it carefully. I don't even remember what it was.

HMJr: Well, what I told them was this. As usual he's trying to make trouble and that you were loaning these people - proposing to lend them this money with my full knowledge and approval - in fact I sent them to you.

J: Yeah.

HMJr: And that, however - I mean they went back to my testimony and sometimes we have to be consistent, but I hadn't changed my position and eventually the English just themselves of their American holdings. Now, I don't know whether that 2 and 2 makes 4, but at least, but that's what I testified, and so I'm sticking by my guns.

J: That's right.

HMJr: Now, they said, "How much were you going to loan them" and I said that was your business and your responsibility.

- 3 -

J: Yeah.

HMJr: But they were trying awfully hard to drive a wedge between us. This fellow, Gregory of the Tribune was on the war path this morning.

J: He was, eh?

HMJr: Yes, he's very difficult. And a - so - I don't know how it will look in the papers but anyway...

J: I'm sure you took care of yourself, all right.

HMJr: Well, I tried to take care of you and me.

J: Well, I appreciate that.

HMJr: In fact I used your name and I said that I'm sure that you could ascribe to what I said.

J: Gregory called me up - I think it was yesterday or day before and he asked me a direct question which I said was not a fact. He could have asked his question differently and I would have - and he might have gotten an evasive or different answer.

HMJr: Well, he - at my press conference he said he called you in front of everybody, but he didn't say what it was, but he tried to make out as though what you said was contrary to what I was telling them at the press conference.

J: Yeah, I see.

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HMJr: What I told them at the press conference was that Sir Edward Peacock had come in to see me to say goodbye and that he was entirely satisfied with the Viscose deal.

J: Yeah.

HMJr: So then Gregory said, well that isn't what Jones told me.

J: Well he didn't - Gregory hasn't even talked to me about the Viscose deal.

HMJr: Well.....

J: He asked me about this thing here and he said, "Have you agreed to make a loan?" and I said, "No."

HMJr: Well, what they were trying to prove, Jesse, was that you were making this thing to slap down J. P. Morgan and Wall Street. That's what they were trying to build up, you see?

J: I see.

HMJr: And I told them that this thing was a matter that had been - that we discussed over three months ago.

J: That's right.

HMJr: And that was long before we knew there was such a thing as Viscose.

J: Yeah.

- 5 -

HMJr: So that's the position I took.

J: Okay.

HMJr: What?

J: Well, now that's the - that's about the status, we're still - as I say, we're still dickering and we will tomorrow, I think we're to meet their lawyers again tomorrow and I just wanted to keep you...

HMJr: Your issue went over with a big bang.

J: Marvelous, wasn't it?

HMJr: Yeah.

J: Marvelous.

HMJr: They seem to like your securities.

J: Yeah, well that's a nice rating - yet it's not a high rate at all.

HMJr: Well, the way it looks now, we could have gone to 3 years. I never know what tomorrow is going to bring and I'm on the conservative side.

J: Well, not only that, Henry, it doesn't cost any more dollars, we just three months difference.

HMJr: Only three months difference, it doesn't cost you a penny more.

J: That's right.

HMJr: That's right.

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J: Well, that's fine.
I'm happy about it.

HMJr: Well, I'm glad you're
happy.

J: Okay. Thanks.

HMJr: Goodbye.

June 26, 1941
12:03 p.m..

HMJr: Hello.

Operator: Mr. White.

HMJr: Hello.

Operator: Go ahead.

HMJr: Harry?

Harry White: Yes, sir.

HMJr: I had an amusing incident happen. Harry Hopkins called me up to get me to use my good offices with Sir Frederick Phillips in connection with something the British want to do.

W: That's very funny.

HMJr: What?

W: That's very funny.

HMJr: Isn't that amusing.

W: Yeah, very amusing.

HMJr: This is what it is. If I can get it off my mind and you bring it up at quarter of three.

W: Right.

HMJr: He - they've worked out an arrangement with the British to ferry planes from here through Africa - Takoradi, you see.

W: Yeah.

- 2 -

HMJr: They're going to form an American corporation who will be the contractor - making a new Lend-Lease, everything except the paying of the personnel.

W: In the corporation or who do the ferrying?

HMJr: No, the corporation - I mean, the Lend-Lease get paid for everything except the actual paying of the personnel.

W: Who make up the corporation?

HMJr: Who make up the corporation.

W: Right. And they can - yes.

HMJr: And Hopkins and Air Marshall Harris wants the way prepared for them with Phillips - so you supply the dollars for this.

W: He gave no indication of what the magnitude might be.

HMJr: 10 million dollars.

W: 10 million a year.

HMJr: Right.

W: And you'd like me to raise that at quarter of three.

HMJr: Yeah.

W: By the way....

- 3 -

HMJr: Doesn't that sound amusing?

W: It's very amusing. I'm surprised (Laughs)

HMJr: What?

W: I don't quite understand it.

HMJr: What?

W: I don't understand why he doesn't do it himself. By the way, I want it clear, Mr. Secretary, I don't have the responsibility for pushing this thing so - that's understood, isn't it?

HMJr: No.

W: Well, I mean it's in Bell's hands. He makes the meetings and not - it's a little bit embarrassing for me. I suggest a meeting and he takes it on his hand, so I don't want to take the responsibility for when they meet or how often they meet, but whenever they do, I participate to the fullest extent, of course.

HMJr: I'm calling a meeting this afternoon.

W: Yes, you are, but I wanted it understood that I'm not calling the meetings and they're not meeting in my office and so on - I'm not complaining in any way, but I just want you to understand it.

- 4 -

HMJr: Well, in another few days we'll get it straightened out.

W: Okay, sir.

HMJr: Another few days.

W: All right, sir.

June 26, 1941
12:07 p.m.

HMJr: Hello, Arthur?

Arthur Purvis: How are you?

HMJr: I'm fine, how are you?

P: I'm a good deal better. I'm not quite right, but I've managed to struggle along with sort of a hard day's work for the last two days.

HMJr: Are you home?

P: No, I'm down at the office. I've worked up at home for a time and came down here. Thought I'd try and get to that meeting this afternoon.

HMJr: Well, that was what I was calling up about. I wondered if you were well enough to come.

P: Yes, I am. I want to come because I want to go away at the end of the week and I thought I'd like to come.

HMJr: Good. Arthur, I hope we are going to be able to show some progress, are we?

P: Well, now frankly I didn't - I haven't had time to check. I'm now going to check up in anticipation of the meeting, you see?

HMJr: Yes.

- 2 -

P: I don't know what's happened in the last 48 hours.

HMJr: Good. I wish - well, if you had time.....

P: I'm going to check up straight away.

HMJr: And here's something else which I thought - one of these things personal between you and me...

P: Yes.

HMJr: Which I thought you'd get a - rather a laugh out of...

P: Yes.

HMJr: Hopkins just called me up. Could I use my good offices with Sir Frederick Phillips....

P: Yes? (laughs)

HMJr: To get him to go along on a corporation they're forming - an American corporation which will ferry these planes via Takoradi to the middle east.

P: Well, well, well.

HMJr: That Air Marshall Harris is interested in.

P: That's right.

HMJr: You know about it?

P: I knew that there was going to be a flying service put out, I thought, by the Army here to get those planes across.

- 3 -

They were going to take that over, but I didn't know it was being done through - for an American corporation.

HMJr: Well, it is. I thought it was interesting that Hopkins called me up now to get the dollars for this thing.

P: I think that's very amusing.

HMJr: What?

P: I think that's very amusing. (Laughs)

HMJr: I thought....

P: By the way, Henry, I did....

HMJr: Now, one second. Would you tell your people and Phillips that they'll know something about that before three?

P: Yes, I will.

HMJr: Will you?

P: I'll do that.

HMJr: See? something before - so they'll know about it, because I'm going to raise it at the meeting.

P: There was only one thing, Henry, that was said to me yesterday when I got down just for the luncheon at the Council meeting and that was a remark by Phillips to the effect that they were a little worried as to whether the very desirable situation which you had brought about whereby Cox could speak for Hopkins was beginning to disintegrate and

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it might get back into the same old situation where it went round and round.

HMJr:

Well, this proves that that isn't so.

P:

Well, I think you're right.

HMJr:

Because here's Hopkins is raising something and he wants it cleared at this meeting.

P:

Yes.

HMJr:

And he calls me up and asks me to help him.

P:

It seems to me that it should be all right.

HMJr:

Well, isn't that nearly perfect?

P:

I think you're right. (Laughs)

HMJr:

Otherwords, he recognizes that that these meetings are to be the clearing....

P:

Clearing house...

HMJr:

Clearing house on all dollar purchases.

P:

I think it's - I must say it's grand.

HMJr:

Well, how could it be any better?

P:

No, it couldn't. No, I think it's going very well if it's like that.

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HMJr: So - it's that way - and then this is the first thing so I think we ought to do it promptly.

P: You're quite right. Let's try and do it. I'll get right on to my people now.

HMJr: And because if we do it promptly, Hopkins will say swell, then he'll say I can clear everything through there.

P: That's right.

HMJr: But if we fool around with it, he'll say that doesn't work, I'll have to try it some other way.

P: Yes. Well, we better have somebody available this afternoon who knows that subject.

HMJr: Yes, who knows that story.

P: That's it.

HMJr: What's the matter with Air Marshall Harris?

P: Well, he may be the right one. I'll talk with Phillips.

HMJr: Right.

P: All right, fine, Henry.

HMJr: Thank you.

P: Goodbye.

June 26, 1941
2:35 p.m.

Callahan:tickets for your son on Saturday night.

HMJr: Yes.

C: Well, I happened to go to New York and I asked Columbia for them and Mr. Ruppel heard about it and told me he wanted to take care of it personally for you.

HMJr: Well, is it nothing to do with Texaco.....

C: Nothing to do with Texaco, no sir.

HMJr: Oh, I thought it had to do with Texaco.

C: No. He just - because Mr. Ruppel knew you, he just came into the picture of it.

HMJr: Yeah. Well now, just let me read this over again in that light. (Pause) Well, Bob, of course wouldn't call up Weber. Can't - can't they get in touch with the Chaplain on the Prairie State. Bob doesn't want to appear in it.

C: Sure. Of course, he did that on his own, Mr. Secretary.

HMJr: Well, I know Louie Ruppel much better than you do, see? Have any communications gone directly to Bob?

- 2 -

C: As far as I know, it hasn't.

HMJr: Well...

C: I just got this a few minutes ago.

HMJr: Well, will you call up Louie Ruppel and tell him this is just the way I don't want to do it, see.

C: All right, sir.

HMJr: Now, if they have any tickets or if they give it to you, Bob has about 5 minutes in 24 hours off - out of that and that's all. Now if they want to send some down to the Chaplain at the Prairie State, okay, but please not to mention Bob's name and leave him out of the picture. He doesn't want to be in on it.

C: All right, sir.

HMJr: But leave him out. But if the Chaplain on the Prairie State - if they want to give him some tickets, it will be very nice.

C: Well, what - you see what I was planning when I left New York, they were mailing the tickets to me.

HMJr: Well, that would be even better, but if the Chaplain of the Prairie State...

C: Well, I think it would be much better if I got them and sent them out personally and that would take them out of it.

- 3 -

HMJr: I know Louie - he's just -
goes off halfcocked always.

C: Well, that's what he did
on this. I mean, I didn't -
I didn't even talk with him
about this.

HMJr: All right. Well, thank
you very much.

C: I'll take care of it.

HMJr: Thank you.

C: Okay.

June 26, 1941
2:43 p.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Marvin
McIntyre: Hello, Henry.

HMJr: Yeah.

M: This is McIntyre over at
the White House. How are
you?

HMJr: I'm wonderful, how are you?

M: Fine, thank you. Aren't you
going to get up to Dutchess
County over the week end.

HMJr: Oh, tomorrow afternoon, I
guess.

M: Uh huh, wish I were going
with you.

HMJr: Wish you were too.

M: Henry, Royal McKenna is a
lawyer here in town, he's a
good Republican, but he
stopped by to see me this
morning with a letter and
a memorandum and he thinks
he's got an idea that's worth
while. It's an outline of
a suggestion he makes whereby
the Federal government can
tap a new source of revenue,
which is always interesting.

HMJr: Yeah.

- 2 -

M: I hate to trouble you with it. I was wondering if I send it over to you.....

HMJr: What, the letter?

M: Yes, the letter and his supporting document.

HMJr: Sure, send the letter over.

M: And I want to ask a favor in connection with it.

HMJr: Yeah.

M: You'll probably refer it to your Counsel or somebody to look into....

HMJr: Yeah.

My And I wondered if you'd be good enough to ask them to get in touch with McKenna because he has gone out of his way to do something decent and he's not a New Dealer in any sense of the word.

HMJr: Let me take a look at it first, Bob, and see what it's about?

M: Yeah.

HMJr: And I'll take a look at it myself.

M: Oh well, then that's fine.

HMJr: Take care of yourself.

M: I'll send it over to you. It'll be there when you get back.

HMJr: Thank you.

M: Right, Henry. Give my regards to the family, will you?

HMJr: Same to you.

M: Right.

The part of the conference held in
Mr. Bell's office begins on page 20.

June 26, 1941

AGENDA FOR 3:00 MEETING

1. Much progress has been made in clarifying the steps necessary to be taken to expand the coverage of Lend-Lease arrangements with Dominions and over various types of commodities.

Funds have been earmarked by Mr. Hopkins to take care of reimbursements on contracts over \$50,000 each placed after March 11, but the British have not yet selected and submitted to Mr. Cox the appropriate contracts to be taken care of.

2. Hopkins' inquiry re possibility of British Treasury supplying dollars with which to pay personnel of contemplated American corporations created for the purpose of arranging the ferrying of planes across the Atlantic.

3. Various memoranda that were promised to be ready soon:

- (a) On wool, strategic materials, cocoa, imports on private account
- (b) The recent statement of the cash position

4. Actual contracts under \$50,000 placed since March 11, to be submitted to Mr. Cox, (only three have been submitted).

5. Proposed purchases of the British to be submitted to the committee for examination.

6. Anything further on Dominion needs and centralization of Dominion purchases here.

7. Recent developments in proposal to borrow dollars from the Reconstruction Finance Corporation against collateral.

June 26, 1941
2:50 p.m.

RE AID TO BRITAIN

Present: Mr. Foley
Mr. Cochran
Mr. White
Mr. Purvis
Sir Frederick Phillips
Mr. Keynes
Mr. Thompson
Mr. Childs
Mr. Boddis
Mr. Cox
Mr. Viner
Mr. Archer
Mr. Coyne

Foley: Here is that letter about Falk, rewritten for Stimson.

(Mr. Cox entered the conference.)

H.M.Jr: Hello, Oscar. I wish you wouldn't write these funny letters for the President to sign, such as "month by month how much we got under the billion three", without sending over an explanation by Oscar Cox.

Cox: Well, I thought you could tell us without the explanation.

H.M.Jr: What do you think we are, nothing but lawyers around here?

Cox: Well, you have got a surplus stock account, haven't you?

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H.M.Jr: Of lawyers?

Cox: No, of material, which is more important.

H.M.Jr: Well anyway, you will hear from the boys, if you haven't. I see Goodhart, who is in England - who else is here?

Foley: Well, I just showed you that clipping. When I mentioned it, you said he was in England and I guess that is right.

H.M.Jr: If and when the speech is finished, I would like to read it.

Foley: O.K. I wanted to bring it in with me now, but they haven't got it off the mimeograph yet.

H.M.Jr: Now, Mr. Hopkins called me up. Were you there when he called me?

Cox: No.

H.M.Jr: I should try to use my good offices with the British Treasury to get some money for Air Marshal Harris for the American Corporation which will superintend the flying of planes from here via Takoradi to Cairo. Do you know about that?

Cox: No.

H.M.Jr: You don't?

Cox: No.

H.M.Jr: Well, I called up Purvis and asked him to post himself before he came. I thought it was rather amusing. If it gets that tight, then this committee will really function.

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Cox: Oh yes.

H.M.Jr: If it gets that tight.

Cox: I should think so.
(Mr. White distributed copies of his agenda.)

H.M.Jr: "Funds have been earmarked by Mr. Hopkins to take care of reimbursements on contracts over fifty thousand dollars each"?

Cox: Yes. I talked to him and he said go ahead and do anything that I wanted on it, so we earmarked the funds.

Cochran: That is, for the total or just the ones that they have submitted?

Cox: That is the total of the ones after March --

H.M.Jr: How much does that amount to?

Cox: About fifty-two million dollars.

H.M.Jr: How much are we approaching now toward the four hundred?

White: Well, what they would purely call - what they would call relief, I guess it must be something like two hundred twenty-five million; but what we would call relief, it is an indeterminate sum. It is well over four hundred million, possibly over five hundred million.

H.M.Jr: Well, I won't bring that up today, but will you please make a note, Harry, to have that for me when I get back here Tuesday morning?

White: Yes.

H.M.Jr: I would like to have a little memo from you

- 4 -

and Oscar of what we could claim for relief. Say for Tuesday morning, please.

White: You shall have it.

H.M.Jr: Now, will they today, or have you before this, for instance, had any meetings which they would bring in what their purchases are going to be and go over them? Have you done it?

White: Only in a form which was not adequate.

H.M.Jr: Good God.

White: And they were supposed to have prepared the material and submitted to Oscar and I think he got a few things this morning, didn't you?

Cox: Yes. I just got it, but it isn't in particularly good form. It is coming closer.

H.M.Jr: Well, where is the fault, Oscar?

Cox: Well, I don't think they quite still completely understand what it is that is trying to be done, although I think it is very simple and very clear.

H.M.Jr: Why don't you write out the kind of form you want and tell them to take it and like it?

Cox: I think that is the only thing to do.

White: Didn't you think it was made clear in the discussion?

Cox: I thought it was made clear two or three times.

H.M.Jr: It is you that has to be satisfied, isn't it?

Cox: That is right. We can work up a form and

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tell them to go ahead and use it, or the committee can.

- H.M.Jr: What is the committee?
- Cox: This group that has been meeting.
- H.M.Jr: Are they still paying dollars every day without submitting it?
- Cox: No.
- H.M.Jr: They are not?
- Cox: They are not doing either.
- White: They are holding everything in suspense.
- Cox: They are holding it in suspense, and that is the only thing they have submitted thus far.
- H.M.Jr: And is this the way they do it?
- Cox: That is the way we have been doing it, yes.
- H.M.Jr: You can't work with that?
- Cox: No, they ought to have a printed or mimeographed form of which they submit enough copies so everybody can look at them.
- H.M.Jr: And you have held this up?
- Cox: That just came in.
- H.M.Jr: Is this the first?
- Cox: Yes, that is the first.
- H.M.Jr: I wish we had more time. I will have to do my homework before. I mean, this is a - well, there is no dollars on here, is there?

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Cox: Yes, I think there were some dollars.

H.M.Jr: I don't see where.

(Mr. Viner entered the conference.)

H.M.Jr: Hello, Jake. You haven't missed a thing yet.

Who are you going to get? I think our own Procurement people can make us a form which - if you tell them what you want, unless you want to do it yourself.

Cox: No, we will get Procurement to do it.

H.M.Jr: Why don't you get our Procurement people to draw up a business-like form?

Cox: Yes.

H.M.Jr: I mean, that is --

White: If it doesn't ask them for information which they can't get, but you are familiar with what they can get.

H.M.Jr: I mean, I am just offering that as a - I mean as a vehicle. If you haven't got a big staff and if you want Cliff Mack to draw up something for you, tell him what you want and I think he will get it overnight.

Cox: Good.

H.M.Jr: I mean, I was just thinking of a way it could be done. Now, whose initials are these?

Well, now, you see - couldn't I get a copy of the sheet - the thirty-five million dollar a week thing? Who has those?

White: What?

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H.M.Jr: Where they submitted the thing every night.

Cochran: Phil Young is the one who has had those.

H.M.Jr: Who has that, Philip Young?

Cochran: He is the only one I know of. I can ask if George Haas has it.

Cox: I think he probably has.

Cochran: Yes, Lindow has it in there. I am quite sure he has it.

H.M.Jr: You don't mind if I stray from your thing first, because I would like to --

White: Oh no.

H.M.Jr: I would like to do the simple thing first. I would like to be able to get this thing so it works. It seems ridiculous.

(Unrecorded telephone conversation with Mr. Haas.)

White: So much of the meeting is going to be in the way of getting further information from them that I think it might be nice if we started off with appreciation that some progress has been made in clarification, because that is about the only nice thing that can be said.

H.M.Jr: Do you mind if I don't start that way?

White: No.

H.M.Jr: Do you mind if I start just the way I feel? I am kind of a little mad about this. The thing that you should - it has been marvelous. You know, for three days the Germans have been building up about this great news they

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were going to get out. The great news was the announcement, "Things are going better than we had hoped for," or words to that effect. It was a complete dud.

You know, for three days each day they --

Viner: Yes, everybody was nervous about what they were going to say.

H.M.Jr: Well, that is the great news. This is terrible.

White: I don't know what stands in the way of their getting quicker action.

H.M.Jr: I have lived through this thing. This is so typical. Don't worry, Jake, I always put on a good face when they come around.

(Mr. Purvis, Mr. Keynes, Sir Frederick Phillips, Mr. Coyne, Mr. Boddis, Mr. Archer, Mr. Childs, and Mr. Thompson entered the conference.)

H.M.Jr: I hope you gentlemen won't mind if I start off scolding a little bit. I don't know who I am scolding, but I want to scold. But it does seem that as between the British Treasury and our Treasury, plus the North American --

Purvis: Supply Council. British Supply Council in North America, I beg your pardon.

H.M.Jr: That we - I mean the combined brains - maybe there are too many brains - ought to be able to get out a form that we could begin to clear stuff, and Mr. Cox says he can't work with a thing like that and he says he has explained three times what he wants.

Now, I don't know - it may fall on the United States Treasury, but he says he can't work with a thing like this.

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Childs: Do you mean these cards, sir?

H.M.Jr: Right.

Childs: That is on my head, if that is wrong.

H.M.Jr: Well, it is, if you have got a big head.
I mean big shoulders. (Laughter)

Purvis: What is the answer, Childs?

Childs: Well, we were told to use, as I thought, the forms which were used some time ago. Since those forms have gone in, we have worked with a great deal of vigor to revise it and make it more pertinent to this, but having picked up where we stopped off before, we starting using these cards as we were in a hurry.

Now, we are revising these forms to make them more pertinent to the Lend-Lease program, but those you have there are not the revised form, sir.

H.M.Jr: Well, they are just what Mr. Cox just handed me.

Childs: That is right. We got them in as fast as we could, and I promised you we would get them out that night, which we did.

H.M.Jr: But they are no good.

Childs: Then we will have to revise them.

H.M.Jr: Well, it is ridiculous to say that overnight this group can't get out a form which would be acceptable to both - to the English and ourselves, and as a result of which nothing is cleared. It is all held up.

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- Purvis: Have you - should we have a representative from your end deputed to help in this, Mr. Cox?
- Cox: Yes. What the Secretary has in mind, I think we can make preliminary determinations on the basis of these because they have got the substance of the information, but I gather what the Secretary had in mind at the first meeting and what he has in mind now is a counterpart of the form that was used when he cleared the thirty-five million a week.
- Childs: Yes.
- Purvis: Oh.
- H.M.Jr: On this thing, I mean even if it was just - it has neither got Mr. Phillips' name on it, if he is to sign for the Treasury, nor Mr. Keynes', whoever is to sign, or Mr. Purvis'. I mean, it has no signatures. I mean, it is so simple. I should think we could - we could do it overnight.
- Purvis: We don't need, I suppose, to discuss here what you want in that way. Can you (Cox) delegate somebody who can --
- Cox: I think so. I think I have an idea of what the Secretary has in mind.
- H.M.Jr: Well, I think if someone would listen to Mr. Oscar Cox for five minutes, he says he has expressed himself three times and has been unable to get what he wants.
- Keynes: To who?
- Childs: I think that needs a little explanation, sir.
- Cox: Well, I think --

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White: Oscar didn't say that.

Cox: The first meeting, the Secretary, as I understood his purpose - one of the major purposes of the committee meeting was to get scheduled the material along the lines that it was previously done in the period after January 1 in his testimony, so that when you want to place a contract, in advance of the placing, the Secretary would O.K. it, and it came in the form of a recommendation in a document signed by yourself (Purvis) and Sir Frederick, containing the information as to what you contemplated doing; and before the contract was placed, he indicated his approval.

Now, that was done because you had no dollar exchange or you wanted to conserve in terms of the Secretary's being able to say to Congress that he was reasonably sure that you could pay for all that you had committed for.

The problem now is to determine what items can be picked up under the Lend-Lease in terms of what you contemplate placing your own contracts for. Now, I don't think it is Childs' fault or anybody else's particular fault; but at each meeting which we had, as I understood it, there were going to be presented in substantially that form these contracts proposed to be cleared, so that those that might be handled under Lend-Lease would be handled that way.

Now, I think in the formative stage, in getting the information quickly, Childs has produced the substance of it, but I think the discussions have moved more on other things than on these where these are the most current problems in terms of prospective

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contracts to be placed.

Phillips: But Mr. Cox, those old forms which we had in use before the passage of the Lend-Lease Bill, they were very general. They had no such information as appears on these cards. Do I understand you would be satisfied with the same form or do you want that form and these cards in addition?

Cox: I think what the Secretary has in mind and the same thing I have, and that is that on one form without using the duplicates, we ought to work out the substance of what you need so that it will come with all the information and the signatures of the necessary people and the necessary approvals on them in terms of placing. The way you pay dollars as against --

H.M.Jr: Do you want to come up here, Childs?

Childs: Or you can use it for the committee recommendation instead of placing the contracts recommending the use of Lend-Lease, which would be the alternative procedure.

H.M.Jr: Oscar, if you have five minutes after this meeting and sat down, couldn't you work out with White and Childs or somebody from the British side the kind of form we need?

Cox: I think we could make a good start on it.

H.M.Jr: Today?

Childs: Any time you say, sir.

H.M.Jr: Well, if Oscar Cox has the time, I mean right after this meeting.

Childs: That will suit me very well.

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Cox: That is all right with me.

H.M.Jr: Because I am so anxious to get the thing started so the stuff will flow.

Purvis: So are we.

H.M.Jr: Somebody - I mean, whoever represents - I don't know whether Mr. Childs represents the British Treasury or Purvis or both.

Phillips: Mr. Childs knows all about these forms.

H.M.Jr: I think you had better sit in on this thing.

Phillips: I will, sir.

Purvis: He has been handling the Supply Council thing completely.

H.M.Jr: Somebody from the British side so when we get through - we won't run this meeting too long - when they get through - I had hoped to come in and get the thing going and this way it is tied up, isn't it?

Purvis: Is that the reason it is tied up, Mr. Cox?

Cox: No, Mr. Secretary, this isn't the reason for any tie-up, as far as we are concerned.

H.M.Jr: Well, no contracts - those contracts won't be signed until --

Cox: Well, we have already indicated - they have got a very urgent thing here on training which we cleared with Boddis. I told him to go ahead and place the contract pending a decision on the thing because it doesn't look as if it can be picked up by Lend-Lease anyway.

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H.M.Jr: But we here in the U. S. Treasury have no record of that, that you have done that.

Cox: No.

H.M.Jr: So far as I am concerned, nothing has been cleared.

Cox: That is right.

Purvis: You want the record of what we have rejected from Lend-Lease so as to keep tab on the total --

H.M.Jr: Well, going back - when we started, you see, was on the nineteenth of June. That was the day I started. I am pushing my own people as much, because I want to do something.

Purvis: Yes, so do we.

H.M.Jr: And if we started on the nineteenth and - I thought it would be a day or two and it would be going.

Purvis: Yes, I didn't realize it wasn't going satisfactorily. Well, can we get after that form immediately after?

Childs: Certainly, sir.

H.M.Jr: Now, one other thing. I am sorry to start that way, but as I say, I feel that way and I want to get it off my chest. Mr. Hopkins called me up and he is very anxious to have this project go through that evidently he and Air Marshal Harris have been working on, which is an American corporation which will employ people to ferry planes from here via Takoradi to the Middle East, and he hoped that that would go through very promptly.

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- Purvis: Under Lend-Lease?
- H.M.Jr: No, they can do it all Lend-Lease except for the pay of the salaries of the personnel.
- Purvis: Yes.
- H.M.Jr: And he said, I think, it is similar to the corporation that the Navy had set up to do a job, I believe, in Scotland.
- Purvis: Yes. I know that one. Is that held up, Mr. Boddis?
- Boddis: I think so, sir.
- H.M.Jr: Do you think so?
- Boddis: The idea of a corporation, as I understand it, Mr. Secretary, is merely that they are continuing an existing arrangement which was temporarily introduced in order to get twenty machines over there. Whether there is any more virtue to the corporation than that, I don't know.
- H.M.Jr: Well, this committee, so to speak, is on trial. I told him we would give him immediate service. I don't know where the hitch is, but evidently it is of sufficient importance that both Mr. Hopkins and the Air Marshal are worried about it and would like to go to town on it, as we say.
- White: Is it your thought that this is just a temporary thing to handle the twenty planes?
- Boddis: That is what is going on at the present moment.
- White: I didn't gather that was the present idea.

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- Boddis: The general idea is an extension of the existing arrangement.
- Childs: It is an extension of this.
- H.M.Jr: No, that isn't what Mr. Hopkins - this is the plan, to set up, as I get it, more or less of a permanent organization which will ferry planes across to the Middle East.
- Purvis: And that must be an extension of the vehicle which was arranged to get the twenty troop ships over.
- H.M.Jr: That I don't know.
- Boddis: That is what I understood.
- Purvis: That was Self's understanding, too.
- H.M.Jr: Couldn't somebody get in touch with the Air Marshal?
- Purvis: I wonder if there is any question in your mind, Mr. Boddis, about it? Can Air Marshal Harris do anything about it?
- Boddis: I don't think so. I am not quite sure what the Secretary's point is.
- H.M.Jr: My point is simply this, that Mr. Hopkins put a proposal to me, would the dollars be furnished to finance this new corporation which is being set up.
- White: By the British Treasury.
- H.M.Jr: By the British Treasury, and he is willing to do everything on Lend-Lease except the personnel, and I told him that I would bring it in before the committee. He particularly mentioned Sir Frederick Phillips. And get the thing cleared today.

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Purvis: Well, is that put up by the British Treasury?

Phillips: No.

Purvis: I understood this was something that - is it something the British Treasury is putting up?

Boddis: Well, I prepared a card this morning for it, and it was my understanding that it would be considered this afternoon.

Childs: I think you had better read it, Mr. Boddis. It is your writing.

Boddis: Is that a reflection on my writing?

There is rather a lot of it, because I tried to divide it under the various heads of charges, but if Lease-Lend cannot bear the cost of the salaries of the crews, the other thing to be concerned with is the use of ground facilities which are already in existence because they are Pan-American Airways facilities and gasoline and oil. There is nothing else in it. So that there are just those two items.

The use of the ground facilities of Pan-American Airways and gasoline and oil.

Keynes: What is the amount of the excluded items?

H.M.Jr: Now look, just a second. I can't work like this, Arthur. It is impossible.

Now, Mr. Hopkins calls up. I get word to you what it is about. Somebody in the whole British organization ought to be able to know what it is. I mean, I can't work like this. I mean, I can't take my time up trying to unscramble British problems. If the British don't know themselves what it is --

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Purvis: Mr. Boddis, have you any doubts as to whether you have the whole story?

Boddis: None at all, sir.

Purvis: You feel you have the whole story?

Boddis: Yes.

Purvis: And so far as personnel are concerned, are they Army personnel or private personnel?

Boddis: They are U. S. civilian pilots as things stand at the present moment.

Purvis: And they couldn't come under Lend-Lease, Mr. Cox?

Cox: Probably not, and that is what I gathered Mr. Morgenthau is talking about. Under the present plan of delivering the twenty, the British are paying the Atlantic Airways - the pilot and if you extend that thing and make it a regular procedure, then as I understand it, somebody is going to have to pay the dollars to those pilots.

Boddis: Yes.

Cox: Which is the problem.

H.M.Jr: I can only repeat what Mr. Hopkins said, that this was very important, Air Marshal Harris is very keen to have it, but that when it came to payment of salaries, I don't know what for, because I didn't ask him, under Lend-Lease they could not pay for salaries. I don't know whether it is salaries of pilots, ground crew mechanics, or the rest of the stuff, but he said the rest of the stuff would be taken care of by Lend-Lease.

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- Purvis: Is this a British organized thing for the first time, or did the Americans organize it?
- Boddis: It was organized by us with the assistance of the U. S. Army Air Corps, and the scheme involves the picking up of planes at Miami, flying them from Miami to Trinidad, from Trinidad down to Brazil, and from Brazil over to Takoradi and from there up to Egypt, employing U. S. civilian crews for the main because of some difficulties of an international law in Brazil.
- Purvis: Well now, have you put up to Sir Frederick Phillips the dollar payments for the continuation of this beyond the twenty planes?
- Boddis: It hasn't reached Sir Frederick yet, sir. It only reached me at five minutes to one this morning.
- Phillips: As a matter of fact, I had another case of a somewhat similar type to bring up today, but I am going to report, Mr. Secretary, that obviously we have got to meet considerable dollar expense. They are paid in sterling, of course, these thirty thousand radio technicians.
- H.M.Jr: Are they?
- Phillips: Thirty thousand is the number they hope for. But they are going to be paid in sterling, but, of course, they will have to make allotments for their families, the married men, and I was going to report that that would impose a charge on our dollar funds which I would have to put up to you of ten to twelve million dollars a year, with the assumption they got as many people as they hoped.

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There is no hope for it. I don't suppose Mr. Cox has any doubt. It must be outside Lease-Lend.

Purvis: If that is the decision so far as personnel in these cases is concerned, do we need any more than that? Is there anything to be gained if that decision is definite, in bringing it into the discussions?

H.M.Jr: Well, the only thing to be gained is that the clearance for the dollars would be put through this committee; and in order to do that, we would want a piece of paper with you two gentlemen's signatures on it.

Purvis: Saying the amount of dollars in question?

H.M.Jr: Yes, and that you people approve it and want to clear it.

Purvis: Yes. Mr. Boddis, can that be done in the early future?

Boddis: Yes, sir.

Purvis: I don't suppose Air Marshal Harris can give that either, because he wouldn't know the dollars, would he?

Boddis: No, the trouble at the moment is to find out the number of machines which are going through, but we can get a figure which will be reasonably near in a very short time.

H.M.Jr: Is this the same twenty planes that they have been talking about for a couple of months?

Cox: Yes.

Boddis: The --

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- H.M.Jr: The Lockheeds that are up at LaGuardia?
- Cox: Yes.
- H.M.Jr: Do you mean to say they are still up there?
- Cox: No, they started, as I understand it, on Tuesday, didn't they?
- Boddis: Yes. The first ones are now on their way to South Africa; but the scheme that Air Marshal Harris and Mr. Hopkins are talking about is a further lot of airplanes to be delivered there to the full extent that we want them.
- Purvis: As deliveries occur, they will go into this machine and come out at the other end.
- Boddis: That is right.
- Purvis: And therefore the same principle - the hope of this committee, of course, was that something could be done to make - bring something under Lend-Lease that couldn't be brought on the test cases. Evidently that is out, from what you say, Mr. Cox, and therefore it is merely a question of stating a sum of money and getting authority.
- Cox: There are different cases. I think it has been pretty well decided on in this air ferrying that the personnel pay is outside of Lend-Lease.
- Purvis: Yes. There is no hope of overhauling that decision?
- H.M.Jr: Well, here is the situation in reverse where for some reason which I don't care to question, Mr. Hopkins is anxious that this project go through, and the other ninety-nine will be something that you want to go through.

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Purvis: Yes.

H.M.Jr: I think it is only common sense that where he shows his interest in a particular project that, taking it for granted it is something the English Government wants, that it should go through.

Purvis: Well, the principle behind this is established. Could we then, Mr. Boddie, assume that by, say, tomorrow, the card could be obtained with the necessary signatures on it of Sir Henry Self in that case, I suppose, and the Air Marshal, if he has to on, and Sir Frederick?

The principle is established. It could be put through quickly.

Keynes: It is quite certain, is it, that these personnel expenses - you know, they are going to be very large. These things are coming along very rapidly now.

The other one, Sir Frederick mentioned it, that is down on our agenda, is thirteen million dollars alone. I don't know how large this one is.

Purvis: More than that, isn't it?

Boddie: Yes.

Keynes: These are entirely outside any expected outgo we have, so it is rather serious.

Cox: Well, we haven't given up on that. For example, we have under consideration now a change in the appropriation language of some of the War Department appropriations so that monies appropriated for transportation can be used to transport equipment whether procured with U. S. or with British funds.

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- Keynes: What is the right moment that we ought to bring that up?
- Purvis: Yes, when can we - Mr. Cox, I would like to ask that, too. When does that come up, so that we can say it is settled, one way or the other, for it or against it? For Lend-Lease or against it.
- Cox: Well, the appropriation language change has already been drafted. It is now going through the Deputy Chief of Staff's office.
- Purvis: You mean in regard to the existing Lease-Lend appropriation?
- Cox: No, in regard to existing War Department appropriations, so that they can use their appropriations for transportation to transport goods, whether they were procured by your money via the Lend-Lease or by Army and Navy or Lend-Lease money.
- Purvis: Would it be wise for us to put through the channels something on a basis where we can't get the personnel paid for and get it crystallized out against the - in favor of our own dollars and against the other method? Is it wise to go ahead on that and get it crystallized out if there is any hope in the immediate future for change?
- Cox: Well, I think it would be wise to crystallize out, for example, this plan.
- Keynes: Isn't the right thing to do to say that it is agreed that it goes through one way or the other and then we can see which way it is handled?
- H.M., Jr: Mr. Keynes, just as long as you and I and

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the rest of us don't wind ourselves up on red tape that nothing goes through.

Keynes: Yes, that is what we want to avoid.

H.M.Jr: And you are not particularly - I mean, as far as this thing goes, the fact that you are doing this doesn't mean that we won't keep searching for ways to keep your problem easier.

Keynes: In this particular case it looks as though there was some hope, but we can satisfy Mr. Hopkins and the Air Marshal by saying that it is agreed by the financial authorities that it goes through one way or the other. That is all they want to know.

H.M.Jr: That is right.

White: I take it that the whole ten million dollars might not be spent. There might be only one or two. And if the law passes, the remaining aid would be handled the other way.

H.M.Jr: Well, I hope the aid will be in Cairo by the time the law passes.

Purvis: It could be divided into two lots then, Mr. Boddis, so that you would take care of it sufficiently far ahead so that there is no slow-up in the thing.

White: That was in the year. That was an annual estimate of the expenditure, I think.

H.M.Jr: What was the date that those twenty Lockheeds landed up at LaGuardia Field, do you know? They are not all Lockheeds.

Boddis: It was Miami, actually. They have been down there about a fortnight. At least a fortnight.

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H.M.Jr: Oh, much more than that.

Cox: More than that.

Purvis: Who is handling that?

Cox: We talked about it almost a month ago.

Boddis: It is held up on a number of formalities, mainly with the difficulty of the passage through Brazil.

H.M.Jr: They were collected and bought by Procurement fully over a month ago.

Boddis: Oh yes, fully a month ago.

H.M.Jr: Let's go on. This is the way White wanted me to start, in a nice friendly mood, telling everybody how good they were. (Laughter) But I just didn't feel friendly toward what had been accomplished.

"Much progress has been made in clarifying the steps necessary to be taken to expand the coverage of Lend-Lease arrangements with Dominions and over various types of commodities.

"Funds have been earmarked by Mr. Hopkins to take care of reimbursements on contracts over fifty thousand dollars each placed after March 11, but the British have not yet selected and submitted to Mr. Cox the appropriate contracts to be taken care of."

Purvis: Mr. Childs, what is the status of that?

Childs: I have got those contracts up, sir, making a final check which Cox asked me to make last evening.

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Cox: That is right.

H.M.Jr: And that represents how much in money, approximately?

Cox: I think fifty-two million.

Childs: Forty-one, wasn't it?

Cox: Yes, forty-one.

H.M.Jr: Well, that is --

Childs: That is in transit.

H.M.Jr: That is good. Anybody want to question that?

Purvis: Don't let's question anything that is good.

H.M.Jr: Two. "Hopkins' inquiry re possibility of British Treasury supplying dollars with which to pay personnel of contemplated American corporations created for the purpose of arranging the ferrying of planes across the Atlantic."

This is - well, that we got. If you haven't seen this, Mr. Keynes, this is the thing - this is the way we used to handle it, and this was the kind of thing that I was looking for, you see (exhibiting copy of former British financial report).

Keynes: Oh yes, I haven't seen that. This is January and February?

H.M.Jr: Yes, that is the way they came over and this is the way the thing came over every night.

Keynes: What we really want is this, with more detail behind it.

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H.M.Jr: Yes. You see, what I asked for was this and then when they didn't have enough detail they would say, "Well, on the item down here we want more details." It went on for about three months.

Keynes: That is very simple.

H.M.Jr: Now, I have been asking for this to come over and Cox agreed that this was acceptable to him, and then if he wanted something additional, he could ask for it.

Keynes: Can we begin the two things, Mr. Childs?

Childs: Let's talk to Mr. Cox about it.

H.M.Jr: It doesn't seem as though that was insurmountable. Have you seen this?

Childs: I think I have, sir.

H.M.Jr: Three. "Various memoranda that were promised to be ready soon: (a) on wool."

Phillips: Yes, sir. I have it here.

H.M.Jr: Good. Let's go.

Phillips: Well, it is fairly lengthy, but there you have wool, sisal and cocoa (handing memorandum to the Secretary).

Now we have a memo here of the New Zealand representatives of all their trade and the things they think could be brought under Lend-Lease and this memorandum of the hundred and fifty million which we said we would have to let outside Lend-Lease because of administrative difficulties in the U.K., that explains the position on that. That is

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just a note on that thing I mentioned earlier, the thirty thousand radio technicians.

White: It was our thought, Mr. Secretary, that we would examine those memoranda and then have prepared for you the opinion of the committee as to what suggestions they have for you to go forward on.

Keynes: Mr. Secretary, I should just like to say a word on the sisal and cocoa.

H.M.Jr: Please.

Keynes: Sisal is not a very big thing in itself, but it is rather interesting because it raises a principle. That is, whether we should insist on the f.o.b. contract, not only giving us dollars when ships are available, or whether they should be ready to pay against delivery in the warehouse on the other side. It would help us a lot if they could adopt the second principle.

Of course, the first one is the business-like thing for them, and therefore unless you argue that there are other reasons why they should adopt those - they are not very likely to.

But I think there are other cases of a similar kind. I think cocoa is also an example, but that is not a very good example.

In this document we are putting the case very tentatively, because on further inquiry it doesn't look as though it is a very strong case. It appears that there are large stocks of cocoa in this country, which I didn't know

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before, and that there is a very important direct shipping question.

Therefore, it is very likely that there is a good reason for what has been done on cocoa, but as it impounds our dollar resources by twenty million dollars, this committee ought to know about it and it is worth looking at it to make sure that the dollar position has been considered.

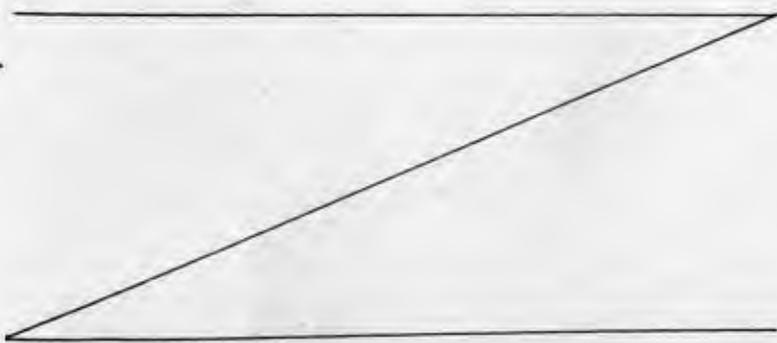
We may have other stronger cases later. You see, we put it forward very weakly because I am not very convinced it is a good one.

H.M.Jr: I will read it very carefully.

The next thing I have, "Actual contracts under fifty thousand dollars placed since March 11, to be submitted to Mr. Cox (only three have been submitted)."

Childs: That is in the same state, sir, of transit.

Cox: That is right. That is in the works.



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- Purvis: How long is it going to take to bring it through, Childs? Is it a massive job, physically?
- Phillips: Oh, very massive. Didn't they say four or five days?
- Childs: It takes an enormous time to get them all working. I think I had better warn you that it took five to six months to get the other four contracts that were approved sometime ago. That is at a later stage, not this stage, sir. These are entrain at the point of being initiated.
- Phillips: But Mr. Cox wants to know when he is going to get his figures. The answer is the end of this week or something of that kind, but it is a long job.
- H.M.Jr: Of course I can sit back and say, "Well, you know, what the hell," but I am putting pressure on everybody in my shop.
- Phillips: Yes. Of course you have the contracts over fifty thousand dollars which are at the moment most important.
- H.M.Jr: You see, I am talking about New York. The planes are all boxed up in New York.
- Cox: They were shipped from Miami up to Floyd Bennett and boxed, weren't they.
- Boddis: I don't think so. Most of them had long range tanks put in.
- H.M.Jr: Well, anyway, that is somebody else's responsibility. I take it that under the fifty thousand dollars that that will be pushed?

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Phillips: Obviously.

Purvis: Mr. Childs, you can't give an actual date of the under fifty thousand can you?

Childs: No, sir, I can't because the advice Sir Frederick gave us is the latest advice we have.

Phillips: The documents are all in New York.

Purvis: And the man up there is under pressure?

Phillips: Oh, yes.

Childs: It is a night and day job. They are working full tilt on it, I am quite sure of that.

H.M.Jr: "Proposed purchases of the British to be submitted to the committee for examination."
Well, I took that up earlier, didn't I?
Are there any today?

Cox: Yes.

H.M.Jr: Well, shall we do those now, Oscar, so that you can get something done today?

Cox: Yes. The first one is modification of bomb sights, proposed contract with Sperry Gyroscope and a total cost of two hundred seventy-two thousand eight hundred seventy-five dollars.

H.M.Jr: Can it, or can it not be lend-leased?

Cox: I think it can, legally, and I think the thing to do on it is to put the requisition in and that is a question of availability of funds, and I think on all of these things Mr. Purvis and Sir Frederick have to make up their minds whether they would rather have relief on

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the dollar exchange where most of the money has been allocated or - and forego some other item. You will have to take something off your--

Purvis: From our view, we want every - I mean, we are not covered by a billion - a billion and a half to two billion of items under the orders received from London, the program received from London in January and February, so naturally our anxiety is looking at it from the war angle, which to us is all important, is to get initiated orders placed on everything.

Cox: That is the essential problem pending going up for the new appropriation. Do you want to prevent an initial order being placed to the extent that you take over and release now the modification, for example, all, or to the extent that you pick up the existing contract?

Purvis: Our thought was that it might be possible on all the initiation orders if there was a - under Presidential directive, I don't know whether this is possible to get a letter of intention out - to do them by letter of intention of the type of thing which we did once before to close a hiatus. If that can be worked, then I think the answer to your point here is that we shall pick up everything we can here and leave the initiation orders to be covered on a new procedure while the new funds are available. The War Department, I think, have some thought that could be done if they are recognized as vital things. Do you think there is any chance of that?

Cox: I think you can do better than that on certain items of aircraft and certain items of war

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materials if you can get the policy determined because the War Department now has a new supply bill in the works which will probably be passed very quickly.

Purvis: Our information from the War Department is that that will probably not be money available before August, by which time other money might be available for the actual British requirement. Therefore, we have got to find something that will enable us to pick up these old - the initial orders against the old program before August, from our view, because every day is vital.

Cox: Well, I would suggest on that, Mr. Secretary, there are three or four of these items in terms of aircraft which are typical, that Mr. Purvis and Sir Frederick and I get together with General Burns who is handling the programming on the financial end on the commitments thus far made in the new program, because you may want to decide to let these - some of these go now and pick them up out of the new appropriation or you may decide to pick them up now and forego, and it is just a question of whether you can place these initiation orders now in terms of different types of material.

Purvis: Of course anything--

White: Isn't there an answer to - I don't gather you answered Mr. Purvis' question, which was whether or not it would be possible to initiate those orders by a letter of intention which could later be taken up.

Cox: Well, I don't think so because the ordinary manufacturer won't take a letter of intention

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unless you have got some money available to commit. Where the appropriation isn't likely to go through for two or three months, if it is pending, they will take it.

Purvis:

That is just what I thought you - you could say that the War Department has certain monies in its appropriation pending. Well, to the extent that it has initiated that drive through Congress to get that money and provided they are common types, we felt it should be possible, therefore, to take those up under a broad letter of intention which in the case of the U. S. Government letter of intention, I understand, does not have to carry the legal background that it does when we operated with our own money, where the contractor naturally expected a fully legal document.

Cox:

That involves going through the program and then having to go into the Army on monies over which they have direct control and saying that we think they ought to place an order on a letter of intent and for so-and-so equipment, which is of a common type.

Purvis:

Yes.

Well, we have done that, you see. I mean all this had been done with the War Department in schedules. Every single item which is not yet passed through in the form of a contract has been itemized with the War Department in the defense committees, and it is recognized that it is blocked for the time being unless some way can be found of this kind or unless a U. S. Army appropriation might become available prior to any further monies being made available for Lend-Lease. That is a condition. It would total some billion and a half. We have been over that

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with General Burns in considerable detail. We know exactly where we stand on that. It has all been itemized. Every single thing has been washed through.

Cochran: I know, but in terms of what has been allocated in the War Department for aircraft now, do you want to have the money used to take up these modification contracts or to pick up other things instead of initiating the order? Now, that is the problem that you have to face.

Purvis: Naturally, from our view, I am all for initiating the order as long as the money is there at all. We must, from the war view, take that attitude. I don't think there is any - we can't dispose of anything on the basis of initiations on the old program. Continuation orders, yes. That is what we decided, that we would whittle it down. I think the answer specifically to Mr. Cox's question is that we are at this time having specifically an examination made item by item of all program requirements from London which have not been able to be financed under Lend-Lease so far with a view to deciding which are initiation orders which must be placed immediately from our view irrespective of what happens to the Treasury of the United Kingdom and the continuation order which, from our view, can be postponed wherever production would not be interfered with by waiting, say, to the arbitrary date of the end of August. That examination is expected to be completed in a day or two.

Burns and I met at their house day before yesterday. But frankly, so far as we are concerned, we have no power to postpone the placing of initiation orders.

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- Phillips: There may not be enough of the continuation orders that can be postponed to take care of these.
- Purvis: Except that we are a billion and a half short. As far as we know, there will be no hope of covering the initiation orders to the tune of many hundreds of millions until a new appropriation becomes available.
- H.M.Jr: To sum up, Arthur, for me, I am rather simple minded, this particular order, do you place it or don't you?
- Boddis: If I may interrupt, Mr. Secretary, there is a practical difficulty about putting that under Lease-Lend, and that is the contractor has flatly refused to accept the amendment to a prior contract.
- H.M.Jr: Well, gentlemen, do you think I would be unreasonable if I would ask the next time before we came some of these things, strictly British things, could be ironed out before we--
- Purvis: Well, it is because we knew of these difficulties, Mr. Secretary, that we have in the past been paying - this is a pattern. This is an illustration of a pattern that we are bringing before the committee to see whether despite our knowledge that in the past the contractors have taken this position, some way could be found for change-orders on existing contracts to be brought under Lease-Lend.
- White: I also think, Mr. Secretary, that Mr. Purvis' point which he made as a possible third alternative, since he doesn't - he has made

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a selection as between the two alternatives which Mr. Cox presented him with, but he suggested a third alternative and, speaking for myself, it is not clear to me that an adequate answer was given that the thing excluded all possibility of acting on a type of commitment which he answered.

H.M.Jr: State it again, the one you are referring to.

White: There were two alternatives which were presented. Either to initiate this order and not make the funds available for relief or to make the funds available for relief and not initiate the order. As between the two alternatives, Mr. Purvis said he is in favor of initiating the order and forego relief, but he thought there might be a possibility of a third alternative which was to have them initiate the order on a letter of intention. In that way they could have the order started and then they could still get relief. The question therefore was whether it was possible to do that on a letter of intention.

Mr. Cox pointed out, or Mr. Purvis did, that the letter of intention would not satisfy the contractor if the letter of intention were that provided by the British Government, but it might - it would satisfy the contractor if provided by the United States Government and the Army, and the question then still remains to be answered, at least I haven't heard the answer, there may be one. Is it or isn't it possible somehow to get that letter of intention from the American War Department and thereby making it possible to both initiate the order and get relief, which is what you are trying to do?

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Purvis: That is right.

Doctor, I think your point is very well taken and I would suggest that what we are lacking in this meeting at this particular point is the Army representative. Our information is that the U. S. Army will say, "It can be done with that letter of intention, provided we have a directive from the President justifying our going out on that as a possibility."

White: Well, that is the final way out. Then that is exactly what should be brought up before this committee and the Secretary may be able to get you that.

Purvis: That is right.

H.W.Jr: What I was asking Mr. Cox was, he said this particular thing that we are discussing is something that should be put up to the Lease-Lend organization and--

Purvis: I thought this committee was the medium for doing that.

White: That is right. It was so indicated, Mr. Secretary, and Jake whispered to me something which I am in agreement with, that this is one of the tough cases that we thought Oscar could help us out on. Now is his chance to deliver.

Viner: Mr. Cox promised us that these hard cases weren't as hard as the English thought they were. Here is the first one, I see. I would like to hear some help from Mr. Cox, just what procedure would he advise.

Cox: Mr. Secretary, we have got two problems here. This is a case properly before the committee, and then you get into an incidental field,

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which is the War Department field, as to whether as against their appropriations they will place a letter of intent for the very selfsame common article that the British want to fill out their requirement, and neither the Secretary nor I tell the British what they ought to do, and I suggest that it be put up to Mr. Hopkins, not in terms of Lend-Lease and such, but in terms of discussing it with the Army and Navy on behalf of the British and, if necessary, getting a directive issued that they go ahead and do this.

Purvis: We have discussed that with General Burns this week, you see, for instance, in general, and I don't mean to say that we have come to any specific cases particularly, but we have talked over this difficulty. Nobody knows any way out except - unless this letter of intention should work. Then our information, after we are on the British angle of this, we can't do the American policy end. It is not our affair. We might get rather kicked off if we tried. But what we are in the position now of wanting to know really is, would a directive be available to the U. S. Army if, as we understand it, the U. S. Army could proceed on this basis?

Now, if we just go back and put this up to General Burns, we start all over again on another attack, and I believe we may spend a great deal of time and be back here a week later just the same.

H.M.Jr: Well, I was trying to be helpful. I would like to make this suggestion. Let's say it has been brought up here and if it is agreeable to Oscar Cox, I would like to have another meeting Tuesday afternoon, and between now and Tuesday, if you could, try to bring an answer back, you see, so we know which way

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we will go with the dollars.

Keynes:

Mr. Secretary, I think we are discussing entirely two different things. The first question, is the particular order available for Lend-Lease? and the second question, if it is, how is enough money to be found from one source or another? And the big question is the second which Mr. Purvis has been talking about. Mr. Boddis' question is quite a tiny one compared to that. Are you able to help us in this particular individual small case?

Cox:

I think the answer to that is, "Yes," if the money is found - I mean, one, you make up your decision that you want to use the money for this purpose, and I think you are on the road to a practical solution because the manufacturer has said to the British alone, "We won't take this modification where the modification contract runs between the United States and us as manufacturers." Now, it may very well be a different case, where the U. S. Army comes along and says to the manufacturer, "We want you to take this modification contract," because you are an expiring customer and the U. S. Army is a continuing customer.

H.M.Jr:

Could I just make a little suggestion? Whatever my time is worth, if you don't mind my saying it, I don't think you are making the best use of it. What I had hoped to get and I haven't got - I mean, if I could get it, I could be of some use. I have the position of the British Treasury as of June 1. I had hoped to get the position each week. What went in and what went out and some way to be able to gauge what your dollar expenditures were on a weekly basis. Now, I am no nearer that today than I was on

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the nineteenth, and I have no feel of the thing, and you are getting me all mixed up now.

- Keynes: But that is all back history, and that we haven't got ourselves and can't give you. The exchange fund is paying out money on all kinds of tickets because South Africa wants it or Australia and so on. In so far as the BPC orders, that is already provided but the rest of the thing which is the trouble, we don't know ourselves. There is no means of knowing.
- H.M.Jr: When will you?
- Keynes: What we are wanting to do--
- H.M.Jr: When will you?
- Keynes: Where we shall be able to set up an organization which will be routine to coordinate the major activities this way, but it will take a very long time because it is only in the last week that we have been told that it was worth while attempting to centralize the ordinary dominion requirements. There isn't any organization at all for it.
- White: Mr. Keynes, I think possibly you are talking about two different things. You are talking about a further - a more comprehensive statement which you are working toward. I think the Secretary had reference to the statement which Sir Frederick said he was going to have every week, just a cash statement.
- Phillips: Just a statement of the cash balance?
- White: The difference from the previous thing.

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- Keynes: It wouldn't tell you anything. It will just be at the beginning of the week we had a hundred and thirty-eight million dollars and at the end of the week we have got a hundred and sixteen, something like that.
- H.M.Jr: Well, at least it would give me that much of an indication of how much you are using a week.
- Phillips: Yes.
- Purvis: That is going to be done, isn't it?
- Phillips: Yes.
- Keynes: It wouldn't even do that.
- H.M.Jr: They have it. Sir Frederick has it.
- Purvis: If the Secretary wants it, I think the point is that if it will help him in the slightest and it can be given, let's give it to him.
- Keynes: Yes, certainly, but I don't think it will get us an inch farther forward. Let's see what it is worth, but I don't think it is worth anything.
- H.M.Jr: Could I have a look at it?
- Keynes: Yes.
- H.M.Jr: Because I don't know - I can't tell. As far as I am concerned, I don't know any more today than I did on the nineteenth. I don't know how fast the money is going out.
- Purvis: The fact is, we are a billion and a half short, approximately.
- Keynes: We have given estimates, and whether it comes

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this week or next - it isn't exact. We have provided full estimates of what we think we are going to spend over a period. If you take it week by week our estimates will be inaccurate, but if it is a little less this week, it may be a little more next. These commitments have got to be made some day. It isn't very important whether they are paid this week or next week or the week after.

- H.M.Jr: Well, the estimates as to when you have reached the end of your rope - I mean, we have had this now for a good many months and the situation never turned out to be as bad as the British Treasury thought it would be.
- Keynes: But all these payments - you will find that in the estimates we put in a week ago, we don't expect to be short of cash at any time. After we have got the proceeds Mr. Jesse Jones has loaned, we shall for the time being have quite a lot of money so that the immediate cash position will be better in July than in any subsequent month for a long time to come.
- H.M.Jr: Well, just let - I don't want to go by my memory.
- Merle, when was - what was the first month that we were given the date that the British Treasury had reached the end of their rope?
- Phillips: June, wasn't it?
- Cochran: No, when we talked to Sir Frederick lastfall.
- H.M.Jr: I have got the date. I will write down what I think was the first time, but you tell me, you see. I remember it.
- Cochran: I can't tell you.

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- Keynes: It all depends on how fast your contractors deliver the goods. If they deliver ten percent more we shouldn't have anything.
- H.M.Jr: As I remember it, I think it was January that you would be out of funds.
- Purvis: Contractors are behind on the deliveries, that is true, Mr. Secretary. On January, February, March outgoes on our contracts, April, May, and June are less appreciably than we expected. To our great regret, it means that on the sheets that I get, the bulk of the cases, contractors are behind. That means our outgo hasn't been quite so great.
- H.M.Jr: Well, I am extremely anxious to be helpful to the British Treasury. I want to be just as helpful as I can. In order to do that, I have got to get certain information which may be of no value after I get it, but at least, I would like to have it. To evaluate the thing and go back over the picture for six or ten or twelve months and take a look at this thing and sort of get a view of the thing because I went to the President once or twice on this; and, if I go to him again, he will say, "Well, they are just crying, 'Wolf,' that is all."
- Keynes: Mr. Secretary, what we are trying to do is, we thought with your approval to build up a balance of the order of six hundred million dollars. We have shown estimates that on certain assumptions our balances early next year will be something of the order of two hundred. Then on other assumptions they could be larger.
- Well, now, nothing that we can show you as to whether the contractors are exactly living up to their contracts or not will materially

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modify that. That is the big factor.

H.M.Jr:

If you don't mind, you work one way, and I work another. To be helpful, I can only work in a certain rather slow and methodical way, and if you will humor me a little bit, maybe by humoring the old man I can come out at the end and be helpful, but I have got to be humored a little bit, and all that I want is to sort of get this thing now on a weekly basis, get the mechanics set up for this committee where they will clear this thing automatically; and then the difficult ones, like this particular one, I am more than willing to put the pressure on Cox or anybody else to try to get them straightened out, but I want to get the mechanics. I mean, I have been here eight years. Maybe it is eight years too long, but I am getting to be a regular Treasury official, and I have got to have my statistics and my weekly balance sheet, and I have got to know what is going on, just the way with my own check book, and I haven't got that and the fact - I don't want - I have gone to the President once or twice on this, and I have missed it by about six months, and I don't want to go again in your behalf unless I am nearer right than what I was before, but he has sort of made fun of me that I have so bearish on your position, and when I go back he says, "I told you, you were wrong." That is what he told me the last time. I don't want to go back again unless I am sold on the fact that you people are up against it, which, at the moment, I am not sold on.

Keynes: Up against it, in what sense?

H.M.Jr: For cash.

Keynes: But we aren't expecting to be up against it

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for cash. We have put in estimates which never fall to zero.

Purvis: I think it is just - up against it is just a phrase, depending how you interpret that, Mr. Keynes. I think the point is, I am the one who is up against it. I have a program in the British Government dating back to January and February which is about a billion and a half short. You are fluctuating around a certain number of dollars in the till, but actually those orders, it is a fact, are delayed month to month, week to week, and day to day, and that is my particular problem, the problem of getting the orders started, because they will certainly never be produced until we can get the initiation orders in. I see no way that - we have examined this with General Burns with considerable care. I see no way of bridging that gap so far as being up against it for placing war orders is concerned except through this temporary letter of intention.

H.M.Jr: Well, I think you have got to sell Cox on that.

Purvis: General Burns will report that to you because he has been into it a great deal. He is the one who is telling us we are short. We are not telling him because we don't know. He is the only one who holds the dollars. We can only say, "Here are the quantities," but he has handed us back a list of orders over his signature, orders which cannot be placed through lack of finance, item by item, which we have put in requisitions for some considerable time back.

Cox: Are you counting to any degree on the three billion dollars asked for for aircraft in the Army?

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- Purvis: It is entirely apart from that. That is completely obligated and the letters of intention around. Every single one of the manufacturers on heavy bombers has for a month been proceeding with production. In all the items I am talking about which are ordnance, tank items, things of that kind, there are hundred of them held up because we are advised by the War Department that they have no funds.
- Cox: Well, now, wait a minute.
- Purvis: And the requisitions are in and it has all been agreed in regular expenditure programs, balanced and reconciled, and is in General Burns' possession.
- Cox: Not to take up your time, Mr. Secretary, but I think we can help to clear that one up because there is a War Department appropriation now pending which gives the Chief of Staff a completely unlimited contract authorization, to go out and buy tanks and everything that goes with them, for instance, with no dollar limit.
- Purvis: We are advised, Mr. Cox, that the War Department will not move without Presidential direction. Bringing that before the committee is our problem.
- Cox: I think the Secretary is right, I don't think that from that point out is a committee problem.
- H. E. Jrs: I am not - I am not sure that I agree with you. It is a dollar problem, Oscar.
- Viner: They could go ahead if they had the dollars, couldn't they?

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- Purvis: That is right.
- Cox: You are talking about a billion and a half.
- Purvis: If we could get two or three hundred million, we could place the most urgent items.
- H.M.Jr: I do think it is a dollar problem.
- Cox: I think they are inter-related, but I think it is a practical matter. On this open-ended contract authorization, if you want to get them together full blast on what our Army will need for an armored division and on what the British will need for an armored division, then the President has got to say to the Chief of Staff, "Here is the major policy of the Government," and we want you to order so-and-so and so-and-so and so many tanks.
- White: Mr. Secretary, I have a suggestion to make. I am wondering whether much of the discussion today might have been considerably reduced if we had an opportunity to have a prior meeting right before coming in here. Some of this material was just presented, and there hasn't been any time to thrash through much of this before we came in here.
- H.M.Jr: Well, Harry, You will have to, because I won't go through this again.
- White: So that I suggest the next time that you--
- H.M.Jr: I won't go through it again. Something has to be worked out that there has to be - because it is silly for me to sit around with all of these things up in the air and have to do all the spade work here.
- White: Well, if you will indicate the next meeting you want and then we can arrange a prior

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meeting right before so that when we come here there will be complete agreement.

- H.M.Jr: I am ready at three o'clock Tuesday.
- White: Well, if we could meet Tuesday morning, if it is agreeable.
- Purvis: I am afraid I have got to go away for a few days.
- H.M.Jr: You should.
- Purvis: I will have somebody else here. I am a little afraid, myself.
- H.M.Jr: Well, you should.
- Purvis: But we will have a proper representation.
- H.M.Jr: You can switch Alphan. He is down for three o'clock.
- Cochran: Yes, I will switch him.
- H.M.Jr: Why not let's say three o'clock Tuesday?
If you can stay behind a minute, Arthur, I would like to talk to you.
- Purvis: Yes, I will.
- H.M.Jr: And then if they could do that thing in the morning in your (White's) office.
- White: Yes. Since today is Thursday, I thought we might try meeting again tomorrow, and no matter how frequently you meet, I think that always before we come here we ought to have a prior meeting.
- Purvis: Yes.

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- H.M.Jr: They ought to see my agenda. I think the English should see my agenda before it is brought to me.
- Childs: It would be very helpful.
- H.M.Jr: And then if they say they are not ready, it wouldn't go on the agenda.
- White: Then supposing we--
- Keynes: Mr. Secretary, I think we have our own agenda, and I think we ought to leave that with your people first.
- H.M.Jr: Have one agenda and simply say, "We won't bring this up because we are not ready."
- Purvis: It needs a little secretariat, does it?
- Keynes: Yes.
- H.M.Jr: Well, White will represent me.
- White: Well, then, supposing we meet tomorrow and we will also meet Tuesday morning. Is that - tomorrow in my office at whatever time is agreeable. Is that too soon, Oscar, to get some action in?
- Cox: I would think so, because we have a few other things to do.
- White: Well, tomorrow is Friday.
- Childs: Three o'clock?
- White: It will have to be, then, Tuesday morning.
- Phillips: We could find plenty of material for meeting tomorrow afternoon, can't we.

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- Childs: I can have anything tomorrow afternoon that anybody wants, any form that is approved.
- White: Let's make it tomorrow afternoon, then.
- Cox: I think we can proceed faster in the Tuesday meeting if instead of a meeting tomorrow we map out those things with a smaller group.
- White: Except, Oscar, I have found that every time we have met, there have been points about which there has been disagreement and in which clarification has resulted. It is better to clarify as much as you can, and then you may make progress by the time the Secretary sees us on Tuesday so that even if we get together for half an hour - if we are in complete agreement, we can get together in fifteen minutes. If we stay longer it is because there isn't complete agreement, so it is necessary to stay longer. I would suggest that we meet tomorrow afternoon, if it can be arranged.
- H.M.Jr: Are you going away?
- Cox: I am going away Saturday morning.
- H.M.Jr: Can't you meet with them at three o'clock tomorrow?
- Cox: I think so, if it won't take very long, because I have got a lot of other things on the schedule.
- White: We will try to make it brief. We will confine ourselves to be as brief as we can.
- H.M.Jr: All right.

June 26, 1941

AGENDA FOR 3:00 MEETING

1. Much progress has been made in clarifying the steps necessary to be taken to expand the coverage of Lend-Lease arrangements with Dominions and over various types of commodities.

Funds have been earmarked by Mr. Hopkins to take care of reimbursements on contracts over \$50,000 each placed after March 11, but the British have not yet selected and submitted to Mr. Cox the appropriate contracts to be taken care of.

2. Hopkins' inquiry re possibility of British Treasury supplying dollars with which to pay personnel of contemplated American corporations created for the purpose of arranging the ferrying of planes across the Atlantic.

3. Various memoranda that were promised to be ready soon:

- (a) On wool, strategic materials, cocoa, imports on private account
- (b) The recent statement of the cash position

4. Actual contracts under \$50,000 placed since March 11, to be submitted to Mr. Cox, (only three have been submitted).

5. Proposed purchases of the British to be submitted to the committee for examination.

6. Anything further on Dominion needs and centralization of Dominion purchases here.

7. Recent developments in proposal to borrow dollars from the Reconstruction Finance Corporation against collateral.

HDW/mw
6/26/41

JUN 26 1941

Dear Mr. Cox:

The draft of agreement proposed to be entered into between the Kingdom of the Netherlands and the United States under the Lend-Lease Act has been examined. I have no suggestions to offer as to its content as, assuming a very simple and flexible understanding is the objective, the agreement sent me would seem to fulfill its purpose admirably.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Oscar Cox, Esq.,
Division of Defense Aid Reports
Office of Emergency Management
Federal Reserve Building,
Washington, D. C.

JJO'C. Jr/Lsw
6/23/41

File to Mr. Thompson

By Messenger

June 17, 1941

Copies to:

Mr. Bell
Mr. Foley

The Secretary would like
you to prepare draft of reply for
his signature.

N.M. Chauncey

OFFICE FOR EMERGENCY MANAGEMENT
DIVISION OF DEFENSE AID REPORTS
WASHINGTON, D. C.

June 7, 1941

Dear Secretary Morgenthau:

I am enclosing herewith a copy of a proposed agreement to be entered into between the Kingdom of the Netherlands and the United States under the Lend-Lease Act.

Since the Netherlands Government wishes to proceed as soon as possible under the Lend-Lease Act, it would be very helpful if we could have your views on this proposed agreement at your earliest convenience.

Sincerely yours,

Oscar Lof

Hon. Henry Morgenthau, Jr.
Secretary of the Treasury
Treasury Department
Washington, D. C.

Enclosure

DRAFT OF PROPOSED AGREEMENT

To make possible the establishment of those international relationships essential for the maintenance of peace with freedom, the Governments of the Kingdom of the Netherlands and the United States agree, pursuant to the Act of March 11, 1941, as follows:

1. The United States will supply the Kingdom of the Netherlands with such defense articles and defense information as the President shall authorize to be transferred.

2. The Kingdom of the Netherlands will, until further notice, pay in advance for all defense articles and defense information requested by it to be transferred. In the event of its inability to supply any defense articles or defense information paid for in advance by the Kingdom of the Netherlands, the United States will refund such advance payments, or credit the Kingdom of the Netherlands with such payments against other defense orders then or thereafter presented.

3. The Kingdom of the Netherlands will not, without the consent of the President of the United States, transfer title to or possession of any defense article or

- 2 -

defense information transferred to the Kingdom of the Netherlands hereunder, or permit its use by anyone not an officer, employee, or agent of the Kingdom of the Netherlands.

4. If, as a result of the transfer to the Kingdom of the Netherlands of any defense article or defense information, it is necessary for the Kingdom of the Netherlands to take any action or make any payment in order fully to protect any of the rights of any citizen of the United States who has patent rights in and to any such defense article or information, the Kingdom of the Netherlands will do so when so requested by the President.

5. The parties to this agreement, and the officials signing this agreement on their behalf, each for itself, himself, or themselves, represent and agree that the execution and delivery of this agreement have in all respects been duly authorized, and that all acts, conditions, and legal formalities which should have been performed and completed prior to the making of this agreement have been performed and completed as required by and in conformity with, respectively, the laws of the United

- 3 -

States and the Kingdom of the Netherlands.

Signed in Washington in duplicate this _____
day of _____, 1941.

ON BEHALF OF THE UNITED STATES
OF AMERICA

(Title)

ON BEHALF OF THE KINGDOM OF THE
NETHERLANDS

(Title)

~~DVLE~~
~~RECEIVED VI~~
~~SECRETARY'S CORRESPONDENCE DIVISION~~
10:20

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE June 26, 1941

TO Secretary Morgenthau
FROM Mr. Hagg

The originals of the files are in Mr. Philip Young's possession but we have copies. Each transaction consisted of the following documents:

- (1) Letter of request from Sir Frederick Phillips and letter of transmittal from Mr. Charles T. Ballantyne, together with detailed statements itemizing the proposed contracts to be placed;
- (2) Letter from Mr. Philip Young stating that the Treasury had no objections to the proposed orders.

On the detailed statements Sir Frederick Phillips indicated his approval by his signature.

There is attached a sample set of the documents involved in one day's transactions.

Attachment

Request of
Sir Frederick Phillips

THE BRITISH SUPPLY COUNCIL IN NORTH AMERICA

Copy

TELEPHONE: REPUBLIC 7860



Box 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

March 6, 1941.

The Honorable Henry Morgenthau, Jr.,
Secretary of The Treasury,
Washington, D. C.

Dear Mr. Secretary:

I write to inform you that I have approved and noted the contracts contained in the following statements, entitled "APPLICATION FOR PLACEMENT OF ORDERS IN THE UNITED STATES THROUGH THE BRITISH EMPIRE PURCHASING MISSIONS", dated March 6, 1941:

	<u>Page</u>	<u>Total Value</u>	<u>Initial Payment</u>
British Purchasing Commission			
Iron & Steel	#68-29	\$4,541,597.00	\$850,109.25
British Air Commission	#23	1,187,065.00	590,000.00
Total		\$5,728,662.00	\$1,440,109.25

Yours very truly,

A 2013

Audited
PH

RECEIVED

MAR 6 1941

Treasury Department
Office of Philip Young

Copy

THE BRITISH SUPPLY

Letter of transmittal of
Mr. C. T. Ballantyne

100
153
MERICA

TELEPHONE: REPUBLIC 7860



Box 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

March 6, 1941

Mr. Philip Young,
Assistant to The Secretary,
Treasury Department,
Washington, D. C.

Dear Mr. Young :

We attach hereto two copies of the following statements, entitled "APPLICATION FOR PLACEMENT OF ORDERS IN THE UNITED STATES THROUGH THE BRITISH EMPIRE PURCHASING MISSIONS", dated March 6, 1941:

	<u>Page</u>	<u>Total Value</u>	<u>Initial Payment</u>
British Purchasing Commission Iron & Steel #68-69		\$4,541,597.00	\$ 850,109.25
British Air Commission #23		1,187,065.00	590,000.00
Totals		\$5,728,662.00	\$ 1,440,109.25

We also enclose a letter of Sir Frederick Phillips stating that these contracts have been noted and approved on behalf of the U. K. Treasury.

Yours very truly,

Associate Secretary

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Encls.

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Division of
Research and Statistics Treasury Department
Office of Philip Young

British Purchasing Commission

STATEMENT NO. 44

March 6, 1941

MINISTRY OF
VALUES IN U. S. DOLLARS

ITEM NO.	ORDER NO.	CONTRACT NO.	SUPPLIER	DESCRIPTION	UNIT AND QUANTITY	VALUE OF ORDER		TOTAL	DELIVERABLES AND TERMS
						PRODUCT	CAPITAL		
IRON & STEEL									
733	BISC OS 35	JAL/570	James & Laughlin Steel Corp.	Plates - Carbon Steel	2300 tons		Total Value	Total Amount	
							\$ 135,000.00	\$ 28,500.00	
734	BISC OS 37	BKTS/576 ADD	Bethlehem Steel Export Corp.	Billets - " "	1250 tons		53,000.00	-	
735	BISC OS 38	BKTS/586	" " " "	Revolving Billets	3000 tons		120,000.00	-	
736	BISC OS 39	BKTS/585	" " " "	Sheet Slabs	3000 tons		125,000.00	-	
737	BISC OS 60	HM/516	Harvey Harris Company	Seamless Tubes	140 tons		7,200.00	7,200.00	
738	BISC OS 61	UMS/518 ADD. Spec. 218	U.S. Steel Export Co.	Revolving Slabs	500 tons		21,000.00	-	
739	BISC OS 62	UMS/562 ADD. Spec. 203	" " " "	" "	800 tons		33,000.00	-	
740	BISC OS 63	UMS/633 Sp.164	" " " "	Sheet Slabs	1000 tons		41,000.00	-	
741	BISC OS 64	UMS/631 Sp.253	" " " "	Revolving Slabs	1500 tons		60,000.00	-	
742	BISC OS 65	UMS/630 Sp.264	" " " "	" Billets	7000 tons		290,000.00	-	
743	BISC OS 66	UMS/558 ADD. Spec. 215	" " " "	" "	2000 tons		90,000.00	-	
744	BISC OS 67	BKTS/507 Sp.289	Bethlehem Steel Export Corp.	Sl.Mg.Steel Round Bars	678 tons		130,000.00	-	
745	BISC OS 68	BAHS/502 SP.275	Dunbar Steel, Inc.	Round Steel	3 tons		3,000.00	750.00	
746	BISC OS 69	BKTS/599 ADD. Spec. 165	Bethlehem Steel Export Corp.	Revolving Billets	750 tons		33,000.00	-	
747	BISC OS 70	BKTS/579 Sp.281	" " " "	Shell Steel	304 tons		18,000.00	-	
748	BISC OS 71	BKTS/580 SP.279	" " " "	Shell Steel	1533 Tons		90,000.00	-	
749	BISC OS 72	IX/512 SP.248	Inland Steel Company	Rimmed Steel Slabs	6500 tons		295,000.00	73,750.00	
750	BISC OS 73	REP/541 SP.379	Republic Steel Corporation	Shell Steel	1714 tons		100,000.00	25,000.00	
751	BISC OS 74	UMS/628 SP.260	U. S. Steel Export Co.	Forging Blocks	1000 tons		50,000.00	-	
752	BISC OS 54	JAL/565 SP.261	James & Laughlin Steel Corp.	Round Bars- Cold finished	75 tons		6,000.00	1,500.00	
753	BISC OS 55	JAL 537 ADD. Spec. 118	" " " "	Seamless Steel Tubes	800 tons		9,500.00	2,375.00	

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 Increase in price.
 No increase in tons

Amended

British Purchasing Commission

ORDERS PLACED IN THE UNITED STATES THROUGH THE BRITISH EMPIRE PURCHASING MISSIONS

FORM OF APPROPRIATION

March 6, 1941

VALUES IN U. S. DOLLARS

ITEM NO.	ORDER NO.	CONTRACT NO.	SUPPLIER	DESCRIPTION	UNIT AND QUANTITY	VALUE OF ORDER		INITIAL AMOUNT	REMARKS
						NUMBER	DOLLARS		
						IRON & STEEL - Continued			
754	HISC AS 23	GRS/103	Ohio Seamless Tube Co.	Cold Drawn Seamless Tubing	520,000 Ft. (180 tons)		Total Value	Initial Amount	
755	HISC AS 24	GRS/139	W. W. Steel Export Corp.	" " " "	165,000 Ft. (39 1/2 ")		\$ 165,000.00	\$ 41,200.00	
756	HISC AS 25	AGI/104/XI	Allegheny Ludlum Steel Co.	Bullet Core Steel	19 tons		39,600.00	9,900.00	
757	HISC DF 69	TBW/1008	Tremont & Williams Steel Forging.	Drop Forgings (31 items)	227 g. Tons		13,900.00	3,475.00	
758	HISC DF 70	HSC/1003	Harrisburg Steel Corporation	" " (5 items)	XI-3/4 G. Tons		184,000.00	44,000.00	
759	HISC DF 71	TBW/1009	Tremont & Williams Steel Forging.	" " (1 item)	15 G. Tons		19,000.00	4,750.00	
760	HISC DF 72	GRS/1004	General Motors Overseas Corp.	Finish Machined Forgings	(7 items)		6,100.00	1,525.00	
761	HISC DF 73	FGE/1006	Ford Motor Company	Machined Forgings (7 items)	1/2 G. Tons		258,452.00	64,613.00	
762	HISC DF 74	WPH/1004	Milwaukee Forge & Machine Co.	Drop Forgings (1 item)	195 1/2 G. Tons		265.00	66.25	
763	HISC DF 75	SIPC/1010	Steel Improvement & Forge Co.	" " (5 items)	22 G. Tons		109,000.00	27,250.00	
764	HISC-8	SR/3	SKF Steels, Inc.	Ball Bearing Material			8,500.00	2,125.00	
765	HISC-9	SR/4	Timken Roller Bearing Co.	" " "			150,000.00	-	
766	HISC/10	STATES/2	States Marine Corporation	Shipping charges - advance for month of March, 1941			915,000.00	-	
767	HISC-11	SR/1	Electro-Metallurgical Sales Corp.	Ferro Alloys			352,000.00	352,000.00	
						TOTAL * IRON & STEEL	44,541,997.00	\$ 890,209.25	
						TOTAL - PAGES Nos. 68-69	\$ 4,541,997.00	\$ 890,209.25	

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Treasury Department
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APPROVED ON BEHALF OF THE U. S. TREASURY

By.....

Chadwick

British Air Commission

MINISTRY OF AIR

ORDERS PLACED IN THE UNITED STATES THROUGH THE BRITISH EMPIRE PURCHASING MISSIONS

STATEMENT NO. 27

VALUES IN U. S. DOLLARS

March 6, 1941

ITEM NO.	ORDER NO.	CONTRACT NO.	SUPPLIER	DESCRIPTION	UNIT AND QUANTITY	VALUE OF ORDER			REMARKS
						PRODUCT	CAPITAL	TOTAL	
	F E R	Regulation							
				AIRCRAFT PRODUCTS					
							Total Value	Total Capital	
74	64-807-65/40/1356 3th	P-221 Amend.	Dunkirk Aviation Corp. (Halifax Division)	Spare parts for "Halifax" starters, etc.			\$1,187,065.00	\$ 790,000.00	
							TOTAL - AIRCRAFT PRODUCTS	\$1,187,065.00	\$ 790,000.00
						APPROVED ON BEHALF OF THE U. S. TREASURY			
						By.....			

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MAR 6 1941
1:00 pm
Treasury Department
Office of Philip Young

Division of
Research and Statistics

Redited

June 26, 1941
4:20 p.m.

Archibald
MacLeish:

I've got a problem I want to put up to you. I - this is - Francis Biddle and myself sort of sticking our necks out and we may be all wrong about it, but I don't think we are. Our question is whether the President oughtn't to issue a Fourth of July proclamation this year which will not only go to the press the day before the Fourth for publication in all newspapers on the morning of the Fourth, but which would also be broadcast by him at a morning hour which would reach this country as a whole and which would be an afternoon hour abroad.

HMJr:

Yes.

M:

That proclamation could be a - well, another Declaration of Independence in terms of the Freedoms involved and the present situation both internally and externally. In other words, a very ambitious thing. Now, we got far enough in talking about it to think that maybe I might try to produce some sort of a dead cat for people to throw eggs at, you know, provided if there's any possibility at all of the President being willing to undertake it. What we have in mind is something so ambitious that it seems to me we oughtn't to prepare it and then go running up there sometime next week a day or two before hand and then say, don't you think you ought to do this? In other words, it seems to me that we ought to get to him with the inquiry now to see whether it's something that he cares to do. Hence we turn to you. What do you think about it?

HMJr:

Well, whether he should do something on the Fourth?

- 2 -

- M: Yes, two questions - one, should he - if it is a good idea at all to really try to do a very serious job of a Fourth of July proclamation covering a lot of ground aimed abroad as well as here and, secondly, if it is a good idea - should we try to go to him with it as a question now or wait until we get the thing drafted and if it's any good at all take it up and see how he feels about it.
- HMJr: I could give you my horseback opinion - I mean, I'd present something to him, you see, and then if it appeals to him he can do it. Of course, it's a little harder on you that way.
- M: That's - that's all right. It's just a question of time now and have got the week end to work in.
- HMJr: Well, that would be my horseback opinion - I mean, to get something and then - that you think is good and then say well here's something, now does this appeal to you for the Fourth of July?
- M: Yeah. Well how do you feel about it as a general idea? Do you think - this seems to me that it's one of the greatest moments that it oughtn't be allowed to go by.
- HMJr: I think that the Fourth of July would be a grand time to do something.
- M: I think it would be a grand thing.....
- HMJr: I think - I think it would be a grand thing. I don't think that - well, he just hasn't done anything like that and I think it's high time that he did.
- M: All right, Henry, thank you a lot.
- HMJr: I - it appeals to me very strongly.
- M: All right. Good.

- 3 -

HMJr: Is that what you wanted?

M: Yeah, that's what I wanted to know, yeah.

HMJr: It appeals to me very strongly.

M: All right, Henry, thank you.

HMJr: And a.....

M: If I get something done could I bring it out and show it to you - are you going to be here this week end?

HMJr: No, but I'll be back either Monday night or Tuesday morning.

M: Well, I might even shoot it up to you by mail, if you're going to be up the farm.

HMJr: Yes.

M: You wouldn't mind looking at it?

HMJr: No, I'd love to look at it, but you better do it through my office because they sometimes send mail up to me.

M: All right, fine.

HMJr: Thank you.

M: Thank you.

June 26, 1941
4:28 p.m.

HMJr: Morgenthau, speaking.

Josiah
Bailey: All right, Mr. Morgenthau,
this is Senator Bailey.

HMJr: How are you?

B: All right, sir. I hope you
are feeling all right.

HMJr: I'm all right, thank you.

B: I wish to call your attention
to this matter of the Ecuster
Paper Company in North Carolina....

HMJr: What Company?

B: The Ecuster Company which
manufactures the cigarette
paper now for most of the
cigarette people.

HMJr: Yeah.

B: Down in my state and it seems -
they came over from France
3 or 4 years ago.

HMJr: Oh, yes.

B: Now, they find that they have
a shortage of chlorine gas
and they are having great
difficulty - they can't store
it - they tell me that they need
about 3 tons out of one thousand
tons and that's all they ask for.

HMJr: Of chlorine gas?

- 2 -

B: Yes. Now, if we don't get it we have to let up in the cigarettes and that will cost us some taxes. I thought that would interest you.

HMJr: Well, it's a little bit out of my line (laughs)

B: Well, the taxes are not out of your line.

HMJr: No, we are supposed to do a lot of things here but - is this a War Department thing?

B: Yeah, but I wanted to get you interested from a tax point of view. I'm going to send you a little note and then I'll deal with the War Department, or the OPM or whatever it is to deal with.

HMJr: Well, I'm afraid you'll find there's plenty.

B: What?

HMJr: I'm afraid you'll find there's plenty. (laughs)

B: Yeah, but I wanted to get your interest from the tax...

HMJr: Well, I appreciate your bringing it to my attention.

B: All right, sir.

HMJr: Thank you.