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OCT 9 1941

My dear Mr. President:

There is respectfully submitted to you herewith for your approval an amendment to the Rules and Regulations for the Anchorage and Movements of Vessels and the Lading and Discharging of Explosive or Inflammable Material, and Other Dangerous Cargo, promulgated with your approval pursuant to section 1, Title II of the Act of June 15, 1917, 40 Stat. 230 (U.S.C. title 50, sec. 191), and your Proclamation of June 27, 1940.

The proposed amendment to the Regulations enlarges the bombing area danger zone adjacent to Hamilton Field Air Base in San Pablo Bay, California; designates certain special anchorage areas wherein vessels under 65-feet in length need not exhibit anchor lights; designates Claremont Terminal, Jersey City, New Jersey, as an explosive loading terminal; establishes anchorage areas in New London Harbor, Connecticut; establishes a restricted seaplane operating area in San Juan Harbor, Puerto Rico; establishes restricted areas above and below certain structures of the Tennessee Valley Authority; and amends paragraph 1 of the General

Provisions of the Rules and Regulations to provide that the captain of the port in the administration and enforcement of the Regulations shall be subject to the supervision of the Secretary of the Treasury, acting through the Commandant of the Coast Guard. Approval of the amendment is recommended.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The President,

The White House.

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Typed 10-1-41

File to Mr. Thompson

By Messenger 12:00 PM
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TITLE 33 - NAVIGATION AND NAVIGABLE WATERS
CHAPTER I - COAST GUARD, DEPARTMENT OF THE TREASURY
AMENDMENT TO PART 7 - ANCHORAGE AND MOVEMENTS OF
VESSELS AND THE LADING AND DISCHARGING OF
EXPLOSIVE OR INFLAMMABLE MATERIAL, OR OTHER
DANGEROUS CARGO.

Pursuant to the authority contained in section 1, Title II of the Act of June 15, 1917, 40 Stat. 280 (U.S.C. title 30, sec. 191), and a Proclamation issued June 27, 1940 (5 Fed. Reg. 2419), The Rules and Regulations Governing the Anchorage and Movements of Vessels and the Lading and Discharging of Explosive or Inflammable Material, or Other Dangerous Cargo, approved October 29, 1940 (5 Fed. Reg. 4401), as amended, are hereby further amended as follows:

§ 7.10 (c) is amended by adding the following subparagraphs:

§ 7.10 anchorage regulations for certain ports of the United States.

* * * * *

(c) * * * * *

(17) San Pablo Bay, California; Hamilton Field Air Base.

The bombing area danger zone heretofore established in San Pablo Bay, California, adjacent to Hamilton Field Air Base (5 Fed. Reg. 3092) is hereby enlarged to include the firing range at Hamilton Field, the danger zone being redefined as follows:

The area in San Pablo Bay, California, bounded as follows:

Consisting of a circle on the western shore of the bay 1/2 mile

south of the south side of the Hamilton Field Boat House, thence south 54° east (true) 2,950 yards, thence true north 7,300 yards, thence true west 4,200 yards to the shore line, thence southerly along the shore line to the point of beginning.

No vessel or other craft, except vessels of the United States, or vessels duly authorized by the captain of the port or the Commanding Officer, Hamilton Field, California, shall navigate, anchor, or moor within the above area. The provisions of this subparagraph shall be enforced by the captain of the port and the Commanding Officer, Hamilton Field, California.

(18) The following areas are designated as special anchorage areas wherein vessels not more than sixty-five feet in length, when at anchor, shall not be required to carry or exhibit anchor lights:

Barnstable Fore River Boston Harbor, Massachusetts. Southwesterly of a line having a bearing of 119° true from the outer end of the wharf at Nut Island; northwesterly of a line having a bearing of $199^{\circ}30'$ true from Pig Rock Light to the eastern end of Racecock Island; northerly of Racecock Island and a line from its western extremity having a bearing of 245° true from Racecock SA; and easterly of the shore of Houghs Neck.

Myrtle River, Boston Harbor, Massachusetts. Anchorage A: West side of Chelsea Bridge North. Northerly of the northerly fender pier of Chelsea Bridge north and a line joining the westerly end of the shoreward face of fender pier with the southeasterly corner of the wharf projecting from the Naval Hospital grounds; easterly of the aforesaid wharf; southerly of the shore of the Naval Hospital grounds; and westerly of Chelsea Bridge North.

Anchorage B: East side of Chelsea Bridge North. Northerly of the northerly fender pier of Chelsea Bridge north; easterly of Chelsea Bridge north; southerly of the shore line; and westerly of a line having a bearing of V° true from the easterly end of the aforesaid fender pier.

Dorchester Bay, Boston Harbor, Massachusetts. Eastward of a line bearing 81° true from the stack located a short distance northward of the Dorchester Yacht Club; southward of a line bearing 294° true from the southerly channel pier of highway bridge; westward of the highway bridge and the shore line; and northward of the shore line to its intersection with a line bearing 81° true from the aforesaid stack.

Quincy Bay, Boston, Massachusetts. South of a line starting from a point bearing 244° true, 3,310 yards, from stack of pumping station on Nut Island, and extending thence 206° true to the shore; west of a line bearing 170° true, extending from the aforesaid point to the shore; north of the above line to its intersection with the eastern boundary; and east of the shore line to its intersection with the northern boundary.

Silver Beach Harbor, North Falmouth, Massachusetts. All the waters of Silver Beach Harbor northward of the inner end of the entrance channel shall comprise a special anchorage area wherein vessels not more than sixty-five feet in length, when at anchor, shall not be required to carry or exhibit anchor lights.

Lynn Harbor, Massachusetts. North of a line bearing 244° true from the tower of the Metropolitan District Building, extending from the shore to a point 100 feet from the east limit

of the channel; east of a line bearing 230° true, extending thence to a point 100 feet east of the northeast corner of the turning basin; south of a line bearing 00° true, extending thence to the shore; and south and west of the shore line to its intersection with the south boundary.

Yonkers, New York. Northward of a line on range with the footbridge across the New York Central Railroad Company tracks at the southerly end of Croystone Station, eastward of a line on range with the square, red brick chimney west of the New York Central Railroad Company tracks at Hastings-on-Hudson and the easterly yellow brick chimney of the Silverwood power house of the Yonkers Electric Light and Power Company, and southward of a line on range with the first New York Central Railroad Company signal bridge north of the Yonkers Yacht Club. (See U.S.C. & G.S. Chart No. 740)

Hastings-on-Hudson, New York. Northward of a line on range with the northerly face of the clubhouse of the Tower Ridge Yacht Club, eastward of a line on range with the elevated tank of the Amosca Wire and Cable Company and the channelward face of the northerly building on the water front of the said Company's property, and southward of a line on range with the first footbridge across the New York Central Railroad Company tracks, north of the Tower Ridge Yacht Club. (See U.S.C. & G.S. Chart No. 740)

(19) Claremont Terminal, Jersey City, New Jersey, is designated an explosive loading terminal at which explosives may be loaded or discharged directly between vessels and the shore or between vessels. The regulations for the Port of New York (33 CFR 208.25) affirmed and adopted as a part of these regulations are amended accordingly.

The following new section is inserted:

§ 7.28 New London Harbor, Connecticut. Anchorage A. Located in the Thames River east of Shaws Cove and is included within the following points:

- (A) 1,400 yards S45° true from Monument, Groton;
- (B) 985 yards S45° true from Monument, Groton;
- (C) 1,500 yards S17° true from Monument, Groton;
- (D) 1,450 yards S85° true from Monument, Groton.

This anchorage is for barges and small vessels drawing less than 18 feet.

Anchorage B. Located in the Thames River southward of New London and is included within the following points:

- (A) 2,440 yards S° true from New London Harbor Light;
- (B) 2,490 yards S° true from New London Harbor Light;
- (C) 1,175 yards S6° true from New London Harbor Light;
- (D) 1,075 yards S° true from New London Harbor Light.

Anchorage C. Located in the Thames River southward of New London Harbor and is included within the following points:

- (A) 480 yards 100° true from New London Harbor Light;
- (B) 575 yards S70° true from New London Ledge Light;
- (C) 1,420 yards S70° true from New London Ledge Light.

Anchorage D. Located in Long Island Sound approximately two miles west southwest of New London Ledge Light and is included within the following points:

- (A) 2.6 miles S45° true from New London Ledge Light;
- (B) 2.1 miles S47° true from New London Ledge Light;
- (C) 2.1 miles S25° true from New London Ledge Light;
- (D) 2.6 miles S25° true from New London Ledge Light.

The regulations for San Juan Harbor, Puerto Rico, are amended by adding a new paragraph as follows:

§ 7.28 San Juan, Puerto Rico.

* * * * *

(b) (1) That portion of San Juan Bay located to the east and south of a line extending from Isla Grande Light to Buoy No. 16,

thence to Buoy No. 16, thence due south to a line running due west from Catano Point is designated a restricted seaplane operating area. Except as noted in subparagraph 2 of this paragraph, no vessel shall operate or anchor within this area excepting those attendant upon seaplane operations.

(2) Limited portions of the area are exempted as described below:

(i) Areas in Catano and Pueblo Viejo Bays located west of a north and south line passing through Catano Point. These areas may be utilized for the anchorage of small craft.

(ii) The channel and turning basin to the Graving Dock and the channel connecting the Graving Dock turning basin with the Martin Pena Channel. These areas may be utilized for the passage of vessels to and from the Graving Dock and the Martin Pena Channel.

(iii) The channel from the U.S. Army Terminal in Pueblo Viejo Bay connecting with the Graving Dock Channel at a point near Buoy No. 16. This area may be utilized for the passage of vessels to and from the U.S. Army Terminal.

(3) In the event of an emergency, the movement of vessels in the areas exempted from the restrictions outlined above may be prohibited during such periods when their presence would endanger aircraft using the restricted areas.

The following new section is inserted:

§ 7.01 Waters of the Tennessee Valley Authority. Restricted areas are hereby established not exceeding twenty-five hundred (2,500) feet above and below each of the river structures of the Tennessee Valley Authority and of the War Department hereinafter

listed. Such areas, including approaches through the locks at such of the structures enumerated where locks exist, shall be defined by the captain of the port by means of buoys, signs or other appropriate markings placed or posted in conspicuous and appropriate places.

No vessel, boat, raft, or craft of any kind shall enter or remain in any restricted area established by this section, except when proceeding directly to a lock for passage therethrough and then only by way of the designated and buoy-marked channels of ingress and egress.

The river structures of the Tennessee Valley Authority and of the War Department which are included by this regulation are as follows:

Pickwick Landing Dam, Tennessee River, Tennessee.
Wilson Dam, Tennessee River, Alabama.
General Joe Wheeler Dam, Tennessee River, Alabama.
Cantersville Dam, Tennessee River, Alabama.
Hales Bar Dam, Tennessee River, Tennessee.
Chickasaw Dam, Tennessee River, Tennessee.
Batts Bar Dam, Tennessee River, Tennessee.
Morris Dam, Clinch River, Tennessee.
Cherokee Dam, Holston River, Tennessee.
Hiwassee Dam, Hiwassee River, North Carolina.
Ocoee No. 1 Dam, Ocoee River, Tennessee.
Ocoee No. 2 Dam, Ocoee River, Tennessee.
Blue Ridge Dam, Toccoa River, Georgia.
Great Falls Dam, Caney Fork River, Tennessee.
Great Falls Intake Dam, Collins, Tennessee.

Primary responsibility for the enforcement of this regulation shall rest upon the captain of the port, but officers and employees of the Tennessee Valley Authority stationed at the various river structures are authorized to assist the captain of the port under such mutual arrangements as may be made between officers in charge of each river structure and the captain of the port.

§ 7.05 (a) (paragraph 1 of the General Provisions, 5 Fed.

§ 7.35 General Provisions. (a) Whenever the term "captain of the port" is used in these Rules and Regulations, it shall also be construed to include such enforcement officer, other than the captain of the port, as may be designated by the Secretary of the Treasury pursuant to section 2 of the Regulations issued by the Secretary and approved by the President on June 27, 1940.

The captain of the port is the officer of the Coast Guard designated as such by the Commandant of the Coast Guard for certain ports and territorial waters of the United States. In the administration and enforcement of these Rules and Regulations, the captain of the port shall be subject to the supervision of the Secretary of the Treasury, acting through the Commandant of the Coast Guard.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Approved:

The White House,

1941.

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OCT 9 1941

The Honorable,

The Secretary of the Navy.

My dear Mr. Secretary:

Enclosed herewith is an amendment to the regulations, United States Coast Guard Reserve, prescribed by the Commandant of the Coast Guard with the approval of this Department.

If you concur in the amendment, it is requested that it be returned to this Department for publication.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

File to Mr. Thompson

By Messenger 12:00 Noon

H. M. Cheney

TITLE 33 - NAVIGATION AND NAVIGABLE WATERS
CHAPTER I - COAST GUARD, DEPARTMENT OF THE TREASURY
AMENDMENT TO PART 2 - REGULATIONS, UNITED STATES COAST
GUARD RESERVE

The Regulations, United States Coast Guard Reserve,
1941 (4 Federal Regulation 1945 D. I.), are hereby amended
as follows:

§ 2.2102 (b) is amended to read as follows:

§ 2.2102 Procurement policy - general.

* * * * *

(b) Persons whose availability for active duty is
considered by Headquarters to be incompatible with the
availability requirements in paragraph (a) of this sec-
tion shall not be appointed or enlisted in the Reserve.*

§ 2.2102 (a) is amended by striking out the words
"except that the number of appointments made from this
source shall not exceed 50 percent of the total number
of appointments to be made" where they appear under the
First preference.

§ 2.2102 (g) is amended to read as follows:

§ 2.2102 Procurement of officers.

* * * * *

(g) (1) The provisions of paragraphs (c), (d), (e),
and (f) of this section are not applicable to the pro-
curement of temporary officers of the Reserve except
that such officers shall be required to qualify phy-
sically. Temporary officers of the Reserve will be
appointed by the Commandant in grades and ranks up to

and including that of lieutenant commander on the recommendation of district commanders, who will satisfy themselves as to the professional, moral and general qualifications of the candidate recommended.

(B) The provisions of paragraph (c), (d), (e), and (f) of this section are not applicable to the procurement of Reserve officers from personnel of the Regular Coast Guard. Qualifications of such personnel for appointment will be determined by an examining board convened by the Commandant at Headquarters.

§ 8.2106 is amended by adding a new paragraph at the end thereof as follows:

§ 8.2106 Procedure in making application for appointment.

* * * * *

(c) The provisions of paragraphs (a) and (b) of this section are not applicable to the personnel of the regular Coast Guard, except such parts thereof as may be required by the examining board convened in accordance with § 8.2106 (g) (2)."

§ 8.2101 is amended to read as follows:

§ 8.2101 Educational requirements, commissioned officers. A candidate for appointment as a commissioned officer in the Reserve, except a candidate who is a chief warrant officer, warrant officer, or enlisted man of the regular Coast Guard, must be a high school graduate and have sufficient experience in the operation of motorboats

or yachts or on seagoing vessels to justify the appointment desired, provided, that boat or seagoing experience shall not be required of candidates who are found by the Commandant to be qualified by reason of their education and experience for special duty.*

§ 6.2203 is amended to read as follows:

§ 6.2203 Ages for original appointment as officers.

(a) The limiting ages for original appointments in the Reserve, except for temporary officers and for personnel of the regular Coast Guard, are prescribed as follows:

<u>Grade</u>	<u>Age</u>
Lieutenant (j.g.)	21 to 45
Ensign	21 to 35
Chief Warrant Officers	20*
Warrant Officers	20*

*Minimum

Upper age limits are to nearest birthday.

Officers, other than temporary officers, will not be given original appointments in grades above lieutenant (junior grade).

(b) No age limits are prescribed for temporary officers or for officers appointed from the personnel of the regular Coast Guard.*

The introductory paragraph of § 6.2204 is amended to read as follows:

§ 6.2204 Entrance examinations.

A candidate for appointment as a commissioned officer

in the Reserve must pass the written entrance examination prescribed with a mark of 70% or better in each subject to be eligible for appointment, except that the written examination will not be required of regular Coast Guard personnel or of candidates being considered for special duty. The scope of the entrance examination is as follows:

§ 5 S.3101 to S.3110 are stricken out and the following new § 5 S.3101, S.3102, and S.3103 are promulgated:

§ 5.3101 Officers will be promoted only when they have been found physically and professionally qualified for promotion by the Commandant. The findings of the Commandant may be based upon the recommendations of a Board of Officers, examination, the service record of the officer, or such other evidence as he may deem sufficient.*

§ 5.3102 Limiting percentages of officers in higher grades. Officers of the rank of lieutenant commander and lieutenant shall not exceed the percentages of 10 and 20 respectively of the total number of commissioned officers as may be authorized from time to time by the Commandant.*

§ 5.3103 Promotion of temporary officers. If a temporary officer of the Reserve is qualified for a rank or grade other than that which he is holding, the Commandant may, upon the recommendation of the District commander, revoke the extant appointment and reappoint the officer to the rank or grade for which qualified.*

§ 5.3104 Examination of candidates for promotion. The following

§ 8.3201 Officers required to appear for examinations.

Officers not on active duty authorized to appear before a Board of Officers or to appear for examination (physical or professional) for promotion in accordance with the provisions of § 8.3101 are required to appear without expense to the Government.*

§ 8.3202 and 8.3203 are stricken out.

§ 8.3203 (a) is amended to read as follows:

§ 8.3203 Training duty without pay. (a) Reservists who desire to perform training or other duty without pay or allowances may apply to the district commander of their district. District commanders are authorized to approve such requests when the duty is to be performed at activities or aboard vessels within their jurisdiction. In the case of requests for training duty without pay in other districts or aboard vessels outside their jurisdiction, district commanders receiving the requests will forward same with recommendation to the district commander concerned for approval or disapproval and submission to Headquarters for action.

§ 8.7101 is amended to read as follows:

§ 8.7101 Active duty and training duty pay and allowances, commissioned officers, chief warrant officers, warrant officers and enlisted men. Commissioned officers, chief warrant officers, warrant officers, and enlisted men of the Reserve when engaged on active duty, on active duty while undergoing training, on training duty with pay, or when engaged in authorized travel to or from such duty, shall receive the same pay and allowances as are received by commissioned officers, chief warrant officers, warrant officers, and enlisted men of the Naval Reserve of the same rank, grade, rating and length of service. In determining length of service for pay purposes there shall be included, (1) All periods of active duty, except active duty while undergoing training; (2) All other service for which credit for pay

§ 8.7103 is amended to read as follows:

§ 8.7103 Pay for the 31st day of the month. When members of the Reserve perform active duty, training duty with pay, or active duty undergoing training, including time spent in traveling to and from such duty, for a period of less than 30 days, such duty performed on the 31st day of the month shall be paid for at the same rate as for other days.*

§ 8.7104 is amended to read as follows:

§ 8.7104 Reservists in travel status entitled to pay. The pay status of members of the Reserve ordered to active duty or training duty with pay begins at any hour prior to midnight on which they are ordered to entrain for such duty, and ends at midnight on the day on which they could have reached their homes by the shortest usually traveled route after release from such duty.*

§ 8.7106 is amended by adding the following sentence at the end thereof:

When authorized training or other duty without pay is performed officers may be furnished with transportation to and from such duty, with subsistence enroute.*

§ 8.7107 is amended by adding the following sentence at the end thereof:

When authorized training or other duty without pay is performed enlisted men may be furnished with transportation to and from such duty, with subsistence enroute.*

§ 8.7108 is amended by revising the last sentence thereof to read as follows:

They are entitled to transportation of dependents at Government expense from home to place of reporting for active duty, and from place of release from active duty to home.*

§ 8.7109 is amended to read as follows:

§ 8.7109 Transportation of house-hold effects. (a) Commissioned officers, chief warrant officers, warrant officers,

and enlisted men of the first, second, and third, pay grades of the Reserve while on active duty are entitled to transportation of household goods at Government expense upon permanent change of station as prescribed in Coast Guard Pay and Supply Instructions for officers and enlisted men of similar ranks, grades, and ratings of the regular Coast Guard. Enlisted men of the Reserve are entitled to transportation of household effects at Government expense from home to place of reporting for active duty and from place of release from active duty to home under the same conditions and subject to the same limitations prescribed for enlisted men of the regular Coast Guard upon permanent change of station.

(b) Officers of the Reserve are entitled, when called to active duty, and release therefrom, to transportation of household effects as prescribed for officers of the regular Coast Guard upon permanent change of station."

§ 7110 is amended to read as follows:

§ 7110 Subsistence and rations. (a) Commissioned officers, chief warrant officers, and warrant officers of the Reserve while in pay status, are entitled to the subsistence allowance prescribed for their respective pay periods or ranks in Pay and Supply Instructions.

(b) Enlisted men of the Reserve while on active duty, training duty with pay, or active duty while undergoing training are entitled to rations in kind, commuted rations, or subsistence allowance as prescribed in Pay and Supply Instructions for enlisted personnel of the regular Coast Guard attached to the unit at which such duty is performed.

(c) When authorized by Headquarters, subsistence in kind will be furnished enlisted men while performing authorized training duty without pay and subsisted in general mess.

The commanding officer of the vessel or unit at which such

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duty is performed will inform the district commander of the estimated total cost of subsistence for each man performing training duty without pay. The costs for subsistence furnished in this manner will not be charged to the district commander's allotment under the Reserve appropriation. The district commander's reports of training, however, will include an estimate as to the total cost of such subsistence.

(d) Officers and enlisted men of the Reserve when detailed to training duty without pay may be furnished a ration in kind, commuted ration, or subsistence allowance as may be prescribed by Headquarters.*

§ 7111 (a) is amended by inserting the words "or rations" after the words "pay periods".

§ 8,7112 (a) is amended to read as follows:

§ 8,7112 Uniform allowance. (a) Upon first reporting for active or training duty with pay, at a location where uniforms are required to be worn, commissioned or warrant officers of the Reserve shall be paid a sum not to exceed \$100 as reimbursement for the purchase of the required uniforms and thereafter shall be paid an additional sum of \$50 for the same purpose upon completion of each period of 4 years in the Reserve except that this latter amount of \$50 shall not become due any officer until called to active or training duty after the completion of the previous 4 year period.

§ 8,7112 is further amended by adding the following paragraphs (d), (e), and (f):

(d) In addition to the uniform allowance authorized in paragraph (a) of this section, officers of the Coast Guard Reserve, upon first reporting for active duty during time of war or national emergency, shall be paid a further sum of \$150 for the purchase of required uniforms. Crediting of this additional sum shall be effected in the same manner as is pre-

(e) In line of war or national emergency, enlisted men of the Reserve, upon first reporting for active duty shall be credited with uniform allowances in the same amount as prescribed as clothing bounty for enlisted men of the regular Coast Guard upon original enlistment. Enlisted men of the Coast Guard Reserve, upon reporting for active duty in time of war or national emergency who have been previously credited with clothing allowances, may be issued without cost such additional articles of uniform and bedding as may be necessary to complete their outfits, such issues not to exceed in value the amount prescribed as clothing bounty for enlisted men of the regular Coast Guard upon original enlistment.

(f) Items of uniform clothing, bedding and equipment issued to members of the Coast Guard Reserve under authority of the preceding articles will remain the property of the Government. Upon separation from the Service the Reservist may be required by his commanding officer to return the clothing so issued. When clothing is turned in, a credit shall be made in the man's service record and, in addition, the officer carrying the clothing account shall be notified of such return.*

§ 8.7501 (b) is amended to read as follows:

§ 8.7501 Compensation for injury, under United States Employees' Compensation Commission.

* * * * *

(b) Any reservist, other than a temporary reservist, who if called or ordered into extended active service in excess of thirty days, suffers disability or death in line of duty from disease or injury while so employed shall be deemed to have been in the active service of the Coast Guard during such period, and such reservist or his beneficiaries

shall be in all respects entitled to receive the same benefits,

... shall be provided by law or regulation for members of the Naval Reserve who suffer disability or death under similar conditions. Any such reservist who is also eligible for a pension under the provisions of section 8.7202 or compensation from the United States Employees' Compensation Commission as set forth in paragraph (a) of this section shall elect which benefit he shall receive.

§ 8.7202 (c) is amended to read as follows:

§ 8.7202 Certificate for disability allowance.

* * * * *

(c) The following affidavit will be required of every Reservist upon reporting for active duty or training duty with or without pay:

"I, _____, U. S. Coast Guard Reserve, being first duly sworn, upon oath depose and say that I am not drawing, nor have I a claim pending for a pension, disability allowance, disability compensation, or retired pay from the Government of the United States.

Subscribed and sworn to before me this _____ day
of _____, 19____.

(Signature and Official Title)"

§ 8.7202 is further amended by adding the following new paragraph (d)

(d) Upon being furnished the foregoing affidavit the officer to whom the Reservist reports for active or training duty, shall furnish an X-11 copies of the Reservist's orders,

"I certify that the above-named officer has executed the required affidavit stating that he is not drawing a pension, disability allowance, disability compensation, or retired pay from the Government of the United States."

R. H. WASSON,
Rear Admiral, U. S. Coast Guard,
Commandant.

The Navy Department concurs
in the foregoing amendment.

Date

Secretary of the Navy

Approved:

OCT 9 1941

Date

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Analysis of Proposed Amendments to Coast Guard Reserve Regulations.

§ 8.2102 (b)

The wording of this amendment is substantially the same as that in the present Regulations, but with removal of the previous restriction on appointment or enlistment in the Reserve of civilian employes in the Coast Guard.

§ 8.2103 (a)

A considerable number of chief warrant and warrant officers and enlisted men in the Regular Coast Guard who, by reason of their training and experience will be of greater value to the Coast Guard, in an advanced status during a war or national emergency. This amendment removes the restriction on the number of appointments that can be made from this source.

§ 8.2103 (g) (1)

Same as 2103 (g), present Regulations (except for minor changes in wording).

§ 8.2103 (g) (2)

Inasmuch as the physical, moral, professional and general qualifications of personnel of the Regular Coast Guard can best be determined from their Service records on file at Headquarters, the purpose of this amendment is to provide a more efficient and simpler method of determining the qualifications of such personnel through an examining board at Coast Guard Headquarters.

§ 8.2105 (a)

Paragraphs (1) and (2) require submission of an application on a prescribed form accompanied by certain information such as:

- (a) evidence of citizenship
- (b) finger print records
- (c) prior military or naval service
- (d) photographs, etc.

This information is available at Coast Guard Headquarters in the cases of applicants who are regular members of the Coast Guard.

§ 8.2201

Many chief warrant and warrant officers of the Coast Guard are not high school graduates, but have had the equivalent thereof or more through correspondence courses or in Service Training schools which fully qualifies them, as to education, for an appointment in the Reserve. The term "high school graduate" clarifies the present wording "high school education" in regard to other applicants. This change will also permit the commissioning of men qualified for special duty such as investigative work under Captains of the Port, Instructors at Coast Guard Academy, etc.

§ 8.2203

... limit for personnel of the ... well qualified, but

§ 8.8204

The present regulations require all applicants to take the written general examination and exempt Coast Guard personnel, who have had 5 years or more experience as commanding or engineer officer or watch officer, deck or engineering, on a Coast Guard Cutter, from the professional examination. This amendment will exempt Coast Guard personnel from all written examinations and will also make possible the appointments of other qualified Service personnel who would be of greater value in an advanced status. This change also exempts from the written examination personnel who might be particularly suited for certain types of special duty.

§ § 8.8101, 8.8102

The substitution of these new paragraphs to replace paragraphs 8101 to 8109 inclusive is to leave the following items to the discretion of the Commandant:

- (1) System for determining order of advancement.
- (2) Promotion requirements for Reserve officer.
- (3) Service in grade requirements.
- (4) Active service requirements.
- (5) Instructions for examining boards.

§ 8.8102

This is the same as the previous paragraph 8.8110.

§ 8.8301

This change is in line with changes given in 8.8101 to 8.8102.

§ § 8.8303, 8.7106, 8.7107, 8.7110

This revises the present articles to cancel the restriction on allowing travel expense when training duty is performed without pay.

This authorized by Act of July 11, 1941 (Public 166).

§ 8.7101

This gives Coast Guard Reserve personnel the same pay and allowances as the Naval Reserve in accordance with the provisions of Act of July 11, 1941 (Public 166).

§ § 8.7103, 8.7104

Changes the wording of the present articles to clarify the pay status of a man performing training duty with pay.

§ § 8.7106 and 8.7107 (a)

Permits transportation of dependents and household effects at government expense from home to place of reporting for active duty.

Previous articles did not give this authorization.

§ 8.7109 (1)

and transportation of household effects from home to place of reporting for active duty.

§ 8.7110 (a), 8.7111

Minor change in wording.

§ 8.7112

Allows additional uniform allowances as authorized in the Act of July 11, 1941 (Public 146).

§ 8.7112 (b) (new)

Makes provision for requiring issued uniforms to be returned upon completion of service and clarifies the government's interest in clothing issued.

§ 8.7201 (b)

The wording is changed to bring certain benefits accruing to members to comply with the law in which temporary members do not receive retirement pay of regular personnel.

§ 8.7205 (c) and (d)

Includes needed provision for certification and before pay and allowances may be paid.

October 9, 1941
9:45 a.m.

Gen. Walter
George: Hello.

HMJr: Hello, Walter?

G: Yes.

HMJr: Henry talking.

G: Yes, Henry.

HMJr: Thank you for your message on your conversation with the President on Social Security.

G: Well, of course, that's confidential to John and you.

HMJr: I understand.

G: I called you and you were out. You had gone home, and I told him to tell you.

HMJr: Well, I was all in after making up my mind on that billion and a half issue.

G: Oh, I guess so.

HMJr: And so I thought I'd get a breath of air.

G: Yes.

HMJr: Well, thank you very much and we'll be guided accordingly.

G: Well, now that's what he - that's what the - I learned, and I think it's going to work out that way.

HMJr: How about some of those administrative amendments?

G: Oh, you mean on the tax bill?

HMJr: Yeah.

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- G: Yeah. Well, I think we ought to do something with that this winter and get through with it while we can. I think the Ways and Means will be ready to start at almost any time that you are.
- HMJr: Well, we'll keep working. They're not.....
- G: Around November. I don't think before November you could do - get along with it. They've got so many things on right now.
- HMJr: Yeah. Well, we'll keep working with Stamm and his crowd.
- G: All right.
- HMJr: Thank you so much.
- G: All right, Henry.

October 9, 1941
10:30 a.m.

Robert
Rouse: Good morning, sir.

HMJr: Hello. Rouse?

R: Yes.

HMJr: How's the weather in New York bond-wise?

R: Bond-wise the wind - well, there's a draft blowing up, I guess.

HMJr: I see.

R: Should I put Mr. Morris on the wire, too?

HMJr: Yes, surely.

R: Fine. He's right on now.

HMJr: Good.

R: Well, at first blush this morning we had a bid for our entire holding of a hundred and three and three-eighths.

HMJr: Yes.

R: The market yesterday afternoon stayed at about the same level as it has been up until almost four o'clock, when the guessing got pretty good.

HMJr: Yes.

R: And they closed at a hundred and two and five-eighths, approximately.

HMJr: Yeah.

R: This morning, the first thing we heard was a hundred and three and a quarter, and then this bid came in from the First Boston Corporation for forty-three million, which they believed we

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owned.....

HMJr: Yeah.

R:at a hundred and three twelve.

HMJr: Who, the First of Boston?

R: Yeah.

HMJr: Yeah.

R: In addition, at that same time, I knew of another dealer that had a very substantial buying interest which, including whatever their client got on allotment, totaled about fifty million dollars.

HMJr: Yeah.

R: Well, it's entirely clear that in selling any such order that we would accomplish nothing.

HMJr: Yeah.

R: Except take away any cushion of buying that might be needed tomorrow.....

HMJr: Yeah.

R:and when the dealing in the billion and a quarter begins.

HMJr: Have you got authority to sell your rights?

R: Well, I have talked with my committee and asked them to think about it overnight. Their disposition when I talked with them about it was it was a one day thing and that it was unfortunate. I think, in general, if the Treasury wanted us to sell, they'd be glad to go along, but they rather felt that the volume of demand was so big that it would be a drop in the bucket and wouldn't do any good.

HMJr: Yeah.

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R: Unless we later in the day at some point could begin selling it in a small way, and the indication of a supply coming into the market might then do some good.

HMJr: Yes.

R: I have informed the Board this morning of the price situation, and I've informed the other - one other member of the committee - Allen - and I will Leech, and then discuss it with them again.

HMJr: Yeah. Well.....

R: Have you any idea.....

HMJr: Well, my people.....

R:what you'd like us to do?

HMJr: Well, supposing you sell the forty - fifty million you've got?

R: Sir?

HMJr: I don't think - I think this is a tidal wave and I just think that you'd - it would only stop it for a second.

R: Well, that's my own feeling and I've expressed it to them, and I think that's the basis for their feeling that way.

HMJr: No, I wouldn't urge you to sell them. I mean, unless.....

R: But you'd have no objection to it if at some point it looked like it was - had gone entirely too far.

HMJr: If at some point the blood pressure goes so high it looks as though something is going to burst, why sell them.

R: Yeah.

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HMJr: But unless - I have no objection.

R: Right.

HMJr: Or no - I mean, if it looks as though the thing was going to blow off the lid, I'd sell them. See?

R: Yeah. I get you.

HMJr: But I - in other words, I agree with you. Are they taking good care of Dave Morris?

David Morris: Yes, sir. They're looking after me very nicely here, and I'm getting a liberal education.

HMJr: Good. Have they got you in the swivel chair and all that?

M: Yes.

HMJr: What?

M: Yes.

R: We've got him here pushing buttons and watching the lights flash yellow and green and so on.

HMJr: No red lights?

R: No red lights here.

HMJr: (Laughs) If there's any change, give me a ring.

R: Yeah. Glad to.

HMJr: Are you all right, Dave Morris?

M: Yes, sir. Fine, thank you.

HMJr: How's the weather up there?

M: Very nice.

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HMJr: Good. Was your family surprised?

M: They were surprised and very pleased and grateful.

HMJr: (Laughs) All right.

M: Do you want me Saturday morning or not until Monday?

HMJr: I don't want you until Monday.

M: All right; thank you very much, sir.

HMJr: You're welcome. All right. Good-bye.

M: Good-bye.

October 9, 1941
10:56 a.m.

Harriner
Eccles:

.....indication of it. By tomorrow I think we could tell a good deal more about it.

HJr: Well, I'm very happy.

E: I'd sooner have it go this way than be going the other way.

HJr: Well, the financial community right now could stand a little good news.

E: I tell you, the billion six hundred million - this long an issue to go this way - it only shows the the demand for investment opportunity.

HJr: Uh huh.

E: And it seems to me that it gives us a good deal of assurance to look into the future.

HJr: Now, Harriner, if you're free Tuesday for lunch, I'm having Viner and Stewart here on that day; and I want to talk about future financing. Will you be free Tuesday?

E: Gosh, I agreed about two months ago - in a weak moment - to go and talk to this National Tax Association at Minneapolis.

HJr: Oh, damn. Well, now.....

E: I wish I could get out of it, but it's an association that's about fifty years of age.

HJr: I know.

E: And it's supposed to be.....

HJr: I know all about it.

E:and I thought I might be able to do a little good with them.

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HMJr: I know about it. Well, now, who will be here; because I want to - who.....

E: They've got to have somebody. Well, I tell you the.....

HMJr: Who will you send?

E: Of course, I could have Ransom come up and come over. He's down at the Springs.

HMJr: Oh, I wouldn't - I don't want to spoil his holiday.

E: Well, the thing to do would be to have Goldenweiser. He's, of course, thoroughly familiar with the problem.

HMJr: All right.

E: Gosh, I'm sorry. I'm terribly anxious to be there.

HMJr: Well, will you send Goldenweiser?

E: Yeah. That's Tuesday when, you said?

HMJr: At one o'clock.

E: At one o'clock.

HMJr: Yeah. And then I want - I'm going to do this once a week from now on.

E: Yeah. Well, then I'll be there a week from Tuesday.

HMJr: Sure, we'll fix it up.

E: Let me ask you this. Who's going to be there? Viner and who?

HMJr: Well, from outside I'll have Viner and Stewart. And I'm going to ask Allan Sproul to come up.

E: Yes.

HMJr: See?

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E: Yes. Well, I think that's - Allan has, of course, got lot of responsibility in this picture as the Vice-Chairman of the Open Market Committee and also President of the New York Bank, so I'm glad that he's coming.

HMJr: So I was going to have Allan Sproul and - so tell Goldenweiser to be thinking about it.

E: Yes, I'll do that.

HMJr: And then - I want to do this once a week now until we.....

E: Well, I'll plan my schedule accordingly; and of course, had I known before, I would have.....

HMJr: Well, this - we've all got to go out of town, but.....

E: Well, I don't go out much; and as a matter of fact, I don't like it a damn bit.

HMJr: Yeah.

E: But I don't know how I'd get out of this one now.

HMJr: All right.

E: All right. Fine.

HMJr: I'll be seeing you

S: Good-bye.

October 9, 1941
11:00 a.m.

DEFENSE SAVINGS STAFF

Present: Mr. Graves
Mr. Olney
Mr. Callahan
Mr. Mahan
Mr. Iseby
Mr. Poland
Mr. Dallas
Mr. Sloan
Mr. Kuhn
Mr. Edward
Mr. Odegard
Mrs. Kuhn
Mr. Duffus
Mr. O'Malley
Mr. Houghteling
Mr. Buffington
Mrs. Klotz

H.M.Jr: At your service.

Graves: Suppose we begin by having Mr. Iseby bring us up to date about--

H.M.Jr: Where is Frank?

Graves: Right there with the patch on his chin.

H.M.Jr: Frank, is that what the juke boxes did to you? You almost stuck your chin out too far.

Iseby: Well, we have augmented that, Mr. Secretary. Cunningham printed five hundred thousand copies

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of that song and spent some five thousand dollars for advertising in the newspapers, giving the song by clipping a coupon out of the newspaper to everybody in the City of Detroit who wanted a copy of it. They have printed a half million copies of "Any Bonds Today" and spent five thousand dollars last week in our three papers advertising.

(Mrs. Klotz entered the conference.)

H.H.Jr: How much?

Iseby: Five thousand of our own money.

H.H.Jr: Mrs. Klotz, Mr. Iseby hit his chin against his juke boxes.

Klotz: It looks very suspicious.

Iseby: In addition to that, the last time I left here I addressed the Ford shop stewards out at the Dearborn auditorium. Ford, of course, is in a peculiar position because they pay in cash. The payroll is in cash, not voucher. Of course it is taking a little longer there to work out a payroll deduction scheme than in some of the other plants.

Tomorrow evening the West Side CIO Local, sixty-nine plants, are calling in all the union heads of the sixty-nine plants on the West Side, and we are going to talk payroll deductions for these plants at one time. This group that you met of the tool and die people - you remember the chap fainted at the office. They have been out to do a fine job, and every day now they take one of their locals for one of the plants, vote for payroll deductions, then notify us, and then we in turn send a man out to the corporation and arrange for a payroll deduction plan to be

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installed, so I still stick where I did before, that the success of this plan and no other will be the school program and the faster that it gets started the quicker this money is going to roll in and it can only be one way.

At Niles, Michigan, where we had - well, we had thirty cities. I kind of copied our pattern in Michigan. I was going down the main street and stopped the school children when school was out and said, "What do you know about Defense Savings?" Down at Niles they hadn't started the school program and these girls and boys didn't know much about it. Before we got through that evening the president of the bank as well as the superintendent of schools and the professor of economics at Notre Dame University sat along side of me at the dinner, and he said he was--

- H.M.Jr: You are coming up in the world, I see.
- Iseby: Yes.
- H.M.Jr: Sitting next to the professors. (Laughter)
- Iseby: They asked about that six percent, too, you know.
- H.M.Jr: You had a good answer?
- Iseby: Yes, I think that was great, particularly where I am traveling, among the labor group.
- H.M.Jr: I have got one here on that. It says here, a letter to the Tribune, "All newspapers emphasize the semi-Communistic tinge of the recent six percent."
- Iseby: It has been very well accepted with labor and

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all those that I have contacted. So I feel that we are getting along all right. We will have to keep on plugging, but there is no other way that the door will be open, and I don't care, I have traveled up and down this land, and that is the school program.

- H.M.Jr: I don't know so much about it. If you have time today and if he is in town, I. F. Stone, who writes for The Nation, could you put him and Frank Iseby in touch and let Iseby give him a little story on the volunteer plan.
- Kuhn: If I can get him.
- H.M.Jr: Would you do that?
- Kuhn: I will try.
- H.M.Jr: Because he writes very well. You can invite him for lunch or something, you see. See if you can't get Iseby to give him that story and get him to write it up for The Nation. It is I. F., isn't it?
- Kuhn: Yes.
- H.M.Jr: How many people have you got helping you on addressing meetings in Michigan? How is that going?
- Iseby: We haven't any additional help on the union meetings so far.
- H.M.Jr: I thought you were going to get four or five people in Michigan.
- Iseby: But that was going to take a week. I figured that today I would find out whether we had the authority.
- H.M.Jr: You mean you are waiting on Washington?

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Iseby: Yes. They said it would take about a week to clear.

H.M.Jr: Oh, I thought that was cleared.

Graves: It is clear. Perhaps we have not made this clear to Mr. Iseby, but we did get authority from the Civil Service Commission to put any people on.

Iseby: Oh, well I didn't know about that.

H.M.Jr: So go to town on it now.

Iseby: Yes, because we are getting--

H.M.Jr: If you don't get them, come to Uncle Henry.

Iseby: I will be glad to answer any questions. We are addressing ninety-seven meetings we have now of Rotary, Kiwanis, Lions Club. That is separate from this other.

H.M.Jr: But the payroll deduction, you are my example number one.

Iseby: Well, I say by next week - I had a man on the train coming down, and I notified him I would be out at the Naval Arsenal. He is president of the Hudson Motor Car Company.

Their switch-over, Mr. Secretary, is going to be a little bit better than some of the other corporations on this payroll deduction.

Ford, as you know, will be all right, moving to the bomber plant, but Mike Manning, who is head of the West Side local, mentioned to me about Federal Motor Truck. He said, "Federal will be out in another three weeks. All employees will be out." They are making carriages for bombers, for the hauling of these bombs,

and he said, "They have no additional work." So they are worried, of course, about getting this change-over.

- H.M.Jr: Harold, amongst the thousand memos I have sent you, have I sent you one about going after Government arsenals and Navy yards particularly?
- Graves: No.
- H.M.Jr: Would you consider that. I mean, the Army arsenals and the Navy arsenals. I would like to start as number one, because they tell me they have got a particularly high morale, the Federal Shipyards at Kearney, where there are seventeen thousand workers.
- Graves: As a matter of fact, I think--
- H.M.Jr: I would like to start up there.
- Graves: The Navy plants of that kind are well covered by the Navy Department allotment plan. I was just going to call on Mr. O'Malley over there to tell you what we have done nation-wide on this payroll allotment plan as a result of our conversations with Mr. Iseby and of my talks with you. He can cover it, if you like, that point of Navy yards.
- H.M.Jr: Well, whatever he has to say.
- O'Malley: The Navy yards proper are being taken care of through the Navy Department themselves. They are installing the payroll allotment for the convenience of their own employees outside of Washington. They are working on the plan now. They are going to cover every one of their own Navy yards, arsenals, and things within the Navy Department themselves.

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- H.M.Jr: Have they started yet?
- O'Malley: Yes, sir, they are spreading out to the field now.
- H.M.Jr: How about the Washington Navy Yard?
- O'Malley: They have started on the Washington Navy Yard, the Norfolk Navy Yard. They have started in San Diego and they are also spreading up to the Mare Island Navy Yard and the New York Navy Yard.
- H.M.Jr: Of course they wouldn't consider Kearney a Navy yard. They have got a beautiful situation up there, and I thought you might go in there. There are seventeen thousand employees there.
- O'Malley: That, Mr. Secretary, is pending decision by the Secretary of Labor about the kick-back law. They can't install those payroll allotment plans until they get clearance from the Department of Labor that there is no infraction of the kick-back law in those employers for filling Federal contracts for construction.
- H.M.Jr: By just the Navy yard?
- O'Malley: Not just the Navy yard. Ship building is one of those industries that come under that.
- Graves: I understand, Mr. Secretary, the ship building concerns generally throughout the country, beginning at Seattle, as I recall, and now in Maryland and elsewhere, have objected to the installation of payroll allotment plans because of rulings of the Department of Labor which forbid any check-offs from pay, whether voluntary or involuntary. We have turned that over to Mr. Foley now who is trying to clear that up with the Department of Labor. I think you signed a letter to the Secretary of

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Labor within the last week asking for her early decision and an announcement.

H.M.Jr: Well, give me another letter.

Graves: You mean an additional letter?

H.M.Jr: Sure.

Graves: I think that this letter has been signed within the last three or four days. It would be a little early to follow up.

H.M.Jr: O.K.

Graves: I would like Mr. O'Malley to describe what we have done outside of Government plants on payroll allotments. I mean the control system that we are setting up.

O'Malley: Well, we have set up cards, five - three by five cards gotten from the records of the collectors of Internal Revenue of each state showing employers of a hundred or more employees. Two sets of those cards are being maintained in the field in the State Administrator's office. Two are being sent here to Washington. One is being maintained in our office as a master file for future records of the participation by the various industries and corporations in the payroll allotment plan. The bulletin went out to the State Administrators here about ten days ago advising them of that set-up, advising them of the installing of the approach of those corporations having more than five hundred employees at first, have them set the example to be followed by the smaller companies. The cards will be maintained in the State Administrator's file and will be distributed to the local committees to follow up in their communities. Records will be sent into Washington. We will compile the records from those cards.

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H.M.Jr: Well, what about the - these master lists of Social Security?

Graves: That is what this is. These were taken from Social Security.

H.M.Jr: Oh, these were taken from Social Security?

Graves: Yes, Title 8 records.

O'Malley: Social Security records in the collectors of Internal Revenue offices of the United States.

H.M.Jr: And that is this?

O'Malley: Yes. As of June 30 this year.

H.M.Jr: Any company that has a hundred or more employees you take it over, but you only work with those that have five hundred?

O'Malley: We are starting off with those that have five hundred or more. Those that have under five hundred that have not by that time installed the plan, we will solicit.

Graves: One set of cards that Mr. O'Malley is talking about is for George Haas. That is being retained in the collectors' offices so that the collectors may endorse on those cards the data from the June Social Security tax returns showing the amount of taxable wages and the number of employees on the roll at the last pay period in the June quarter. I think those cards probably have not begun to come in yet. Is that right, Mack?

O'Malley: We have the majority of them in now.

H.M.Jr: The cards for Mr. Haas that carry this special information on the back?

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- O'Malley: Yes, sir, we have those too.
- Graves: So we are practically set up mechanically to control this thing.
- H.M. Jr: If I want to say, "Well, let's see really how good is Iseby, we can get out the cards of Michigan and see"?
- Graves: That is right.
- Iseby: We are going to do the jobs first before we send any of that in here. I won't answer the mail.
- Graves: I think Mr. Houghteling might tell us what he is doing on the labor aspect of this payroll allotment thing.
- Houghteling: As you know, during this - these last few months when there have been a great many labor conventions, we have succeeded in getting a number of the key international unions of both the A. F. of L. and C. I. O. to adopt resolutions specifically endorsing the payroll allotment plans. I was able to send out to Mr. Hyatt at the A. F. of L. convention at Seattle a mimeographed pamphlet with eight of these resolutions. We plan to have the A. F. of L. convention, if they will, adopt a resolution, a similar resolution, but, however, the time of resolutions is pretty well past. We want to go on getting them, but the question is to get it turned into action.
- Now, I have applications for positions with us from George Dunn, who was formerly Vice President of the Brotherhood of Railroad Clerks; Leo Goodman, Research Director of the United Shoe Workers of the C. I. O.; and James Barrett, Southern Publicity Director of the A. F. of L., all of whom come to me sponsored

by their organizations as good men for us to put on our - to put out to work in going directly to the international unions and down through them to the local unions to actually turn this program into action. We feel that the initiative of the local unions, national and local unions, is very important, and also the pressure that can be put through the national union on the local union in connection with this information that Mr. O'Malley will have for us as to what shops where there are payroll allotment plans--

H.M.Jr: Just one minute.

Houghteling: What shops where there are payroll allotment plans are really doing a good job and where they are not, we believe the best way to put the percentage of participation from a low percent up into the higher percents is to get to the labor unions and say, "Now, your people aren't doing their part," and that is what we expect to use these field men on.

H.M.Jr: Well, now, your field men and the ones that are in the state, they will all be--

Houghteling: We dovetail, yes. We always--

Graves: Mr. Houghteling's men will not go into any state except under the auspices of the state administrator.

Houghteling: Yes, we will always go to the state administrator and to the members - chairman of the state labor committee.

Graves: Tell the Secretary how much you know about Gardner Jackson's willingness to come with us.

Houghteling: Well, Gardner Jackson has said to me several

times that as soon as Mr. Appleby came back from England, which he has recently done, he was going to ask for leave of absence and would like to come over and tackle this job for us himself along with these other men, all of whom he knows about and has checked up on.

Graves: If we are successful in what Mr. Houghteling is saying, Mr. Morgenthau, we will have five men on our staff here from organized labor. There is Mr. Hyatt and the people you mentioned.

H.M.Jr: Is it all right?

Odegard: Sure, it is all right. I talked to Jackson last week, and I was just smiling because I thought maybe there was a little malice in Harold's question. (Laughter)

Graves: Not at all. I talked myself with Gardner Jackson, and he has said to me the same thing that he said to Mr. Houghteling. Do you have some later information?

Odegard: No, you remember we talked Friday about Gardner Jackson, or Saturday?

H.M.Jr: He is certainly all right with you Civil Liberty fellows.

Odegard: Gardner is all right. I am having lunch with him today.

H.M.Jr: I have known him eight or nine years, and he is motivated right.

Houghteling: That is all I have.

Graves: I think Peter might tell you what progress has been made on this school program here since Mr. Iseby's last visit. He has conferred this

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morning with the people who are working on this thing, and I think he can bring you up to date on that.

Odegard:

Well, we have the rough draft of a school manual that I assume will be ready within the next few days to go to all the state committees and the educational workers in the local committee as well which will set forth in more detail, more explicitly, the activities in which the schools may engage in connection with this program. In addition to that we have here this morning Mr. James Clark who has been head of the Readability Laboratory of the Teacher's College for a good many years and an experienced educational editor whom I hope we can persuade to come down and help us with the preparation of materials for the schools. It is a specialized job and a job that requires the kind of training that he has.

In addition to that, I had luncheon with Lyman Bryson who has been for many years one of the officers of the American Adult Education Association and was also educational adviser for Columbia Broadcasting Company. Mr. Bryson was very helpful and was going to try to help us to find one or two people who can assist in doing what Mr. Iseby has done in Michigan, to assist in field work, of getting a contact with the educational representatives there, seeing that the program actually goes along instead of merely waiting for something to happen and that is about the status of the--

Graves:

When do you think we can get that out, Peter, that bulletin to the - to our forty-eight states?

Odegard:

I should think next week.

Dallas:

There will be one reason for delay, Mr. Graves,

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and that is that in considering it we felt that it might be necessary or it might be wise to have the names of the outstanding educators with their endorsements included perhaps on the back of the publication, which would make it more acceptable to teachers and administrators. That might take - well, it would take two or three days or a week for some one to go and see those people and present the manuscript to them and ask for their endorsement.

Graves: Within a couple of weeks, I would say, at the outside, to the time when we will have something standard in the hands of all our state organizations on this school program. I would like Mr. Iseby to see that draft, Peter, if it could be arranged while he is here.

Iseby: I think you have got to be very cautious. I am going to be frank in making a statement on that. I had a few statements this morning to make. I have sounded out a good many of these teachers and it is the teachers that are going to have to do this job. Unless it meets with their approval, it will not be done. It doesn't make any difference where it comes from. I have had a meeting with them, and that is the general attitude. They have to do it so it will have to be with their approval and it won't make any difference how many other people approve it. Unless it comes direct from the school teacher groups who say that they are satisfied that that is the type of program.

Dallas: That is the people we are going to submit it to.

Iseby: It must be to the teachers. They don't care about anybody else. They flatly told me. There are eight thousand school teachers in Detroit and thirty thousand in Michigan saying

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they will not do it. They will say, "Yes, we will take it." But if they don't care to start a program, they won't. I hope that--

Graves:

I think Mr. Iseby's suggestion there is followed by our program, isn't it, Peter? This is going to the teachers through the school authorities.

Odegard:

Oh, yes indeed. That is the emphasis. It is quite obvious, of course, that you can't submit a preliminary draft to every teacher in the United States to get his or her approval before you print it. The best you can do is to get the approval of the people who are forward in the field of education and who know the teachers and teachers' organizations.

Iseby:

Their representatives which they have.

Dallas:

They are direct representatives of the teachers.

Graves:

I would like Mr. Olney to tell you where we stand on this state organization. You fixed a deadline of October 1 for getting a start in every state. I am sorry that we have not been able to meet that deadline.

H.M. Jr:

By four states you are down?

Graves:

I think it is five.

Olney:

Five states, Mr. Secretary, but one of them, Delaware, is - we have this new chairman who does not wish to be officially appointed until he secures a state administrator. He has indicated that he will accept. So we only have four and we have contacts in those four states preparing now to secure the proper man for our organization.

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- H.M.Jr: Well, that is pretty good.
- Graves: There is one state, Louisiana, and I think you would understand why that might be a problem for us.
- H.M.Jr: What is Mrs. Huey Long doing? Isn't she available. (Laughter)
- Graves: I haven't heard about that. I think very quickly now we will be able to clear up those five states. I think Louisiana is apt to be the last one that we get started.
- H.M.Jr: There is a newspaper publisher down there that is a humdinger. He just fought and bled and risked his life on this fight, and he is the man who discovered that truck that led to the undoing of the president of that university. It was his newspaper. It was his newspaper that sent out - what was the the president of that college, Smith, was that his name?
- Graves: Smith was his name.
- H.M.Jr: Well, there is a newspaper publisher down there that fought and bled and died for us.
- Callahan: Leonard Nicholson, the Times Picayune.
- H.M.Jr: Well, now, if that is correct, why

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don't you go to the publisher of that paper and ask him to take it on?

Graves: Well, at least we could go and consult with him.

H.M.Jr: Well, he might take it.

Graves: Another man that we had in mind consulting down there is the present president of Louisiana State University.

H.M.Jr: But this Times Picayune - I mean, they did do a beautiful job on that situation down there.

Graves: I am glad to have that.

H.M.Jr: After all, most of the money is in New Orleans anyway. That is a suggestion.

Graves: Well, I am very glad to have that.

H.M.Jr: What do you think of that, Peter.

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- Kuhn: It is a very good paper.
- H.M.Jr: I mean, as an idea.
- Odegard: It seems good.
- Kuhn: Harold, who is the man who is being considered?
- Graves: The man that I am considering in my own mind - he has not been told of this at all, but we have a retired Army officer named Hodge who is now president of Louisiana State University, and has a very fine record. I have gone into that. His brother, a twin brother, by the way, is a planter in the northern part of the state, and he has spent his last ten years fighting Huey Long and Huey Long's gang in northern Louisiana, and I had in mind seeing Hodge. Not ask him to do anything, but to get his advice on what we might do.
- H.M.Jr: Another man you can put on the committee down there - what was the member of the Farm Credit we brought up from New Orleans who did so well? He was young and aggressive. You could find out. In Farm Credit we had a very bright young fellow come up. He had a little cooperative down there. He came up and helped me for a while. He was in Farm Credit. He was a very able fellow. The Farm Credit people would know.
- Graves: I will make a note on that.
- H.M.Jr: He is a very able fellow, and his attitude on the colored question was very progressive.
- Olney: Mr. Secretary, we have added to our field staff seven new men.
- H.M.Jr: Good.

- Olney: They are specially trained in payroll allotment, contacting the State Administrators and pushing the payroll allotment and cooperating with them. Those men will be finishing a class this next week, and be ready to go out in the field.
- Graves: How many field men does that give us in all, travelling from Washington?
- Olney: Fourteen.
- H.M.Jr: Fourteen for you, and you (Houghteling) have five? Is that in addition to his fourteen?
- Graves: That is right.
- Olney: Yes, sir.
- H.M.Jr: Good.
- Graves: Of course, there is a long job of training.
- Houghteling: I may need some more before I get through. It is very hard to get the type of men we need because we need top-notch men in labor, and labor is so active that there are very few top-notch men that are unemployed and available for this kind of work.
- H.M.Jr: Fine. What else have you got?
- Graves: Now, Mr. Mahan, I think, can answer some of the questions that you have been asking me about posters.
- H.M.Jr: Fine.
- Graves: And he has, I believe, the two portfolios that you asked for, one for yourself and one for the President.

H.M. Jr: Nobody ever showed me anything.

Graves: Have you got that in here, Sid?

Mahan: Yes.

Graves: Suppose you begin with that.

H.M. Jr: They hide their light under a bushel, these advertising men.

Mahan: These are duplicates, Mr. Secretary.

H.M. Jr: Fine. Who are the people who get it out?

Mahan: Warwick is the man who has been contacting newspapers for advertising.

H.M. Jr: That is just what I wanted.

Mahan: In summary, that adds up to one million four hundred fifty thousand posters.

H.M. Jr: What do you call this advertising business when you have a layout to present?

Mahan: Presentation.

H.M. Jr: That is right.

Mahan: Now, that represents twenty-one different types of outlets that those posters appear in. For instance, furniture stores, paint stores, automobile dealers, men's wear, a great many outlets that - where we are shy of posters that gets us into those places.

H.M. Jr: Is this series finished?

Mahan: No, it is continuing, and there are more coming in all the time, and at the back of the book there are six, I believe, that are just in black and white form. They

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haven't been printed yet, but they are all approved.

- H.M.Jr: Well, would you get me one - I would like one for the Vice-President and one for Mrs. Roosevelt.
- Mahan: In addition to the one we have here?
- H.M.Jr: Yes.
- Mahan: I have an additional one.
- H.M.Jr: Well, I would like --
- Graves: Two more.
- H.M.Jr: Three more. Oh, give me four more. That would make six in all.
- Mahan: That would make six in all.
- Now, one of those, the comic weekly poster, also ran on the back page a comic weekly. That has five million seven hundred thousand circulation. It is that one right there. That is the ad as it ran.
- The Willard Storage Battery ad, which is one that is being produced now, will run in Life on November 17. That is with a circulation of approximately three million.
- H.M.Jr: Now, who gets the credit - whose brain child is this?
- Mahan: Why, I think it came from Warwick originally, Mr. Secretary.
- H.M.Jr: Who is Warwick?
- Mahan: Warwick is Warwick and Legler, an advertising agency, and he represents large producers of

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that material, and Mr. Legler started with this idea, and it is amazing the manufacturers that have cooperated with him.

- H.M.Jr: And he gets the business?
- Mahan: Yes, his firm - his client gets the business.
- H.M.Jr: Well, bring them down next week. I would like to meet them and shake them by the hand. Could you do that?
- Mahan: I would like very much to have you do that.
- H.M.Jr: I think that is very, very swell. The black and whites will be colored, won't they?
- Mahan: Oh, yes, those are just projected posters that haven't been produced yet, and the Willard one is the one that will appear in Life on November 17, as an advertisement.
- Kuhn: Which one?
- Mahan: Willard Battery.
- Odegard: I was going to ask if it wasn't possible to have them use some of these in magazine ads.
- Mahan: I think we are going to be able to do that.
- H.M.Jr: Well, bring the man down.
- Mahan: I would like to very much.
- H.M.Jr: I would like to meet him. And if somebody else, Harold, has something like this, I would like to see it, you see.
- Graves: By the way, where are we on these Kudner advertisements, and the Young and Rubicam? Have you seen the Kudner things yet?

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- Mahan: No. I understand they are there, but I haven't had a chance to look at them this morning.
- Graves: Will you tell the Secretary also where we stand on our own posters, Sid?
- Mahan: This is a summary report. We have distributed of our own posters the Minute Man, Buy a Share in America, and the Hands Claspings, which is on order, we have distributed five million of them. That includes the retail store posters, beginning November 15, including a Thanksgiving --
- H.M.Jr: You see, what you ought to do is this: If you were doing the advertising for a private company, you would want your board of directors to know something about it, wouldn't you?
- Mahan: Certainly.
- H.M.Jr: If you will give me this thing, I will distribute it to the Cabinet and let them know. I can't do it unless you can give it to me. You take that hand claspings thing. I have asked four times for a copy of that poster and I can't get one.
- Mahan: I don't understand that.
- H.M.Jr: I saw one in Chicago in Collins' office, but I have asked repeatedly to put one up here. You know, one of those little ones, I have got one on the President's desk now. The only way I can let the President or anybody else know what we are doing is if you give it to me. But I have asked for that hand claspings thing again and again. If Collins in Chicago can have one, why can't I have one? (Laughter).

- Mahan: You shall have one.
- H.M.Jr: Seriously. When you are sending me too much, I will tell you, but here I am. Supposedly the President is concerned, and I have got a chairman of the board, which is the President, and a board of directors, and I would like him to know what we are doing and I keep asking for the stuff and I don't get it.
- Mahan: Why don't I make you a similar presentation to that on our own posters which we have already distributed?
- H.M.Jr: Anything, anything that you are doing. For instance, on the billboard stuff, some photographs of this billboard, what the billboards are doing. You must have sold once, didn't you, or you wouldn't have been where you are now.
- Mahan: We have a billboard plan --
- H.M.Jr: Give me some photographs of some billboards. I don't get any of this stuff.
- Mahan: We have such a book in preparation on posters and billboards. That is just starting, as you know. We have possibly a dozen locations, and within another month --
- H.M.Jr: That campaign in Chicago of the First National Bank. That is out and finished. It is out on the billboards. When I went through Detroit I saw the Wrigley posters. They were out on the billboards.
- Graves: And the car cards.
- Mahan: We have some car cards that have been donated.

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- H.M.Jr: When you give me too much I will tell you, but I don't get anything.
- Graves: How many of that handclasp poster were ordered, and how many have been delivered?
- Mahan: Just preliminary copies have been delivered of the thing. Two hundred thousand are on order, and there will be fifty thousand of the very large two-sheet one which is a payroll allotment poster that will be used --
- H.M.Jr: Well, give it to me visually like this.
- Mahan: I will make it up in such presentation as that.
- Graves: How about your post office program, Sid?
- Mahan: The post office manual which --
- H.M.Jr: Now, somebody sent me by accident a couple of weeks ago a folder that one of the unions got out in New York, their own four-page bulletin. It was the Needle Workers' Union or something.
- Kuhn: The Amalgamated Clothing Workers. Miss Dallas sent it to me to give to you, and I did.
- H.M.Jr: And the same day it went over to the President with a little letter. I try to sell him what we are doing here, but you fellows have got to feed it to me.
- Graves: That, as I understand, is for distribution to all postmasters. It tells them what to do.
- Mahan: Fifty thousand of those will be distributed.

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H.M.Jr: Well, fix me up a letter, Harold, explaining what it is, addressed to the President of the United States, and I will send it over to him.

Mahan: Do you want to keep that?

H.M.Jr: Yes. He likes to see the things, you know, and he reads them and he has got ideas. I like to get him interested.

Graves: Do you want to speak at this time about our tabloid that is to be a part of this post office thing?

Mahan: That will be ready in nine days, and that is when I think we should talk about it. We will have two dummies, and we will have the whole plan laid out.

Graves: That is the thing, Mr. Morgenthau, that we are planning to distribute through the mails.

H.M.Jr: I know. I have never seen it, but when it is ready, I would love to see it. You are the first advertising man I ever met I had to accuse of being a shrinking violet. (Laughter).

Mahan: I enjoy the distinction, sir.

Graves: Was there anything else you had, Sid?

Mahan: No, I think that covers it. I will get some presentations ready.

H.M.Jr: Do that.

Mahan: I will.

H.M.Jr: I want to be sold so I can sell the rest of the Administration. We are actually doing

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something, while everybody else is sitting around talking about morale, and with staffs of two hundred fifty to five hundred people all falling all over each other, and I am proud of what we are doing, and I would like to tell the people here in Washington what we are doing.

- Graves: You asked Dan Bell and me a couple of weeks ago to install a booth in a branch post office here in Washington, at which we would have Treasury people to sell Bonds and Tax Anticipation Notes. I would like Mr. Duffus to tell you where we stand on that project.
- Duffus: Well, it is the Post Office Department policy not to have any booths of any nature in any post office.
- H.M.Jr: O.K. Where did you go from there?
- Duffus: We went to Garfinckel's and Woodward and Lothrop's and Friday we go into Lansburgh's, the Willard Hotel, and as soon as soon as the booth - the Red Cross booth is out of Loew's Capitol Theater, in about ten more days, we go in there.
- H.M.Jr: But you are not letting the Post Office lick you on this thing, are you?
- Duffus: It is still under discussion, but --
- Graves: Postmaster General Walker has been out of town, and the officials down there wanted to await his return before they came to grips on that thing. We have not given up.
- H.M.Jr: Oh, don't give up.
- Mahan: As a matter of fact, I was to see him this morning, Mr. Graves.

Duffus: We will be in the Post Office, but it is something he has got to straighten out.

Graves: As a matter of fact, we are accomplishing the object you had in mind in locating these booths in these locations with Treasury personnel.

H.M.Jr: Have you started one?

Duffus: Yes, five days ago we started in Garfinckel's.

H.M.Jr: Are you doing anything on Tax Anticipation Notes?

Duffus: We have Tax Notes, all bonds, and the stamps.

H.M.Jr: Mr. Buffington, here is one for you to go over and see what they are doing. Mr. Buffington has come down to help us on Tax Anticipation Notes.

Duffus: We have been working with Mr. George Barnes very closely and he has trained the people to go in so they know about the Tax Anticipation Notes.

H.M.Jr: Buffington, you go over and see how good a job they are doing.

Duffus: We sold three Series E Bonds in Garfinckel's in five days, and a hundred and six dollars' worth of stamps.

Graves: How about Tax Notes?

Duffus: We have sold none.

At Woodward and Lothrop's we have only been open three days, and we have sold one Tax Anticipation Note.

- H.M.Jr: You are back on the floor, Buffington, so you can't fall out of bed. I mean, you can only go up. (Laughter).
- Buffington: That is right.
- H.M.Jr: If you sell one, you have got a hundred per cent increase.
- Duffus: We have had trouble keeping these booths open, because the money had to be back here at the Treasury by three thirty in the afternoon, to the Treasury vaults, and we are now making arrangements with the stores to leave the Treasury money in their vaults over night, so that we can keep these booths open until the store closes.
- H.M.Jr: What about the hotels?
- Duffus: The hotel will open on Monday. They had Red Cross booths in there, and their lobby was so cluttered we didn't go in. We open there Monday and in another department store on Friday.
- H.M.Jr: Well, if you make one sale, Buffington, it is a hundred per cent increase.
- Buffington: All right.
- H.M.Jr: You might get in on that.
- Buffington: I would like to.
- Graves: Tell us about your juke boxes and your songs.
- Duffus: Well, the average popular song sells about four hundred thousand copies over the music counters of the country. By November 1 we will have distributed upon direct request to the office over a million copies.

H.M.Jr: Wonderful.

Duffus: of "Any Bonds Today".

H.M.Jr: Wonderful.

Duffus: We have had a very fine meeting with the heads of the five mechanical phonograph companies last week, and the three recording companies. The week of November 9 to the 18th has been set aside as their week for national defense, at which time "Any Bonds Today" will be in the number one position on every one of over two hundred seventy-five thousand juke boxes in the United States. They are printing up all of the display material necessary at their own expense, and they are also organizing their eight companies, the five phonograph manufacturers and the three recording companies. They are going to go down and establish payroll allotments through the proper people in our department, and at one meeting of the Seeburg Company in Chicago, they had fourteen of their officials in and started off so that they could tell all of their salesmen and distributors they were behind it - they bought twenty-eight thousand dollars' worth of bonds, the fourteen of them, just to start the ball rolling, and they are publicizing it in that way. But we have a set-up with them so that as we have another song later on, if we do, we will be able to duplicate it at - very fast and push it forward.

H.M.Jr: Don't be discouraged if this booth thing doesn't work right at the beginning.

Duffus: We are going ahead and we will have one in the Benjamin Franklin Post Office very shortly. It was just a case of the Postmaster General being out of the city.

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- Graves: Have you anything else, Carl?
- Duffus: Yes, on the Treasury Houses, we have now completed arrangements with five oil companies nationally, which blanket the United States. Practically the entire budget of Standard Oil of California has been allocated to Treasury Houses for the year of 1942.
- H.M. Jr: You mean advertising budget?
- Duffus: Yes.
- H.M. Jr: You said the entire budget.
- Duffus: I mean the entire budget, pardon me. Being an advertising man, that is the one that interests me. But they are going to start and they will cover with portable Treasury Houses, leaving them as long in a city as is desirable, they will cover nine western states and Hawaii and Alaska, starting the first of December. We are getting a lot more military equipment, now that maneuvers are over. We are also working with Phillip's 66 and with the other oil companies, so that we will have them all over the country. There is a closing report on the Boston and New York Treasury Houses which compare very favorably with Washington.
- H.M. Jr: Very good. Are you trying to get in a booth with General Motors on their travelling show?
- Duffus: That is all set up. We opened day before yesterday in Springfield, Missouri, and they have constructed the booth, and each State Administrator receives an advice sheet and provides the people with the petty cash fund that he works out locally for the sale of stamps at their show.

H.M.Jr: Swell.

Duffus: In addition, we have tried out a Treasury House stunt, more or less, at the State Fair at Dallas, Texas, and an exposition in Omaha, both of which are on now, and we will go into the Home Defense Show in Baltimore, the Junior Chamber of Commerce Exposition in Chicago and in Buell Institute in Pittsburgh. We cooperate with the people to get the military equipment and they set up a Defense Stamp booth.

In some instances --

H.M.Jr: May I interrupt you? The Home Defense Show in Baltimore was started originally at my suggestion.

Duffus: Was it?

H.M.Jr: When Mac-something was Administrator there. What is his name? He has left there now. FHA, but I suggested that originally.

Duffus: Well, it is going to be the most successful show of its kind this year, because the automobile shows didn't have anything to display.

H.M.Jr: That was my original idea.

Duffus: Over there now we have arranged for eighty-eight thousand square feet of floor space for a military show with a big booth set up right in the middle of it. Some of these shows we have arranged with the State Fair Commission or the people in charge that instead of an admission to the show, you only have to purchase a Defense Savings Stamp. Now, down at

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Dallas we will have a million three hundred thousand people to work on in fourteen days. I don't know how many we will get started, but we are going to then produce a manual on the various plans and send it out so that we can work it nationally next year all over the country.

H.M. Jr:

You see, all these places you can get free rides, Buffington. You will get a free ride on a lot of this stuff.

Duffus:

We use ponies now for the children and jeeps for the adults. (Laughter).

H.M. Jr:

What are you going to give Buffington?

Graves:

Does that wind you up, Carl?

Duffus:

No, I would like to present the newsreel.

Graves:

Oh, yes, do that.

Duffus:

We have sent out bids and are going to take on a newsreel crew of a camera man, a director, a sound man, and an electrician. We will then work - for instance, we are going to start in the State of Michigan and get together with Mr. Iseby and have a list of a hundred people in the State that should be obligated to his office on Defense Savings. They will each speak for the newsreels, a hundred to a hundred and fifty word message in regard to Defense Savings. We will be able to work in payroll allotment messages by the heads of unions and by the factory and shop owners. We can work in the school program by having children say - give some messages, school teachers, Parent-Teacher heads and the like, and the Womens' Clubs. We will take them all in. Those

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will be presented, two a week, on each one of five newsreels which are distributed to every theater in the State of Michigan, so that we will be able to do, I believe, a very fine job.

H.M.Jr: You localize it?

Duffus: We will localize it. If a person is state-wide in his prominence he will get state-wide coverage. But if Mr. Iseby has somebody at Marquette that he would like to use up there in the northern part of the state, we will use him and we will go into every state and duplicate it.

H.M.Jr: I think that is fine. Just one thing - I think that is swell. I have gone to the newsreels here, and I will see something about the high school graduation in Washington. They show it. They do show the local stuff.

Duffus: Oh, yes.

H.M.Jr: Now, will you tell Mr. Howard Dietz that the movie industry hasn't given me - what do you call it, a short - since that seven minute one.

Duffus: Yes. That is still being distributed, you know.

H.M.Jr: I know, but it takes at least a month and if he would take it up with his moving picture industry National Defense Committee, I would love to have another five minute movie, because I haven't had one --

Duffus: That was released in June.

H.M.Jr: Well, ask him if he can't get me out another five minute movie very, very soon. Will you tell him that?

Duffus: I certainly will.

H.M.Jr: This is going so big that we ought to have

another. That was seven minutes, wasn't it, "America Preferred"?

Duffus: About nine. We have had to re-order, as I think I told you before, two hundred additional prints.

H.M.Jr: Tell Howard Dietz. I know he is busy but if somebody could get me out another five or - five minute movie. A serious one. I don't want a - I mean, something on the order of "America Preferred." I mean, I have got no ideas, but I think we ought to have another one, don't you, Peter?

Odegard: Yes, Carlton and I have talked about this a good many times. Early in the year, you may remember, we had a communication from Karel Dodal, who is a Czech animator. He has done some magnificent work, some of which Ferdie and I saw one afternoon. I have been hoping that Mr. Dietz would some day get around to Mr. Dodal, because he can make, I think, some very excellent things for us and do exactly what we want.

H.M.Jr: Well, I would like to tell - tell Howard Dietz I would like another short very, very soon. They owe me one. Will you tell them?

Duffus: I will call him today.

Graves: Do you want to close promptly at twelve?

H.M.Jr: No, I am having a good time.

Graves: All right, then. I would like Mr. Poland to tell you a little more than I did yesterday of his visit with Mr. McLean.

Poland: I saw Mr. McLean and with him, the editor and the general manager and the assistant circulation manager of the Bulletin. I understood the purpose of seeing him was to endeavor to make effective some wider adoption of the Bulletin plan. Mr. McLean assured us that he would lend --

H.M.Jr: Does everybody know what they are doing? Would

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you take a minute and explain?

Poland: I would be glad to.

H.M.Jr: Take a minute and explain what we are doing up there.

Poland: The Evening Bulletin, through a system of carrier boys, has made each one of them Official United States Defense Agents. "Each one" is too strong, because they haven't yet got their entire list of carriers enlisted. They had a carefully formulated plan by which they got the boys together first for breakfast, explained it to them, afterward got all their carriers at a movie and the carriers then signed a pledge in which they stated their allegiance to the American form of government and their desire to enlist their services as salesmen for the Treasury Department.

H.M.Jr: Mr. Poland, when you have time, could you fix me up a little booklet, kind of the story, giving me each thing that they do, with a little booklet, you see, so it is consecutive?

Poland: Here it is.

Graves: I will see that that is done. I was skipping perhaps a little rapidly but I think it is all there, Mr. Secretary.

H.M.Jr: That is all right.

Poland: Each boy, after having been enlisted, was provided with this material which he left with his customers on a given day, a pre-determined day in the week, and then on the final day, just before they make their collections, this reminder was also given to the customer. That contains an order blank. The customers signify the number of stamps which they might desire and

the boys then are provided with stamps in these envelopes. The Bulletin is buying fifteen thousand dollars worth a week and putting them into these envelopes and the boys take them out on order. When they are delivered, they collect the money, furnish the customer with a special album which contains \$18.70 worth of ten cent stamps which, when surrendered with five cents at the postoffice, entitles them to the Series E Bond. The customers are given one of these stickers to go with the album.

H.M.Jr: I want this all put in a booklet for me.

Poland: Certainly. I was just handing it to you for your immediate observation.

So that they have also a - when the boys have sold \$18.75 worth of stamps to their customers they are given an award of merit, a bronze button. When they sell \$37.50 more they get a silver one. When they sell \$75.00 more they get a gold one. They get a certificate of merit that goes home and they can show it to their parents.

Graves: Did you show the Secretary the button? That is for the boy.

H.M.Jr: I think it is wonderful. I think it is grand. I am very much excited about this.

Poland: They have prepared, I think, perhaps what Mr. Duffus or Mr. Mahan would call a presentation of this whole plan on a large - I saw the dummy for it. It is a large double sheet effect, so that they can tell other folks what they have done, and I think on the front of that they are reproducing what they have given to each boy, which you may recognize as emanating from the Treasury Department, a telegram from the Secretary.

H.M.Jr: I see.

Poland: I talked over the long distance telephone with Rochester, Minnesota, with the man who has been chiefly instrumental in doing this, who is there at the Mayo Clinic with a member of his family, Mr. Stodgill.

H.M.Jr: Now, he is the circulation manager?

Poland: That is right. The one thing which seemed to move forward was the fact that Mr. McLean thought that Stodgill will soon be attending the annual convention of circulation managers. Has Mr. Graves told you about that?

H.M.Jr: Yes. Now, the only thing I want to do is, I want to get Stodgy to come down with us for two or three months. I want to get him a leave of absence and have him come on down here and help us do this for other papers because that fellow has got originality and you told me he is one of the best and highest type circulation managers. Knowing what kind of a man McLean is, I think we could borrow Stodgy, if that is his name.

Poland: Stodgill.

H.M.Jr: Stodgill. There is nothing stodgy about him. For two or three months to come down here and do that thing for us because I know enough about circulation and those things. They are a very peculiar ilk and it takes one circulation manager to talk to another. They are very peculiar people. They are something like Secretaries of the Treasury.

If you could get that man, Harold, to come down here for three months or long enough to start with the Evening Star and these other - what Ferdie calls "fat and dull" papers, to do this, but I think you will have to get a man who can

talk to another circulation manager to do it and as I told you yesterday - I told Harold Graves yesterday, if it is a question of paying for that stuff we will pay for it, if that is going to hold it up.

Poland: That is one question Mr. McLean raised.

H.M. Jr: We will pay for it. We have got to. We have got to be willing to say to a newspaper, "If you will do this we will pay for the material." Then it will go, because they are not all as rich as the Philadelphia Bulletin. Which is your "fat, dull" paper in Detroit?

Iseby: Detroit News. They will go for that and so will the Free Press.

H.M. Jr: Will they pay for it?

Iseby: The Free Press will but the other may not.

H.M. Jr: Will you think of that, Harold, getting this man on loan to come down here, long enough to put it across?

Graves: Yes, I think that could be arranged and I will talk with Mr. Poland about that, afterward.

H.M. Jr: Aren't you very enthusiastic?

Poland: I was. They did an excellent job and it was well thought out and well executed.

H.M. Jr: It takes a long time to think a plan out like that and when we have got it I would like to ride it.

Graves: Now I would like Mr. Callahan to answer a question or two that you raised with me about house organs and trade journals.

- 40 -

H.M.Jr: I want you to know that the Secretary of the Treasury's paper, in the lower left hand corner, has the defense emblem on it. Did you know that?

Graves: Yes.

Callahan: This is from the Bureau of Engraving.

H.M.Jr: Have they got you doing this?

Callahan: I happened to be there when it happened. Here is another one. Mr. Hall originated that himself, didn't he, Mr. Graves?

Graves: Oh, no.

Callahan: I mean this particular thing.

Graves: That was put in for all the Treasury stationery and the time when it will come in depends on when the present stocks are exhausted.

Callahan: I meant that he had the printing facilities himself and did it first.

Graves: Oh, I suspect --

H.M.Jr: I would like - I don't know - this fellow sells an idea to an engraving concern that is in the business and then they get this out. I would like to get a man who is in the business of selling letterheads, papers, to concerns, and sell him this idea so that whoever manufactures the letterheads - I mean - you know. We have got a big concern - you know this concern that you give them a dollar and you get your name on the paper? American Stationery, somebody like that. If you could get them interested in these various stationery concerns, big ones, so they will suggest that we are willing to put this on.

Graves: That is commercial printers you are talking about.

H.M.Jr: Yes, big ones. What else have you got, Vince?

Callahan: We are starting a campaign in all of the trade publications of the country for the purpose of acquainting the business men with the payroll allotment plan and any other messages which they have. We plan to do that through four page insertions over a period of a year and to be continued after that.

Graves: In what?

Callahan: In trade publications.

H.M.Jr: Are you handling trade publications?

Callahan: Yes, sir.

H.M.Jr: Besides radio?

Callahan: No, I have the press. That is included.

H.M.Jr: I see.

Callahan: These are a series of four which we have had made up.

H.M.Jr: But this is to go into trade publications?

Callahan: Trade publications.

H.M.Jr: Have Peter Odegard and Kuhn seen these?

Callahan: Yes, sir.

Kuhn: They are very good, Mr. Secretary. I would like you to see the inside of one or two of those, I think they are very clever.

- 42 -

- H.M.Jr: Now, these aren't the ones that we have from Life?
- Kuhn: No, I have those any time you want to see them.
- H.M.Jr: I am waiting.
- Odegard: Did Mr. Barrett do these or were they done outside?
- Callahan: Barrett got assistance from outside but supervised the whole thing.
- H.M.Jr: When they are ready could you give me the things in a booklet formally?
- Callahan: Yes.
- H.M.Jr: Good.
- Callahan: In addition to approaching the business men, we are going after the labor papers and we have employed a man who will concentrate on payroll allotment material and other stuff directly for the labor papers. That is the way we are attacking in a publicity way the payroll allotment plan.
- Graves: You might tell the Secretary who that is and where he is.
- Callahan: Mr. Izard is now in Seattle at the A.F. of L. Convention with Mr. Hyatt and getting a list of all the editors and he is getting around to meet them. It will probably be a couple of weeks before he actually gets started to sending out any stuff. We are sending out announcements to all the football games. I thought you might glance at that.
- H.M.Jr: That came to me through the weekly thing.

- Callahan: We are doing the same thing with a heading for farmers and the same thing with a heading for foreign language papers.
- H.M.Jr: It is very attractive.
- Callahan: You might be interested to know that in our announcements we checked the other day and found out that we have used the Navy material in about fifty-five thousand announcements, Army material in about a hundred and twenty-five thousand and Marines in thirty-two thousand. All of our announcements include something about the branch of the service, beginning about a month ago. That is about all I have.
- About the house organs, we are hoping to get this particular material in the house organs.
- H.M.Jr: Fine.
- Callahan: We are compiling a list now of about four hundred of them.
- H.M.Jr: Five more minutes and I have got to stop.
- Graves: I was trying to have an answer to a good many questions that you have been asking me.
- H.M.Jr: I haven't got time.
- Graves: If you have anything further on your mind --
- H.M.Jr: No.
- Graves: Then let's hear from Mr. Edward about the banking thing.
- Edward: Mr. Secretary, during the month of September, nine hundred and fifteen other banks qualified as issuing agents for Series E Bonds. Eleven thousand five hundred and seventy-one out of fourteen

thousand seven hundred and fifty-four banks are now in. That does not include about a thousand branch banks who are also in. Here is a little memorandum here and I think probably you have seen some of it. Virginia is a hundred percent, along with four other states. Virginia's record is better than any other because they have a good many banks. New York also has a very favorable showing where they have two hundred ninety-six out of three hundred national banks and four hundred twelve out of four hundred twenty-five state banks.

Graves: And all the mutual banks have qualified.

Edward: The country as a whole, eighty-nine percent of the national banks are in, ninety percent of the mutuals and seventy-two percent of the state banks.

H.M.Jr: Very good.

Edward: Banks are continuing their efforts in promoting the payroll savings plans, they are working with the school people, and they are also putting out - trying to help in the program on the buy by the month plan. The A.B.A. has printed a form which they are selling to the banks and I had a list the other day of something like a hundred banks that had already bought them. I have written letters to those banks, inquiring of them as to how it was going over. That is a plan where the depositor signs an order on the bank directing the bank to charge to their account bonds for a certain interval.

I had a call this morning from Akron, Ohio from a banker, Mr. Iseby, on this school plan. They are trying to start it there where they have forty-five thousand children in school. I immediately contacted the field division there. They are sending the deputy administrator to Akron

to work with him and get it under way.

H.M.Jr:

Harold, the one thing that I want your help on, I had a very interesting thing happen. I was before this banking and currency committee in the House. I was coming up and they said, "Look out for the Congressman from Oklahoma; he is tough." Well, he started out - before he said anything, he said, "Mr. Morgenthau, I want to compliment you on your Defense Savings Program in my state." He was pleased and instead of being tough he treated me very nicely.

Now, somebody in your organization should think exclusively of how we can let the Senators and Congressmen know. Now, let me finish - and members of the state legislatures. Senators and Congressmen, stuff to feed them - not the weekly letter; they wouldn't read that, but what they are doing, and members of the state legislatures.

Now, I went up there and this fellow, evidently he - somehow or other, he happened to know and instead of being rough with me he treated me nicely. That is only a small thing, but it happened to be a personal experience. But this is important enough that somebody should be thinking exclusively how to sell the elected representative of the people on this program. I would like somebody. It is a big enough job just for one person.

Graves:

You wouldn't think it would be advisable to try that other bulletin, do you?

H.M.Jr:

Not the one we use for ourselves. They won't go through it and I don't want to go after them every other week. They want something unusual. It is really important. It will help you if we need some more money, too.

- 46 -

Graves: You remember my introducing you to Mr. Jones, our Oklahoma administrator the other day, and I told you the story about an editor who had become a convert. You asked me to get that. I have a clipping here on that.

H.M.Jr: Want me to tell a story about him?

Graves: No.

H.M.Jr: You don't?

Graves: As you like.

H.M.Jr: I want to tell a story.

Graves: All right.

H.M.Jr: I was in retreat at Tucson and this Mr. and Mrs. Lorton arrived. He told the man, Dick Jenkins, "Now, I am a very old friend of Mr. Morgenthau's. I am a very old friend. I have dined with him and I am an old friend of his." So Dick Jenkins said, "Well, Mr. Morgenthau doesn't see anyone." "Well, you tell him I am a very old friend of his and I have got to see him absolutely alone. Nobody can be present."

Well, I broke my rule and I said I would see him. So he came up and he says, "You remember me. You know that dinner at the White House in 1933 when you and I dined with the President? Well, that was when we dined together." And then he said, "I have got to see you alone." I said, "I am sorry, whatever you have to say, you can say in front of Dick Jenkins and Mrs. Morgenthau." "Well, it is too confidential," so finally he whispered that he was involved in a national lottery scheme to keep the Government from going broke. That is your Mr. Lorton.

Graves: Well, he is a convert now to your Defense Savings Program.

H.M.Jr: Well, he is also a nut. (Laughter)

Iseby: I would like to have you know, Mr. Secretary, that a week from Sunday, this coming Sunday, every Italian society - never before in this last crisis - this means Fascists and all. This is going to have national importance throughout the country. Every one in Wayne County, a hundred and thirty-two representing over a hundred thousand Italian people and all their societies, are going to have a banquet dependent entirely on the Defense Savings Program, all of them announcing one hundred percent support, every one of them buying bonds, Fascists as well as pro and con, all of them.

Two weeks from that day - I will talk to Harold about it - I want two speakers. They must be Cabinet members. They are the A.F.of L. teamsters group with Dan Tobin and twenty-two presidents of teamsters from twenty-two states.

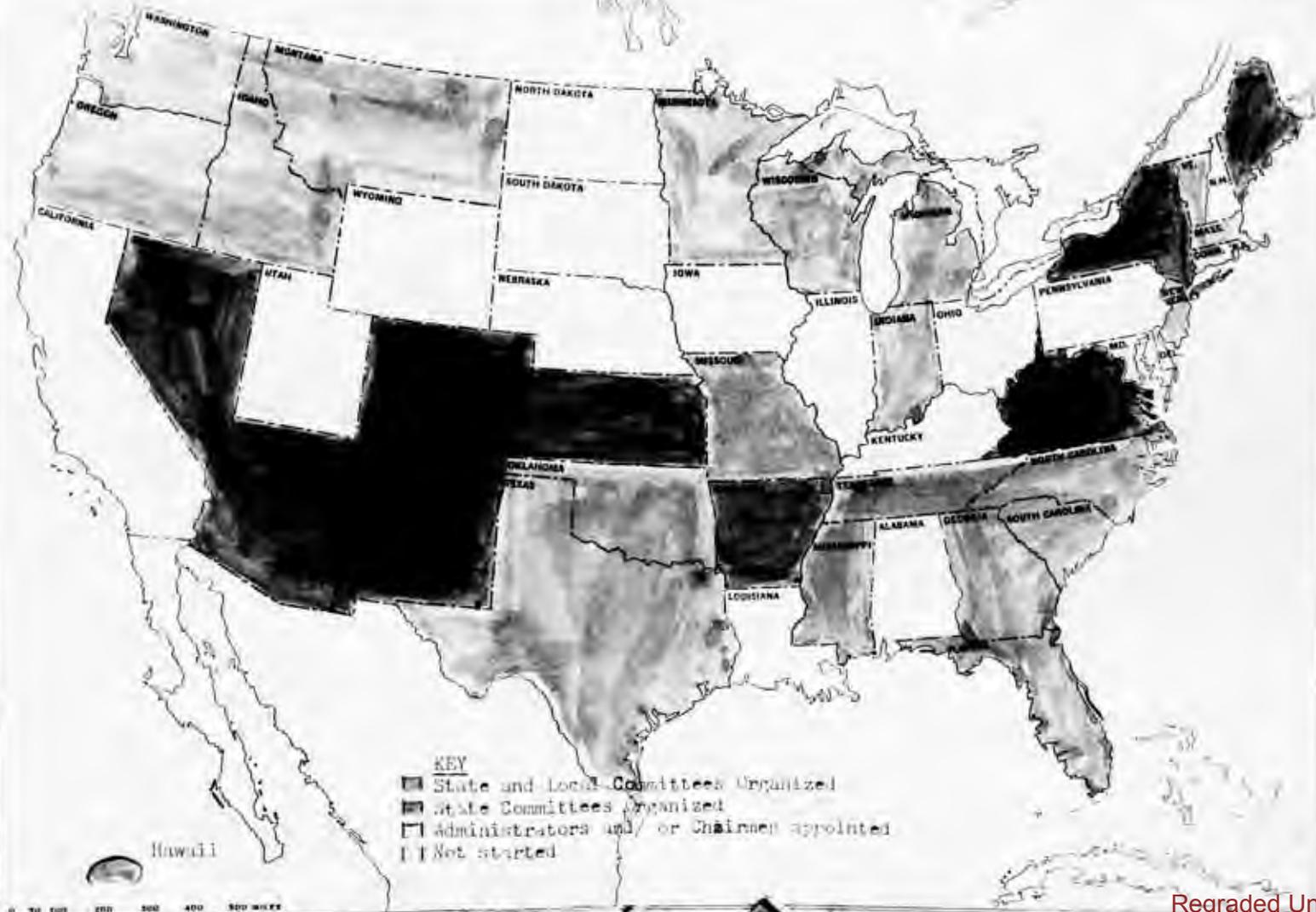
H.M.Jr: It was a good meeting, Harold. I think this is a very good meeting, and thank you all for what you are doing. I am very much pleased.



Regraded Unclassified



Regraded Unclassified



- KEY**
- State and Local Committees Organized
 - ▨ State Committees Organized
 - ▧ Administrators and/or Chairmen appointed
 - Not started



Hawaii

0 100 200 300 400 500 MILES

OB 10

TREASURY DEPARTMENT
BUREAU OF ENGRAVING AND PRINTING
OFFICE OF THE DIRECTOR
MEMORANDUM





TREASURY DEPARTMENT
BUREAU OF ENGRAVING AND PRINTING
WASHINGTON, D.C.

DEFENSE

BUY
UNITED
STATES
SAVINGS
BONDS
AND STAMPS

44 754 Bonds in U.S.
11 571 Have qualified as issuing Agents Series E Bonds
A.20 - approximately 1,000 Branch Banks have qualified.
VIRGINIA BANKERS GO OVER THE TOP

311

All Virginia banks, 120 national and 184 state chartered institutions, a total of 314, have now qualified as issuing agents for Series E Bonds. Virginia thus becomes the fourth state in which the banks are cooperating "100%" with this phase of the Defense Savings Program. Inasmuch as Virginia has many more banks than the first three states to attain 100% status (The District of Columbia, Nevada and Oregon) the achievement is especially noteworthy.

All National banks in the following states (in addition to the District of Columbia, Nevada, Oregon and Virginia) have qualified according to the Treasury, September 30 report on the number of qualified issuing agents: Arizona, Florida, Maine, South Carolina, Utah and Washington. New York with 412 out of 425 National Banks qualified also merits special mention.

All State banks have qualified in only the four 100% states. But again New York with 296 of its 300 state chartered institutions qualified has an outstanding record.

All mutual savings banks in ^{New Jersey} nine states have now qualified; the District of Columbia, Maryland, Minnesota, New York (134 banks) Ohio, Oregon, Vermont and Washington. Maine with 30 out of 32 such banks qualified is close to the goal.

For the Country as a whole, 89% of all National, 70% of all State, and 90% of all mutual savings banks have now qualified

These figures are impressive tributes not only to the patriotism and sound judgment of bankers generally but also to the untiring efforts of many leaders of the banking fraternity. Secretary Morgenthau, addressing the annual meeting of the American Banker's Association in Chicago, October 2, said:

"You have given significant help and given it unselfishly and cheerfully, in the selling of Defense Savings Bonds and Stamps. In this effort the Treasury will continue to depend greatly upon the bankers of America, not only as its agents in selling Defense Bonds but also as missionaries in spreading the gospel of savings in times like these."

BANKS MAY NOW STOCK BONDS WITHOUT PUTTING UP COLLATERAL

The Treasury has recently announced that it is no longer necessary for banks to put up collateral for the Series E Bonds which they keep in stock for their customers.

*** Every director, officer and employee of the Lincoln National Bank in Newark, N. J. - has purchased at least one Defense Bond. The bank is advertising this fact with the comment: "Have you?"



TREASURY DEPARTMENT

313

WASHINGTON

October 9, 1941

DEFENSE SAVINGS STAFF

"TREASURY HOUSE"

New York

Closed	September 29
Number of Days	27
Number of Stamps	65,120
Number of Albums	7,612
Amount of Money	\$28,034.10

Boston

Closed	October 5
Number of Days	32
Number of Stamps	53,094
Number of Albums	5,635
Amount of Money	\$46,293.95



OFFICE OF
TREASURER OF THE UNITED STATES
BY REPLACING QUOTE INITIALS

TREASURY DEPARTMENT

WASHINGTON

313

October 9, 1941

BOND AND STAMP SALES

GARFINKLE'S

5 days.

Bonds,	3 @ \$18.75 -	\$ 56.25
Stamps,		<u>106.85</u>
		\$163.10

WOODWARD & LOTHROP 3 days.

Bonds,	14 @ \$ 18.75 -	\$ 262.50
	6 @ 37.50 -	225.00
	1 @ 75.00 -	<u>75.00</u>
		\$562.50

Tax Bond,	1 @ \$ 25.00 -	25.00
Stamps		<u>220.50</u>
		\$808.00

J. N. Proctor

[Handwritten initials]



DETROIT TEAMSTER

OCTOBER 1941 OFFICIAL PUBLICATION of JOINT COUNCIL no. 43 VOL. I, NO. 7

Dedicated to the Mutual Interest of All Engaged in the Trucking Industry



Secretary of the Treasury Morgenthau, Frank Isbey, Chairman of the Michigan Defense Bonds and Savings Stamp Committee, and Officials of the Teamsters Union

Photograph taken during Mr. Morgenthau's address to the teamsters, thanking them for their cooperation in the sale of defense bonds and stamps during his recent visit to Detroit.

Railway Express Agency Switches To Teamsters

February 1, 1962
9:57 a.m.

WJr: Hello. Hello. Hello.

Operator: One moment.

WJr: Hello. Hello.

Allen
Sprout: Hello. This is Allen Sprout.

WJr: Oh, Allan.....

S: Sorry I wasn't able to get to the telephone soon enough this morning.

WJr: That's all right.

Sprout: The market has quieted down as you know, and I think they'll be over this one day corner in rights and have a little more orderly market when the trading on the when issued basis begins.

I got your message and am planning to be down Tuesday for lunch. Is there anything else you wanted to see me about?

WJr: Well, the point is, I want to take a look next at those independent agencies and that sort of thing, and I want to talk to - if we're going to do anything about them, we ought to announce it, you see?

S: Yeah.

WJr: That's all I wanted to tell you.

S: All right, fine. I'll be down there Tuesday for lunch.

WJr: I invited Soles and he couldn't come. He's sending Goldenweiser in his place.

S: I see.

WJr: See?

S: All right. I'll be there.

WJr: Goodbye.

Treasury Department

TELEGRAPH OFFICE

1 WN E 87 NT

SEATTLE WASHN OCT 8 1941

100 7 1

HON HENRY MORGENTHAU JR

WASHNDC

WE ARE TERRIBLY DISAPPOINTED OVER YOUR INABILITY TO COME, HERBERT GASTON WILL DO A GRAND JOB, AND IT WILL BE GOOD TO SEE HIM, AND WE WILL HAVE TO WAIT TO SEE YOU UNTIL WE COME EAST, WHICH MAY BE NEXT MONTH. COULD HERBERT STAY OVER FOR THE EXPRESS PURPOSE OF ADDRESSING OUR SIX HUNDRED CARRIER BOYS ON SATURDAY MORNING, AT WHICH TIME WE ARE LAUNCHING OUR DEFENSE STAMP AND BOND DRIVE, HOPE VERY MUCH HE CAN DO THIS, AND WOULD APPRECIATE YOUR TELLING HIM SO REGARDS.

JOHN BOETTGER— 745A

October 9, 1941
2:45 p.m.

EMJr: Herbert?

Herbert
Coston: Yes.

EMJr: How are you?

G: I'm all right. How are you?

EMJr: I'm all right. How did the thing go?

G: Well, it hasn't gone. I sent word through Customs - perhaps it didn't get to you - that this speech is postponed until two-thirty this afternoon.

EMJr: No. Nobody told me, but that's all right.

G: Oh, I'm sorry. I sent a message saying that the speech had been postponed until two-thirty and that if it was satisfactory and you wished, I would call you after it, and I thought about seven o'clock in the evening if you wish it in your time, it would be four o'clock here. If you would like to talk to me then.

EMJr: Two things, Herbert, I wanted to tell you.

G: Yes.

EMJr: Three things. First, thank you for going out, to take my place.

G: It was a pleasure.

EMJr: Two, John Boettiger wanted to know if you could stay over to Saturday to address six hundred carrier boys who are going to start a drive on Defense Stamps.

G: Yes.

EMJr: Well, that rests with you.

- 2 -

G: Well, I talked to John. What do you think?

HMJr: Well, seeing it's John Boettiger, I'd do it.

G: All right. I'll do that.

HMJr: And the third thing - now it's come out definitely - Harold Ickes made the statement at Cabinet. This is the principal reason I want to talk to you.....

G: Yes.

HMJr:that Saul Haas, through his radio station, is playing hand-in-glove with Senator Wheeler.

G: Uh huh.

HMJr: Now I want to know whether he is or whether he isn't.

G: Yes.

HMJr: See?

G: Yes.

HMJr: He said that Saul Haas and Bone are playing hand-in-glove with Wheeler.

G: Uh huh.

HMJr: Now we might - I mean, while you're out there, you ought to be able to find out.

G: Well, yes. Yes. I'm going to have dinner with John Boettiger and the Boettigers tonight, and I've also talked with Ed Fussell, and I can get the dope.

HMJr: Well, I wish you would; because I'd like to lay it to rest one way or the other.

G: Yes. Good.

HMJr: Will you?

G: Yes, I'll do that.

- 3 -

HMJr: All right. Are you feeling all right?

G: I'm feeling all right, yes.

HMJr: Good. Well, give the Boettiger's my best regards.

G: I will. And then that will mean my leaving here, probably, Saturday night.

HMJr: Yes.

G: It'll be about - I don't know - it'll be about Wednesday or Thursday morning when I get back.

HMJr: Well, I think as long as you're out there, you might as well do that for John Boettiger.

G: All right. I'll be glad to.

HMJr: Okay.

G: All right.

HMJr: Thank you.

G: Good-bye.

October 9, 1941

Mr. Bell

Mr. Dietrich

At 10:15 a.m. this morning Mr. Cameron of the Federal Reserve Bank of New York told me that Mr. Frank of the Chase National Bank had informed him that a Russian ship, the S. S. Mikurian, was due at San Francisco the last part of this week. Mr. Frank said that he did not know if this ship was carrying any gold.

At 10:30 a.m. I called the Russian Charge d'Affaires, Mr. Gregory, and inquired of him if there was any gold on this ship which the Embassy intended to deposit at the Mint at San Francisco for account of the Secretary of the Treasury under the arrangement of August 15. Mr. Gregory replied that it was imperative that he obtain an appointment today with the Secretary for himself and Mr. Tschuber, President of the Amberg Trading Corporation, and that the subject of discussion would be the cargo of two Russian ships, one the S. S. Mikurian and the other the name of which he did not know, now on their way to the United States. I immediately prepared the attached memorandum to the Secretary and upon submitting it to Mr. Bell for his approval, Mr. Bell said that he understood the Secretary intended making a new gold agreement with the Russians. Mr. Bell then initiated my memorandum and I delivered it to Mr. Fitzgerald at 10:55 a.m. for presentation to the Secretary.

At 11:10 a.m. Mr. Fitzgerald called me and said that the Secretary had set the appointment for 2:45 p.m. Mr. Fitzgerald also said that my memorandum had been sent to Mr. Foley for study by the Legal Department. I immediately called Mr. Gregory and advised him of the hour of the appointment.

TO:

321

Mr. Foley

The Secretary
asked me to
pass this on to
you for your
study

Fitz

From: MR. FITZGERALD

TREASURY DEPARTMENT

1122

INTER-OFFICE COMMUNICATION

DATE October 9, 1941

TO Secretary Morgenthau
FROM Mr. Dietrich

Mr. Gromyko, Russian Charge d'Affaires, has requested me to obtain an appointment today with the Secretary for himself and Mr. Lukashov, President of the Amtorg Trading Corporation.

Mr. Gromyko said that it was imperative that he obtain this appointment today and that the subject of discussion would be the cargo of two Russian ships, one the S.S. Michurian, due in San Francisco late this week, and the other, the name of which is unknown, now on their way to the United States. While I am not sure what he means by cargo, I presume that Mr. Gromyko is referring to gold which may be on these ships.

swB

5-7-41

Appnt made for
2:45 today, Thrus
File

Andrei Gromyko - Counsellor and Charge d Affaires of Soviet Embassy
Konstantin Lukashov, President of Amtorg Trading Company

1127

October 9, 1941

Files

Mr. Dietrich

At 2:45 p.m. Mr. Gromyko, Russian Charge d'Affaires, and Mr. Lubachev, President of the Amtorg Trading Corporation, called upon the Secretary in accordance with the appointment which I had made for them. Mr. Foley also attended the conference.

After the meeting was over Mr. Foley told me that the Russians had inquired if they could take the gold arriving on the S. S. Michurina and sell it for their own account rather than deposit it for the account of the Secretary of the Treasury. Mr. Foley further said that the Secretary suggested that the Russians apply this gold against the agreement of August 15 and that the Secretary would be willing to provide them with a similar agreement for an additional amount of gold.

Mr. Foley said that he would write up the meeting with the Russians and forward a copy to me.

Late this afternoon the Secretary informed me that there were five tons of gold arriving early next week which the Russians would deposit for the account of the Secretary of the Treasury under the agreement of August 15.

A
7

FD:lap-10/9/41

October 9, 1941.

MEMORANDUM FOR THE SECRETARY'S DIARY

At 2:45 on Thursday afternoon, October 9, 1941, Andrei Gromyko, Counsellor and Charge d'Affaires of the Soviet Embassy and Konstantin Lukashev, President of Amtorg Trading Company, called on Secretary Morgenthau. Mr. Foley was present.

The Russians told the Secretary that two Russian ships were arriving in United States ports with gold bars, one early next week and the other the latter part of this month. They requested that the gold arriving on the first boat be free from the commitment in the letter dated August 15, 1941, wherein the Soviet Government agreed to deliver 301,000 ounces of gold within ninety days of the date of the agreement.

The Russians stated that sufficient gold would be brought in on the second boat to repay the obligations owing to the United States. Secretary Morgenthau inquired the approximate dollar amount of gold on the boat arriving next week. The Russians stated that there would be about 5 tons of gold amounting to approximately \$5,000,000 aboard each vessel.

The Secretary then proposed that the gold on the boat arriving next week be sent to the Mint in the regular way so that he would be in a position to announce that the Russians had delivered the gold several weeks earlier than they were required to do under the agreement. He said that this would create a good impression both on the Hill and with the public. He said he would then make a new arrangement with the Russians whereby they could have credit against the future delivery of gold in whatever amount they would indicate to him was necessary for their purposes. The Russians indicated that this would be entirely satisfactory to them and that they would communicate it to their government and let Secretary Morgenthau know early next week how much additional credit they would need.

OCT 9 1941

My dear Mr. Secretary:

I am enclosing a record of the conference held Wednesday afternoon in your office, together with an account of my later meetings with the British and Russian representatives.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury.

The Honorable,

The Secretary of State,
Washington, D. C.

Enclosures

*etc. something was done
and sent to him*

Egon W. White

By Messenger - 72

10/11/41

October 9, 1941
4:13 p.m.

EMJr: Hello.

Morris
Wilson: I just want to say how sorry I was I missed
your lunch.

EMJr: Well, I am, too.

W: I was storm-bound in Canada. I got here just
when your lunch finished.

EMJr: Oh, I'm sorry.

W: I was very glad that you weren't hurt in that
accident the other night. You gave us a fright.

EMJr: Oh.

W: I came out of a theater, and a boy was yelling
and selling an armful of newspapers, "Morgenthau
in air accident!"

EMJr: Oh.

W: You know how these headline writers do it.

EMJr: Where was this?

W: I had to spend three cents to find out that
you were alive.

EMJr: This was Montreal?

W: What? No, down here.

EMJr: Oh, for heaven's sake.

W: Oh, it was down here.

EMJr: Oh.

W: Well, you were very lucky.

EMJr: Yes, I was.

- 2 -

W: Oh, I'm very grateful. You should be, too.

HMJr: I am.

W: Because these things happen very easily.

HMJr: I'm very grateful.

W: Oh, yes. Now, I haven't overlooked this thing that you gave me the other day - this complaint - but it has led us off into some pretty distant fields and we want to make it comprehensive; but I promise that by Saturday I'll have it, and of course, the minute I get it, I'll put it on your desk.

HMJr: Good. I want you to meet Chester Barnard, who's with us now.

W: Ah, I'd like to.

HMJr: And that was the purpose of the luncheon.

W: Yes, I heard from him - I suspect that - well, Lew was there and he told me he met him. Very attracted to him.

HMJr: Yeah. Well, that was the purpose; and he's very able and he's here and he wants - I want him to help.

W: Yes.

HMJr: So some time.....

W: Can I slip over some time and see him?

HMJr: I wish you would.

W: Yes, I'll - if - I know it's getting near your Cabinet meeting and week-end of the week and your week-end away; but early in the week if I might give you a ring, I'll slip over and you can send your boy in and introduce me. I'd like to have a chat with him.

- 3 -

HMJr: I wish you'd do that.

W: I know who he is.

HMJr: You do?

W: Of course. And, well, I read the papers, of course.

HMJr: He's a good man.

W: Oh, I would think so.

HMJr: Right.

W: And when I read it, I thought you were very lucky to get him.

HMJr: Thank you.

W: Let me give you a ring early in the week, if I may.

HMJr: Thank you.

W: Thank you. Good-bye.

October 9, 1941
4:27 p.m.

Ex-Senator
Bulkley:

Hello, Mr. Secretary. I appreciate your calling me.

HMJr:

How are you?

B:

Just fine. Say, I have been asked by the City Club of Cleveland to give you a good word in favor of an invitation that they have sent you to come out and address the City Club Forum. The City Club is the very best kind of an open-minded organization, and the Forums there are really famous. And they have not only an excellent audience before your eyes, but they broadcast it over the radio and get a big hearing outside; and I don't know what other invitations you have from Cleveland. They say that probably you have some others and they feel that they're a little in competition to get you; but I'm sure you couldn't have a better Forum than the City Club.

HMJr:

Well, Senator, it's very nice of you to bother. I wrote them last night and said I'd try to come out on the 29th.

B:

Oh, that's fine.

HMJr:

I said I'd try my best to do it.

B:

Well, we'll have to get together with Henry and arrange a big reception for you.

HMJr:

Well, it's very nice of you to interest yourself, but.....

B:

Well, I'd be very much interested. I certainly hope you're coming.

HMJr:

Thank you so much.

B:

Well, I'm just delighted to hear that you're coming and.....

- 2 -

HMJr: Well, I told them I wouldn't know up to the last two weeks, but I would try - I would hold it and I would try my best.

B: Anyway, you're putting it on your calendar.

HMJr: That's right.

B: That's grand.

HMJr: Thank you.

B: Well, we see Henry now and then, and.....

HMJr: I know. He enjoys meeting you and.....

B: As a matter of fact, he's taking my girl to the Symphony tonight.

HMJr: (Laughs) Yeah.

B: And he's a grand boy. We're awful glad to see him.

HMJr: Well, that's terribly nice of you to say that.

B: Well, good luck and thank you so much.

HMJr: Thank you, Senator.

CONFIDENTIAL

POSTAL SAVINGS STAMPS

Estimated Total Sales, by Months,
Since May 1, 1941

(In thousands of dollars)

Month	Stamp Sales
May	\$ 3,475
June	2,802
July	3,288
August	4,454
September	<u>4,924</u>
Total	\$18,943

Office of the Secretary of the Treasury,
Division of Research and Statistics.

October 9, 1941.

Source: Division of Postal Savings,
Post Office Department.

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
First Seven Business Days of August, September, and October, 1941
(August 1-8, September 1-9, October 1-8)
On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase or Decrease (-)		Percentage of Increase or Decrease (-)	
	October	September	August	October over September	September over August	October over September	September over August
Series E - Post Offices	\$12,759	\$12,460	\$13,262	\$ 299	-\$ 802	2.4%	- 6.0%
Series E - Banks	<u>21,856</u>	<u>19,735</u>	<u>24,262</u>	<u>2,121</u>	- <u>4,527</u>	<u>10.7</u>	- <u>18.7</u>
Series E - Total	34,615	32,195	37,525	2,420	- 5,330	7.5	- 14.2
Series F - Banks	6,667	5,330	7,515	1,337	- 2,185	25.1	- 29.1
Series G - Banks	<u>41,128</u>	<u>36,378</u>	<u>50,864</u>	<u>4,750</u>	- <u>14,486</u>	<u>13.1</u>	- <u>28.5</u>
Total	<u>\$82,410</u>	<u>\$73,903</u>	<u>\$95,903</u>	<u>\$ 8,507</u>	- <u>\$22,000</u>	<u>11.5%</u>	- <u>22.9%</u>

Office of the Secretary of the Treasury, Division of Research and Statistics.

October 9, 1941.

Source: All figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States Savings Bonds.

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

UNITED STATES SAVINGS BONDS

Daily Sales - October 1941
On Basis of Issue Price

(In thousands of dollars)

Date	Post Office Bond Sales	Bank Bond Sales				All Bond Sales			
		Series E	Series F	Series G	Total	Series E	Series F	Series G	Total
October 1941									
1	\$ 1,450	\$ 3,029	\$ 1,286	\$ 8,271	\$ 12,587	\$ 4,479	\$ 1,286	\$ 8,271	\$ 14,036
2	1,870	2,786	867	4,324	7,977	4,656	867	4,324	9,847
3	2,150	3,299	1,065	6,323	10,687	5,449	1,065	6,323	12,837
4	1,270	1,696	612	6,400	8,707	2,966	612	6,400	9,978
6	3,449	4,778	1,444	9,286	15,508	8,226	1,444	9,286	18,956
7	1,207	2,595	572	2,913	6,080	3,802	572	2,913	7,287
8	1,363	3,674	821	3,611	8,106	5,037	821	3,611	9,469
Total	\$ 12,759	\$ 21,856	\$ 6,667	\$ 41,128	\$ 69,651	\$ 34,615	\$ 6,667	\$ 41,128	\$ 82,410

Office of the Secretary of the Treasury, Division of Research and Statistics.

October 9, 1941.

Source: All figures are deposits to the Treasurer of the United States on account of proceeds of sales of United States Savings Bonds.

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

TREASURY DEPARTMENT

334

INTER OFFICE COMMUNICATION

DATE October 9, 1941

TO Secretary Morgenthau

FROM V. F. Coe J.F.C.

Subject: Appointment with Stacy May

dome

Mr. Stacy May, Research Director of OPM, who has recently been to London, and about whom I spoke to you, tells me that he will be delighted to come and see you at your convenience anytime after Friday morning and talk to you about English military production.

If you wish to see Mr. May, I shall be glad to arrange an appointment. I would also like to suggest to him that he be prepared to discuss comparative figures on British and U.S. production of bombers, pursuit planes, tanks, ordnance, etc.

Mr. May saw

Hugh 10/21/41.

For Miss Chauncey

335

FEDERAL RESERVE BANK
OF NEW YORK

October 9, 1941

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. Merle Cochran

I am enclosing our compilation for the week ended October 1, 1941, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Faithfully yours,

/s/ Robert G. Rouse

Robert G. Rouse,
Vice President.

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

Enclosure

Copy:VW
10-13-41

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Week Ended October 1, 1941

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)							BANK OF FRANCE							
	D E B I T S			C R E D I T S				Net Inar. (+) or Debr. (-) in Balance	D E B I T S			C R E D I T S		Net Inar. (+) or Debr. (-) in Balance	
	Total Debits	Gov't Expendi- tures (a)	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities Original (b)	Other Credits (c)		Total Debits	Gov't Expendi- tures (d)	Other Debits	Total Credits	Proceeds of Gold Sales		Other Credits
Year of war 1939-40	1,193.2	405.6	1,187.6	1,608.2	1,356.1	52.0	420.1	+ 35.0	866.3	415.6	449.7	1,095.7	900.2	195.3	- 228.0
1940															
1 - Oct. 2	316.8	244.9	92.5	308.9	271.5	6.0	31.4	- 7.9	8.6	4.4	4.2	1.3	-	1.3	- 7.5
3 - 30	196.7	187.8	26.9	198.5	150.5	6.0	32.0	+ 1.8	0.5	0.5	0.2	0.5	-	0.5	-
31 - Nov. 27	242.0	201.1	89.9	259.0	210.0	18.0	31.5	+ 18.5	0.8	0.1	0.7	0.7	-	0.7	- 0.1
28 - Dec. 31	254.6	204.5	87.8	198.0	111.4	26.0	50.6	+ 36.6	2.1	-	2.1	0.8	-	0.8	+ 1.5
Total (through Dec. 31, 1940)	2,282.3	1,225.6	1,366.7	2,992.1	2,109.6	108.0	575.6	+ 10.8	878.3	421.4	456.9	1,098.4	900.2	195.3	- 228.0
1941															
1 - 29	197.4	162.7	34.7	259.9	176.2	52.0	31.7	+ 62.5	1.7	-	1.7	0.5	-	0.5	- 1.2
30 - Feb. 28	164.6	137.8	26.8	101.4	26.6	20.0	48.8	+ 63.2	0.2	-	0.2	0.2	-	0.2	-
1 - Apr. 2	229.7	197.6	38.1	237.9	103.7	72.0	62.2	+ 8.2	0.7	-	0.7	1.6	-	1.6	+ 0.9
3 - Apr. 30	126.0	101.9	24.1	219.8	128.6	15.0	78.3	+ 92.9	0.9	-	0.9	0.2	-	0.2	-
1 - May 28	122.6	90.6	32.0	91.0	6.3	32.0	52.7	- 31.6	0.4	-	0.4	0.8	-	0.8	+ 0.4
29 - July 2	140.5	113.8	26.7	105.1	1.9	11.0	92.2	- 35.4	21.5	-	21.5	0.9	-	0.9	- 30.4
3 - July 30	101.4	75.6	25.8	61.5	-	6.0	55.5	- 30.9	0.5	-	0.5	0.3	-	0.3	+ 0.3
31 - Aug. 27	131.7	92.2	39.5	149.2	-	4.0	145.2	+ 12.5	1.0	-	1.0	0.5	-	0.5	+ 0.5
Total (through Aug. 27, 1941)	2,203.0	1,792.2	410.8	2,149.8	1,193.7	274.0	722.1	- 13.2	38.9	4.8	34.1	6.2	-	6.2	- 30.1
28 - Oct. 1	140.9	105.9	35.0	176.2	20.1	2.0	154.1	+ 35.3	0.3	-	0.3	0.5	-	0.5	+ 0.2
2 - Dec. 29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 - Dec. 31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (through Dec. 31, 1941)	2,343.9	1,898.1	445.8	2,326.0	1,213.8	276.0	876.2	+ 21.5	39.2	4.8	34.4	6.7	-	6.7	- 29.9
1942															
1 - 3	34.5	29.9	4.6	9.0	-	2.0	7.0	- 25.5	-	-	-	0.1	-	0.1	+ 0.1
4 - 10	31.9	20.0	11.9	11.7	-	-	11.7	- 20.2	-	-	-	0.1	-	0.1	+ 0.1
11 - 17	25.3	18.0	8.3	32.0	19.6	-	12.4	+ 5.7	0.1	-	-	0.2	-	0.2	+ 0.1
18 - 24	21.0	15.2	5.8	30.0	0.2	-	29.8	+ 9.0	-	-	-	0.1	-	0.1	+ 0.1
25 - 31	27.2	22.8	4.4	30.5	0.3	-	33.2	+ 66.3	0.2	-	0.2	-	-	-	+ 0.2

Transfers from British Purchasing Commission to
Bank of Canada for French Account

(See footnotes on reverse side)

Week ended Oct. 4, 1941

Cumulation from July 6, 1940

million
million

162.7

Weekly Expenditures Since Outbreak of War
(through June 19, 1940) \$19.6 million

(through June 19, 1940) 27.6 million

(through June 19, 1940) 44.4 million

Monthly breakdown see tabulations prior to April 23, 1941.

Regraded Unclassified

EMASV

REQUISITIONED BY THE UNITED STATES GOVERNMENT
BRITISH PURCHASING COMMISSION, British Air Ministry, British Supply Board, Ministry of Supply, Timber Control, and Ministry of Shipping.

(a) Includes payments for account of British Purchasing Commission, British Air Ministry, British Supply Board, Ministry of Supply, Timber Control, and Ministry of Shipping.

(b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represents the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of securities through December, 1940, amounted to \$334 million.

(c) Includes about \$83 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably representing the requisitioning of private dollar balances. Other dollar transfers from such accounts since October, 1939, apparently represent the acquisition of proceeds of exports from the sterling area and other overseas accounts dollar receipts.

(d) Includes payments for account of French Air Commission and French Purchasing Commission.

(e) Adjusted to eliminate the effect of \$20 million paid out on June 28, 1940 and returned the following day.

(f) Includes \$75,000,000 representing further advance on \$425,000,000 loan made by the R. F. C. on British-owned American securities (Initial advance August 1 \$100,000,000) (2nd September 26 25,000,000)

MONTH	1939	1940	1941
Jan	100	100	100
Feb	100	100	100
Mar	100	100	100
Apr	100	100	100
May	100	100	100
Jun	100	100	100
Jul	100	100	100
Aug	100	100	100
Sep	100	100	100
Oct	100	100	100
Nov	100	100	100
Dec	100	100	100
Total	1200	1200	1200

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended October 1, 1941

Statistics
Confidential

	CANADA								AUSTRALIA							
	DEBITS				CREDITS				DEBITS			CREDITS				
	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	Other Credits	Net Incr. (-) or Decr. (-) in Balance	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (-) or Decr. (-) in Balance	
Year of War																
1939-40 (9/30/40)*	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.2
1940-41																
1 - Oct. 2	44.5	-	44.3	43.9	16.4	-	27.3	0.2	- 0.4	8.7	2.5	6.2	8.0	6.7	1.3	- 0.7
1 - 31	26.7	-	26.7	28.6	14.0	-	14.3	0.3	+ 1.9	10.1	7.5	2.6	7.9	6.5	1.4	- 2.1
1 - May 27	35.2	-	35.2	69.6	49.2	-	16.7	3.7	+ 34.4	3.1	0.6	2.5	3.6	2.1	1.5	+ 0.8
1 - Dec. 31	48.0	-	48.0	60.6	48.5	-	13.7	4.4	+ 18.6	4.8	-	4.8	6.8	4.8	2.0	+ 2.0
Total month Dec.	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.2
1941																
1 - 31	33.7	-	33.7	33.9	16.9	-	15.0	2.0	+ 0.2	4.8	-	4.8	6.8	5.1	1.7	+ 2.0
1 - Feb. 28	31.1	-	31.1	24.3	14.3	-	6.8	3.2	- 6.8	5.0	1.7	3.3	3.2	0.6	2.6	- 1.8
1 - Apr. 2	60.9	-	60.9	46.0	23.1	-	19.1	3.8	- 14.9	5.8	0.8	5.0	13.7	12.5	1.2	+ 7.2
1 - Apr. 30	34.9	-	34.9	35.9	12.5	-	10.5	12.9	+ 1.0	2.8	-	2.8	5.2	4.6	1.3	+ 3.1
1 - May 28	39.2	-	39.2	25.6	15.8	-	0.5	9.8	- 13.7	3.4	-	3.4	4.9	4.1	0.8	- 0.8
1 - July 2	43.2	-	43.2	48.2	16.3	-	-	31.9	+ 5.0	10.1	-	10.1	5.8	4.5	1.3	- 4.3
1 - Feb. 20	30.6	-	30.6	21.8	15.2	-	-	6.6	- 8.8	6.4	-	6.4	6.3	4.8	1.5	- 0.1
1 - June 27	32.5	-	32.5	23.6	10.0	3.4	-	10.2	- 8.9	5.2	-	5.2	8.2	6.6	1.7	+ 3.1
Year of War																
1939-40 (9/30/40)	460.7	-	460.7	662.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	13.1	59.1	81.2	62.9	18.3	+ 9.0
1940-41																
1 - Oct. 1	23.1	-	23.1	52.2	21.2	-	-	31.0	+ 29.1	10.7	-	10.7	2.8	2.1	0.7	- 7.9
1 - Oct. 29																
1 - Dec. 3																
1 - 31																
Year Ending:																
March 3	2.6	-	2.6	26.7	0.1	-	-	26.6	+ 24.1	0.9	-	0.9	-	-	-	- 0.9
10	3.5	-	3.5	3.4	2.7	-	-	0.7	- 0.1	1.0	-	1.0	0.2	-	0.2	- 1.2
17	5.8	-	5.8	4.4	3.5	-	-	0.9	- 1.4	1.4	-	1.4	2.1	2.0	0.1	- 4.2
24	3.7	-	3.7	10.7	9.6	-	-	1.1	+ 7.0	6.8	-	6.8	0.4	0.1	0.3	- 0.2
Oct. 1	18.2	-	18.2	7.0	5.3	-	-	1.7	- 11.2	0.6	-	0.6	0.4	0.1	0.3	- 0.2

Average of Total Debits Since Outbreak of War

Since Oct. 1, 1941

\$ 7.5

million

or 1941

Regraded Unclassified

October 9, 1941

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis or intimation to be published or given out until the READING of the President's message has begun in the Senate or the House of Representatives. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLE
Secretary to the President

TO THE CONGRESS OF THE UNITED STATES:

It is obvious to all of us that world conditions have changed violently since the first American Neutrality Act of 1936. The Neutrality Act of 1939 was passed at a time when the true magnitude of the Nazi attempt to dominate the world was visualized by few persons. We heard it said, indeed, that this new European war was not a real war, and that the contending sides would remain behind their impregnable fortifications and never really fight. In this atmosphere the Neutrality Act seemed reasonable. But so did the Maginot Line.

Since then -- in these past two tragic years -- war has spread from continent to continent; very many nations have been conquered and enslaved; great cities have been laid in ruins; millions of human beings have been killed, soldiers and sailors and civilians alike. Never before has such widespread devastation been visited upon God's earth and God's children.

The pattern of the future -- the future as Hitler seeks to shape it -- is not as clear and as ominous as the headlines of today's newspapers.

Through these years of war, we Americans have never been neutral in thought. We have never been indifferent to the fate of Hitler's victims. And, increasingly, we have become aware of the peril to ourselves, to our democratic traditions and institutions, to our country, and to our hemisphere.

We have known what victory for the aggressors would mean to us. Therefore, the American people, through the Congress, have taken important and costly steps to give great aid to those nations actively fighting against Nazi-Fascist domination.

We know that we could not defend ourselves in Long Island Sound or in San Francisco Bay. That would be too late. It is the American policy to defend ourselves wherever such defense becomes necessary under the complex conditions of modern warfare.

Therefore, it has become necessary that this Government should not be handicapped in carrying out the clearly announced policy of the Congress and of the people. We must face the truth: that the Neutrality Act requires a complete reconsideration in the light of known facts.

The revisions which I suggest do not call for a declaration of war any more than the Lend-Lease Act called for a declaration of war. This is a matter of essential defense of

In the Neutrality Act are various crippling provisions. The repeal or modification of these provisions will not leave the United States any less neutral than we are today, but will make it possible for us to defend the Americas far more successfully, and to give aid far more effectively against the tremendous forces now marching towards conquest of the world.

Under the Neutrality Act, we established certain areas as zones of combat into which no American flag ships could proceed. Hitler proclaimed certain far larger areas as zones of combat into which any neutral ship, regardless of its flag or the nature of its cargo, could proceed only at its peril. We know now that Hitler recognizes no limitation on any zone of combat in any part of the seven seas. He has struck at our ships and at the lives of our sailors within the waters of the Western Hemisphere. Determined as he is to gain domination of the entire world, he considers the entire world his own battlefield.

Ships of the United States and of other American Republics continue to be sunk, not only in the imaginary zone proclaimed by the Nazis in the North Atlantic, but also in the nameless South Atlantic.

I recommend the repeal of section 5 of the Act of November 4, 1939 which prohibits the arming of American flagships engaged in foreign commerce.

The practice of arming merchant ships for civilian defense is an old one. It has never been prohibited by international law. Until 1937 it had never been prohibited by any statute of the United States. Through our whole history American merchant vessels have been armed whenever it was considered necessary for their own defense.

It is an imperative need now to equip American merchant vessels with arms. We are faced not with the old type of pirates but with the modern pirates of the sea who travel beneath the surface or on the surface or in the air destroying defenseless ships without warning and without provision for the safety of the passengers and crews.

Our merchant vessels are sailing the seas on missions connected with the defense of the United States. It is not just that the crews of these vessels should be denied the means of defending their lives and their ships.

Although the arming of merchant vessels does not guarantee their safety, it most certainly adds to their safety. In the event of an attack by a raider they have a chance to keep the enemy at a distance until help comes. In the case of an attack by air, they have at least a chance to shoot down the enemy or keep the enemy at such height that it cannot make a sure hit. If it is a submarine, the armed merchant ship compels the submarine to use a torpedo while submerged — and many torpedoes thus firemiss their mark. The submarine can no longer rise to the surface within a few hundred yards and sink the merchant ship by gunfire at its leisure.

Already we take many precautions against the danger of mines — and it seems somewhat incongruous that we have authority today to "degauss" our ships as a protection against mines, whereas we have no authority to arm them in protection against aircraft or raiders or submarines.

The arming of our ships is a matter of immediate necessity and extreme urgency. It is not more important than some other crippling provisions in the present Act, but anxiety for the safety of our crews and of the almost priceless goods that are within the holds of our ships leads me to recommend that you, with all speed, strike the prohibition against arming our ships

- 3 -

There are other phases of the Neutrality Act to the correction of which I hope the Congress will give earnest and early attention. One of these provisions is of major importance. I believe that it is essential to the proper defense of our country that we cease giving the definite assistance which we are now giving to the aggressors. For, in effect, we are inviting their control of the seas by keeping our ships out of the ports of our own friends.

It is time for this country to stop playing into Hitler's hands, and to unshackle our own.

A vast number of ships are hiding into the water from American shipbuilding ways. We are landing them to the enemies of Hitlerism and they are carrying food and supplies and munitions to belligerent ports in order to withstand Hitler's juggernaut.

Most of the vital goods authorized by the Congress are being delivered. Yet many of them are being sunk; and as we approach full production requiring the use of more ships now being built it will be increasingly necessary to deliver American goods under the American flag.

We cannot, and should not, depend on the strained resources of the exiled nations of Norway and Holland to deliver our goods nor should we be forced to masquerade American-owned ships behind the flags of our sister Republics.

I earnestly trust that the Congress will carry out the true intent of the Lend-Lease act by making it possible for the United States to help to deliver the articles to those who are in a position effectively to use them. In other words, I ask for Congressional action to implement Congressional policy. Let us be consistent.

I would not go back to the earlier days when private traders could gamble with American life and property in the hope of personal gain, and thereby embroil this country in some incident in which the American public had no direct interest. But, today, under the controls exercised by the Government, no ship and no cargo can leave the United States, save on an errand which has first been approved by governmental authority. And the test of that approval is whether the exportation will promote the defense of the United States.

I cannot impress too strongly upon the Congress the seriousness of the military situation that confronts all of the nations that are combating Hitler.

We would be blind to the realities if we did not recognize that Hitler is now determined to expend all the resources and all the mechanical force and manpower at his command to crush both Russia and Britain. He knows that he is racing against time. He has heard the rumblings of revolt among the enslaved peoples -- including the Germans and Italians. He fears the mounting force of American aid. He knows that the days in which he may achieve total victory are numbered.

Therefore, it is our duty, as never before, to extend more and more assistance and ever more swiftly to Britain, to Russia, to all peoples and individuals fighting slavery. We must do this without fear or favor. The ultimate fate of the Western Hemisphere lies in the balance.

I say to you solemnly that if Hitler's present military plans are brought to successful fulfillment, we Americans shall be forced to fight in defense of our own homes and our own freedom in a war as costly and as devastating as that which now rages on the Russian front.

- 4 -

Hitler has offered a challenge which we as Americans cannot and will not tolerate.

We will not let Hitler prescribe the waters of the world on which our ships may travel. The American flag is not going to be driven from the seas either by his submarines, his airplanes, or his threats.

We cannot permit the affirmative defense of our rights to be annulled and diluted by sections of the Neutrality Act which have no realism in the light of unscrupulous ambition of madmen.

We Americans have determined our course.

We intend to maintain the security and the integrity and the honor of our country.

We intend to maintain the policy of protecting the freedom of the seas against domination by any foreign power which has become crazed with a desire to control the world. We shall do so with all our strength and all our heart and all our mind.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

October 9, 1941.

TELEGRAM SENT

EJ

GRAY

October 9, 1941

3 p.m.

AMBASSY,

LONDON.

4324.

FOR AMBASSADOR WINANT FROM THE SECRETARY OF THE
TREASURY.

Referring to your 4348 of September 17, Treasury
is informed by Cox of Lend Lease that the Lend Lease
Administration is setting up machinery in Washington
for dealing with difficult cases on exports.

HULL
(HF)

EA:FL:PAK

sl/E

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Hong Kong, via N.R.

DATE: October 9, 1941, 5 p.m.

NO. 1 404

THE FOLLOWING IS STRICTLY CONFIDENTIAL.

FOR THE SECRETARY OF THE TREASURY FROM FOX.

I have been asked to report that the statement of the Stabilization Board's operations from August 18 through September 30, 1941 has been drafted. This report is under review by the Board at the present time. The Stabilization Board of the assembly asked me to report this information. This statement will be sent to the Department by the next air mail.

In the meantime, for the confidential information of the Department, the Board wishes to make the following report:

The applications which have been approved amount to 1,655.

The applications which have been rejected total 3,755,881 and (?) total 224,291.

The foregoing is a paraphrase of the original message.

W 001 41

SOUTHEARD

EA:PAK

Noted ³⁴⁶
F. Dietrich

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Hong Kong.

DATE: October 9, 5, p.m.

NO. : 404.

CORRECTED COPY NO. 2.

**THIS IS IN STRICT CONFIDENCE FOR THE SECRETARY OF
THE TREASURY FROM FOX. THIS IS TF-D.**

I have been requested by the Stabilization Board of China to report that its statement of operations, covering the period from the 18th of August to the 30th of September, 1941, has been prepared and the Board is now reviewing it. This statement will be sent on the next Clipper. The Board desires to make the following report for your confidential information in the meantime:

Applications rejected: \$ 5,755,881.
Applications approved: \$ 6,894,108.

Applications rejected: pounds sterling - 224,291.
Applications approved: pounds sterling - 913,665.

The above message is a paraphrase of the original one.

SOUTHARD

HPL

TO THE SECRETARY
TECHNICAL ASSISTANT
OFFICE OF THE

PM OCT 13 1941

FF:VL

RECEIVED

C A B L E

To: Federal Reserve Bank of N.Y.
From: Stabilization Board of China,
Hong Kong.
Date: October 9, 1941.

#4.

Debit to U. S. Dollar - Chinese Yuan Stabilization Fund of China Special Account and pay to Bank of China, New York, for account of Bank of China, Head Office Foreign Department, Hong Kong, U. S. \$6,703,945.16. This amount represents net amount of all U. S. Dollar payments made by Bank of China for account of Central Bank of China at direction of Board. Detailed statements of these payments being forwarded you by air mail.

(Signed)

Stabilization Board of China

(Rec'd. by phone from Fed. Res. Bk. of N.Y., 12:15 pm., 10-10-41 hr)

C A B L E

To: Federal Reserve Bank of N.Y.

From: Stabilization Board of China,
Hong Kong.

Date: October 9, 1941.

\$5.

Charge U. S. Dollar - Chinese Yuan Stabilization Fund of
China Special Account and pay Chartered Bank of India, Australia
and China U. S. \$3,500 for account of Chartered Bank of India,
Australia and China, Shanghai Branch Office.

Hong Kong and Shanghai Banking Corporation U. S. \$4,500.68
for account of Hong Kong and Shanghai Banking Corporation,
Shanghai Branch Office.

Chase National Bank of the City of New York U. S. \$35,382.10
for account of Chase National Bank of the City of New York,
Shanghai Branch Office.

(Signed)

Stabilization Board of China

(Rec'd. by phone from Fed. Res. Bk. of N.Y., 12:15 pm., 10-10-41 hr)

DEPARTMENT OF STATE
WASHINGTON

C
O
P
Y
Address Official Communications to
THE SECRETARY OF STATE
Washington, D. C.

October 9, 1941

reply refer to
611.59A.31/

My dear Mr. Bell:

With reference to our recent conversations regarding our economic relations with Iceland, I enclose for your information a copy of a memorandum dated October 7, 1941 which has been sent to the British Embassy and which sets forth the position of the United States Government with regard to this matter.

Sincerely yours,

(Signed) Adolf A. Berle, Jr.
Adolf A. Berle, Jr.
Assistant Secretary

Enclosure:

Memorandum,
October 7, 1941.

The Honorable

Daniel W. Bell,

Under Secretary of the Treasury.

MEMORANDUM

Reference is made to the memorandum of the British Embassy dated July 29, 1941, proposing to the United States cooperation in fulfilling parallel obligations to Iceland. It was pointed out that the British Government must continue to carry fish and fish oils from Iceland to the United Kingdom, but that "most of Iceland's requirements must to an increasing extent be drawn from the United States and Canada."

Reference is likewise made to the conversations had between Mr. Hugh Cumming of the Department and Mr. E. Wyndham White of the British Embassy, from which proceeded the memorandum of the British Embassy dated September 5, 1941. That memorandum stated that the British Government would welcome "an arrangement whereby the United States Government would purchase, in United States dollars from Lease-Lend appropriations charged to the British account as defense aid, all future imports from Iceland to the United Kingdom apart from those covered by the recent Fish Agreement between the British and Icelandic Governments." As respects the latter, should the Icelandic Government press for inclusion of that contract under the Lease-Lend arrangements, the British Government would be prepared to consider such a suggestion favorably.

The Department has been in communication with the Icelandic Government, and discovers that the Icelandic Government now presses for inclusion of the Fish Agreement under the proposed Lease-Lend arrangements, as well as the other future imports from Iceland to the United Kingdom.

The Government of the United States, in view of the very broad obligations assumed by it under the exchange of messages between the Prime Minister of Iceland and the President of the United States, considers that the only practicable arrangement is the purchase by it until further notice of all imports from Iceland to the United Kingdom, these to be supplied to the British Government and charged to the British account as defense aid. The

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difficulty of taking only a part of these importations is obvious, particularly in view of the importance which the Icelandic Government attaches to this feature, and to their unwillingness to increase further the balances of blocked sterling which have been accumulated in London.

The Icelandic Government has also drawn to the attention of the United States the existence of an agreement made between Iceland and Great Britain on the occasion of the sale by Britain to Iceland of approximately \$2,000,000 of Canadian and United States exchange last summer. That agreement calls upon Iceland, out of the first incoming dollars she might receive, to repurchase blocked sterling and thereby replace the amount of Canadian and American dollars sold to her.

The Icelandic Government has indicated that it feels this requirement is oppressive since it had already shipped goods to Britain represented by the blocked sterling; and is now obliged to ship further goods against American purchase under the Lease-Lend operation, and required to use the dollars to repurchase the blocked sterling. Further, since in effect this would result in an allocation of Lease-Lend funds part of whose purpose would be to purchase blocked sterling, the officials of the United States Treasury Department have indicated an objection. The United States Government, accordingly, believes that this agreement exacted from Iceland should be waived.

Finally, the Icelandic Government has raised the question as to whether some use might not be made of the very large balance of blocked sterling accumulated in London and from which, at present, the Icelandic Government can derive no benefit. Specifically, it is suggested that Iceland be given an opportunity to pay off or acquire the Icelandic debts held in Britain and there payable in pound sterling. Note is taken of the fact that \$510,400 from this blocked fund is to be used in paying off the balance of the Icelandic 5 1/2 percent loan of 1930. There remain, however, upwards of £800,000 of loans which are held in Britain and which could, perhaps, be reacquired by Iceland against proper debit to her blocked sterling account.

In view of the need for prompt flow of supplies to Iceland, the United States Government is proceeding on

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the basis of the arrangement accepted in the memorandum of the British Embassy of September 5 referred to above; and will send a representative of the Lease-Lend organization to Iceland in the near future.

It is planned to take over all of the unexpired contracts by which Iceland is obligated to supply goods to Britain, and by agreement with Iceland the goods naturally are to be made available to Britain. Those goods which are not under contract but which are currently supplied, such as fisherman's cargoes, can be arranged for on the ground between the representative of the Lease-Lend organization and the British representatives there.

As the unexpired contracts run out, the Government of the United States will be glad to confer with the British Government.

Department of State,
Washington, October 7, 1941.

Copy:lc:10/10/41

353

BRITISH EMBASSY,
WASHINGTON, D.C.

PERSONAL AND
SECRET

October 9th, 1941

Dear Mr. Secretary,

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

Believe me,

Dear Mr. Secretary,

Very sincerely yours,

Halifax

The Honourable

Henry Morgenthau, Jr.,
United States Treasury,
Washington, D.C.

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**TELEGRAM RECEIVED FROM LONDON
DATED OCTOBER 8th, 1941**

MEDITERRANEAN, October 7th.

British submarine attacked two merchant ships escorted by two destroyers north of Crete and obtained one hit.

October 7th, large British tanker which had left homeward bound Atlantic convoy was torpedoed 200 miles from Reykjavik. Reported still afloat.

ROYAL AIR FORCE, October 7th/8th.

No operations owing to unfavourable weather.

SICILY, October 6th/7th.

Hurricanes carrying bombs attacked aerodrome at Comiso. Bombs fell in dispersal area.

LIBYA, October 6th/8th.

Wellingtons bombed Benghazi harbour and Blenheims mechanical transport workshops at Bardia. October 6th/7th, Wellingtons dropped 12 tons of bombs on Tripoli (L) harbour. Quays and merchant vessel of ten thousand tons hit. October 8th, twelve Tomahawks engaged 14 M.E. 109 in Sidi Omar area. One M.E. 109 destroyed and another probably destroyed. We lost two Tomahawks.

NORTH AFRICA, October 6th.

14 enemy bombers and six fighters bombed our aerodrome at Ori...otta (Buzanek). No damage and only one minor service casualty. Our Hurricanes destroyed three Junkers 88's

probably destroyed two Junker 88's and one
ME 109 and damaged another six Junkers 88's
without loss to themselves.

German forces have reached Vyasma
and Berdyansk and are attacking Orel.

RESTRICTED

3-2/2657-220; No. 514 M.I.D., W.D. 11:00 A.M., October 9, 1941

SITUATION REPORT

I. Eastern Theater.

Ground: There is no additional information concerning the Leningrad front.

On the central front, the German High Command claims to have penetrated the Russian positions, creating two large pockets west of Vyazma, inclusive, and east of Bryansk. Each of these encirclements is considered to contain at least three armies. The Russians admit the loss of Orel.

On the southern front the German advance north and south of Kharkov continues. The Germans claim to have surrounded six or seven divisions along the Sea of Azov southeast of Melitopol.

The peninsula south and east of the mouth of the Dnepr has been cleared of Russian troops.

Air: D.N.B. reports heavy bombing of Leningrad last night. Russian reports asserted that their planes had destroyed many communication facilities and much materiel behind the Smolensk area.

II. Western Theater.

Air: The R.A.F. was grounded last night in this theater, as it has been for the past five nights. There is no information on German activity over the British Isles.

III. Middle Eastern Theater.

Air: A British raid against the German-held Greek port of Pireaus, with considerable damage claimed, was the outstanding event yesterday in this theater.

The Italian communique states that the east coast of Sicily was raided by the British yesterday, while Fascist bombers hit at Haifa, Palestine.

British sources in Alexandria claim that Italy has lost one-third of her merchant fleet.

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Paraphrase of Code Cables
 Received at the War Department
 at 7:58 a.m., October 9, 1941.

London, filed: 1:40 p.m., October 9, 1941.

1. British Air Activity over the Continent.

a. Day of October 8. A total of 105 fighters were employed as follows: 52 in the protection of shipping, 27 on interception patrols, and 26 on special missions.

2. German Air Activity over Britain.

a. Day of October 7. 5 reconnaissance aircraft and 5 long range bombers were used.

b. Night of October 7-8. 20 long range bombers were employed.

c. Day of October 8. Operations were on a very small scale.

3. Aircraft Losses Reported.

a. British losses. None reported.

b. Axis losses. None reported.

4. British Air Activity, Other Theaters.

a. Mediterranean Theater. Piraeus harbor was attacked by 23 Wellingtons the night of October 6-7. The same night Heraklion was bombed by a Wellington.

b. North African Theater. The night of October 6-7 motor transports at Bardia were bombed by 10 Blenheims. On October 7 supply concentrations near Gambut were attacked by 9 Maryland bombers protected by 21 P-40's. 1 Me-109 was shot down and another damaged.

5. Axis Air Activity, Other Theaters.

a. North African Theater. 2 Axis planes attacked a merchant vessel at Infarum on October 6. No damage was caused by this raid.

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-2-

1 He-111 was shot down. Another Axis plane was shot down during an attack, the same day, by 9 planes on Tobruk. The raid only caused slight damage.

LHM

I. B. # 9, 10215A, 10/9/41**Distribution:**

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