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February 4, 1942
9:30 a.m.

GROUP MEETING

Present: Mr. Foley
Mr. Viner
Mr. Graves
Mr. Schwarz
Mr. Haas
Mr. Swope
Mr. Buffington
Mr. Morris
Miss Chauncey
Mr. Thompson
Mr. Gaston
Mr. Blough
Mr. Kuhn
Mr. Bell
Mr. Sullivan
Mr. White
Mr. Odegard

H.M.JR: Norman?

MR. THOMPSON: I have been trying to get action on this matter of sirens for the District. I had a telephone call this morning from Mr. Knowlson's office, and he stated that the Navy has a priority on sirens which ties up the plant manufacturing the sirens for the D.C. for about five months.

H.M.JR: Would you consult with Mr. Swope? Maybe he can get you a little more help.

MR. THOMPSON: They asked if you would feel free to

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give them a letter stating that the D.C. should have priorities here over the Navy. I didn't know whether you wanted to do that or not.

(Mr. Odegard entered the conference).

H.M.JR: Well, I think the thing to do - it is seven, isn't it?

MR. THOMPSON: Eleven.

H.M.JR: Eleven sirens for the District of Columbia. I wouldn't want to give it in a letter, but we might ask somebody in Frank Knox's office whether they wouldn't be willing to let eleven come to the District.

MR. THOMPSON: They thought they had it settled by shifting to Westinghouse, but we found out the Westinghouse sirens have to use some parts of the other sirens.

H.M.JR: See whether Mr. Swope can't help you on that. It is very important, eleven sirens for the District.

MR. THOMPSON: That is all I have.

H.M.JR: All right. I wouldn't write a letter.

MR. THOMPSON: No, I didn't think you would want to write a letter.

H.M.JR: Dan?

MR. BELL: Marriner Eccles called me late last night on 13 (b). He said that he had talked to Jesse and Jesse said that he would not go along on it, he was supposed to it, the legislation that Marriner proposed.

H.M.JR: Well, I am not going to take that fight on.

MR. BELL: And he said that he did not mention at all the Treasury.

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Marriner didn't mention us to Jesse, so that you are not involved there. He has sent the legislation to the Budget, and the Budget no doubt will ask us for a report on it.

H.M.JR: Well, I saw Jesse some place a week or two ago and I mentioned it to him.

MR. BELL: Did you?

H.M.JR: And Jesse said, "I am opposed to it." He said, "The Federal Reserve will never make the loans."

MR. BELL: That is what they say about Jesse.

H.M.JR: I know. But for your guidance, I don't want to get in on the fight between Jones and - following my policy - I like to pick my fights. I don't want to pick this one.

MR. BELL: Now, when we are asked for a report from the Budget, do you want to say we have no objections to it or - we have got to say something in the reply. You could simply say that we have no objections in the Treasury.

H.M.JR: That is all right. I would tell Marriner, I just don't want to get in on that fight.

MR. BELL: We have already told him. I told him that you wanted it taken up with Jesse first. He did, and got nowhere.

H.M.JR: Harold comes in at eleven.

MR. GRAVES: Eleven. I spoke to Ferdie and Chick about the thing that you asked me to take up with them, and perhaps you would like me to have them with me at eleven.

H.M.JR: Couldn't the three of you stay behind a minute?

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MR. GRAVES: Fine.

H.M.JR: I don't think it is important enough to inch in on your fifteen minutes.

MR. GRAVES: I agree.

H.M.JR: So let those men stay behind.

MR. GRAVES: I would like to have Peter stay behind too, because he was a party to this crime.

H.M.JR: He was?

MR. GRAVES: He was.

H.M.JR: Have you got a copy of my Hearst telegram?

MR. GRAVES: Yes.

H.M.JR: You have got one?

MR. GRAVES: I have, and the letter that you wrote to Hearst.

H.M.JR: Now, out of curiosity, these telegrams that go out, do we have those in our files?

MISS CHAUNCEY: I think we keep a copy in the files, not in the diary, but in the regular files.

H.M.JR: Just show Miss Chauncey that telegram. It brings up that same old question of telegrams going out.

MR. KUHN: They were O.K.'d by two out of three of your committee.

H.M.JR: Well, I may have to dissolve the committee (laughter). I may have to dissolve the committee. Anyway, we will do that afterward.

MR. GRAVES: Fine. We will stay behind. You mean after this meeting?

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H.M.JR: It is just a question of this campaign that started in the Post today.

MR. BELL: Is that approved by the Treasury too?

H.M.JR: In Washington?

MR. BELL: Yes. Is that approved by the Treasury?

H.M.JR: Evidently.

MR. GRAVES: Yes, it was.

H.M.JR: Do you want to get in on that?

MR. BELL: I think it is bad.

H.M.JR: Then you stay afterward, because I think it is bad. I need a little support. You stay afterward.

MR. BELL: That is my report. You don't need any support.

MR. GRAVES: You are going to have quite a company here if you get everybody that thinks it is bad.

H.M.JR: Well, everybody who thinks it is bad is invited to stay on my side, and Mr. Graves can invite his people (laughter). Let's do it now. Come on, there are so many people interested. Come on, Harold.

MR. GRAVES: Well, I will state the history of this, if I may.

H.M.JR: Evidently there are a lot of people interested. Go ahead.

MR. GRAVES: The Hearst papers throughout the country had started a campaign quite on their own account to take up cash collections, subscriptions, in what they referred to as a "Buy a Bomber" campaign, and our people

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approached the - those campaigns in the Hearst papers were not doing well. The amounts contributed were small and the progress made in those campaigns was very slow, and our people approached the Hearst people and suggested that they combine their "Buy a Bomber" campaign with the Defense Bond program, and instead of asking people to subscribe in cash toward the purchase of bombers, that they should buy Defense Bonds and Stamps for that same purpose. I might say that prior to the Hearst papers embarking on that campaign, we ourselves encouraged a project at Buffalo whereby the people of Buffalo were encouraged to buy Defense Savings Stamps for the purchase of two bombers. That we all thought was a very successful promotion effort. It certainly did wake the people of Buffalo up to our program. This was prior to Pearl Harbor, by the way, and gave our project a fine start in Buffalo. That was broadcast. I think, Mr. Morgenthau, that you heard that broadcast. That is my present recollection.

The Army people participated in that. The representatives of the City of Buffalo made a presentation of the bombers to the Army. They were accepted on behalf of the Army.

H.M.JR: I have no recollection of it, but that doesn't mean anything.

MR. KUHN: It was in the Treasury Hour.

H.M.JR: I have no recollection. If Harold says I heard it, I will take his word.

MR. GRAVES: I wouldn't be sure that you did. My present recollection is that it was something that you heard, and that you knew about.

H.M.JR: It might be.

MR. GRAVES: Now when it came to this matter of converting the Hearst project into a combination of their own project and a promotion plan for Defense Savings Bonds, a telegram was sent to Hearst. You

were out of town and I was out of town. It was approved by Mr. Odegard and Mr. Kuhn, endorsing that project. That telegram was printed in the Baltimore American, the launching of the campaign by that paper. Subsequently, when the other programs by the other Hearst papers got under way, you signed a letter to Mr. Hearst, again endorsing that program, and while I don't know, I assume that letter was probably reproduced in all the Hearst papers throughout the country.

H.M.JR: Is that a letter I signed a day or two ago?

MR. GRAVES: It was dated January 30.

H.M.JR: Oh.

MR. GRAVES: Now, there were some objections that we made to the way the Hearst people were promoting this campaign, particularly in Chicago, and I think probably elsewhere too. They were undertaking to take credit for all Stamp sales in the community as being derived from their project, and that was objected to by other papers. The representative of the Chicago Times came in to see you and complained about that, and that part of their promotion publicity was eliminated.

H.M.JR: Well, I made the flat statement, and Chick stood beside me two days ago, a week ago, that we didn't authorize anybody to sell Defense Bonds in order to pay for a bomber.

MR. SCHWARZ: For earmarking purposes.

H.M.JR: Yes.

MR. KUHN: Mr. Secretary, we never have told any of these people that the money they raise would be earmarked, but we have said that a bomber costs so much and if you people --

H.M.JR: Yes, but that isn't what Mr. Eugene Meyers paper says today.

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MR. BELL: It gives a bad impression. It gives the impression to the public that this money is earmarked specifically for a bomber.

H.M.JR: Oh, definitely.

MR. BELL: That is what I think we have got to avoid.

MR. GRAVES: Well, I think this about the Washington Post campaign. It may be off in some matter of emphasis, but my own opinion is that there is no important deception --

H.M.JR: Can I see the telegram I sent to Hearst?

MR. SCHWARZ: The story is in the clippings, Mr. Secretary.

MR. GRAVES: Here is the letter you wrote also.

H.M.JR: This is what I sent. "Delighted to hear that your newspapers are urging their readers to buy bombers with Defense Stamps. Every little purchase will help if it is repeated every payday. Every stamp we can sell will strike a blow for freedom."

Well, of course it isn't true. They just can't do it. It is impossible. It isn't true. I mean, my telegram is a false statement.

MR. GRAVES: I don't think it is essentially false. It is maybe technically false, but it certainly is no more false, in my judgment, than this transaction, which as I suppose, goes on right along. We accept money at the Treasury from people who think that their money is being received and expended for defense purposes. Well, as a matter of fact, of literal fact, it is not. It is credited to miscellaneous receipts, and is not expended --

H.M.JR: I will make a test, Harold. Would you let me send a telegram to P.M. and say, "Every Defense Stamp

that you buy helps to give an unemployed man a job"?

MR. GRAVES: Why, I don't see the connection.

H.M.JR: Well, the two things are just as true or false, because this money goes into the general fund of the Treasury, and so much of the money, or so much of this money goes to WPA.

MR. VINER: I think there is another objection to it that seems to me weightier.

H.M.JR: A certain amount of it goes to WPA.

MR. VINER: It suggests that if they didn't buy these Savings Stamps we would buy less bombers, which isn't true.

H.M.JR: Aside from everything else, a bomber for MacArthur, you can't get a bomber --

MR. GASTON: The point that struck me was that if they are not doing it, it carries the implication either that they are not doing what they can to help MacArthur or --

H.M.JR: Here is the thing, Herbert, under the picture, "A bomber for MacArthur." This is a Martin B-26, dubbed by the British a "Marauder". A war plane of this type will be sent to General MacArthur's men in the Phillipines. It costs two hundred thousand dollars. "You can join the fight by becoming a member of the 'Bomber for MacArthur' campaign beginning today," and so forth. It says here, "A war plane of this type will be sent to General MacArthur's men in the Phillipines." It is a lie.

MR. GASTON: It is terribly unsettling to morale, because it creates the impression the Army and Navy are not doing what they can now to relieve MacArthur.

MR. BELL: In other words, if we can get this one over there, why don't we get a lot over there?

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MR. FOLEY: That is different, though, than this thing Harold has just stated, and I think it is just as fair to send the telegram about the Defense Stamps as it is to say, "Pay your taxes to beat the Axis," or "When you pay your taxes, you buy bombers and you buy anti-aircraft guns," and all. It is poetic license, and it is a general statement.

MR. GRAVES: It is exactly like that.

MR. WHITE: It may be poetic license, but I think it places the tone and the level of Government activity in taxpaying on a low plane, which I certainly think is far beneath the dignity of the Federal Government.

MR. GRAVES: You are speaking about Donald Duck?

MR. WHITE: No, I am speaking of that whole attempt to indicate to the taxpayer that by the purchase of - or to the bond buyer that by the purchase of bonds, he is enabling more and more planes and more and more guns to --

MR. FOLEY: Well, you have got to popularize the effort.

MR. GRAVES: That is literally true. He is.

MR. ODEGARD: Mr. Secretary, is this any different from the aluminum campaign?

H.M.JR: Thank you. What did I tell Harold this morning? What were the two - what did I say? (Laughter). What did I say this morning?

MR. GRAVES: You said this was the same kind of deception that we had in the aluminum campaign.

MR. ODEGARD: I don't think it is deception.

H.M.JR: And what was the other case? And Harold Ickes on his gasoline.

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MR. GRAVES: That is right. (Laughter). My friend, Peter.

H.M.JR: I am not going to get down to that level.

MR. KUHN: Mr. Secretary, ever since the first of May, though, in your speeches and all the Defense Bond literature you have said we must do this to buy the guns and tanks and planes.

MR. GRAVES: That is right.

H.M.JR: Ferdie, look, - I forgot Miss Chauncey is here (laughter). You go so far, see. If you say to me, this campaign is to help buy the - and so forth and so on, then you give somebody an inch, and they run with the ball, and they have made this thing cheap and they have just cheapened the whole thing, see. I mean, you get to a point where they take a man like MacArthur, who is doing a magnificent job under the greatest handicaps, and they capitalize on him, and try to make the readers believe that by buying two hundred thousand dollars' worth of Defense Bonds you can send - you will send a bomber.

MR. KUHN: But that is not what you ever wrote to Mr. Hearst.

H.M.JR: True, but this is what the thing has arrived at.

MR. KUHN: Well --

H.M.JR: I mean, it has gotten lower and lower until we are on the level of aluminum scrap, where they said you give your aluminum pots, and that will build bombers, which was a falsehood. It was just a straight falsehood.

MR. KUHN: Mr. Secretary, there was no falsehood in your letter to Mr. Hearst.

MR. ODEGARD: Mr. Secretary, I wasn't suggesting that this was on the same level as the aluminum campaign. I don't think it is.

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H.M.JR: It is worse (laughter). Because you are capitalizing on a hero, and we don't have to stoop to that level in order to raise money, and gentlemen, I don't care what anybody is going to say, I told Harold Graves I am not asking for advice this morning. I am not going to do it, and I am going to stop it. I am not asking anybody's advice. This is one of the rare occasions. It has only happened once before that I can remember. And this once before - this is the second time. I am not asking. I am just going to stop it. I mean, this is the second time in the nine years that I have said that. I am perfectly willing to call up Eugene Meyers and ask him to stop it, and we will just have to, Harold - I don't know whatever - whatever there is that is necessary, I would please like to - whatever telegrams are necessary, I will send whatever telegrams are necessary to stop it, or anything which will lead up to anything like this to whoever it is, Mr. Hearst or whoever it is.

Whoever is doing this thing I would like to send a telegram today, but I am not going to sink to that level. I would rather stop the whole defense program. That is the way I feel. I would rather stop the whole program. So if you find out, Harold, please, whatever is necessary, and prepare immediate telegrams to whoever --

MR. GRAVES: I should think it would have to go to Mr. Hearst.

H.M.JR: Well, wherever it is necessary, please - could you have them by - well, whenever it is ready, bring them in, will you?

MR. GRAVES: Yes.

H.M.JR: And I will call up Eugene Meyers and I will also call up Secretary Stimson and tell him what I am doing, but I can't be on this level. I mean, I am sorry, but this is one time I am going to do it my way.

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MR. GASTON: The only thing that struck me as bad was the MacArthur angle of it. I thought that was very bad.

H.M.JR: But you see what happened, Herbert, we go from this thing where you say - this is to Hearst. "The regular purchase of Defense Bonds by every American" - I don't see where it is. Oh. "... has provided funds for military equipment by the purchase of Defense Bonds and Stamps." Now, in this telegram I would say this. There is legislation pending which will make it possible to set up separate funds.

MR. GRAVES: That wouldn't affect this, Mr. Morgenthau. As I understand that legislation, it has to do with donations only. Is that right, Ed?

MR. FOLEY: Yes.

MR. GRAVES: You wouldn't be earmarking the proceeds of the sale of Government securities.

H.M.JR: Then let's stop the whole thing. Let's stop it in all the literature. I feel very strongly about it.

MR. WHITE: Isn't there something, Mr. Secretary, that also applies not only to this, but some of the other aspects of the plan? The assumption that the limiting factor in the production of planes and guns and tanks is financial is, I think, a definitely erroneous conception, just as erroneous as this is, and the general emphasis which has been placed on it I think is subject to reconsideration the same way that this is. The reason we can't produce more tanks and planes and guns is not because people aren't buying more Defense Bonds.

H.M.JR: You are right.

MR. GASTON: There is another aspect of it though, Harry. Isn't it correct that if - in so far as the purchases come out of current savings, that would otherwise

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be expended in current production, you are increasing our capacity, you are adding to the capacity to produce, so that in that sense the savings and investment of Bonds does contribute to the war production?

MR. WHITE: You could argue even that that isn't true.

MR. VINER: We oughtn't to rely on that.

MR. GRAVES: Well, does that affect what is behind that picture (Donald Duck) there, are you going to kill that picture because it says that your taxes are for guns and tanks and planes? Are you to kill that?

MR. WHITE: It depends. I haven't seen the picture, but it depends on how it is presented.

H.M.JR: Anyway, would you do that please?

MR. GRAVES: Yes. There is one other point apropos of what Harry has just said. If he is right then our whole program is just dishonest, because we call these Defense Bonds. Our literature says "For Defense buy United States Savings Bonds." Well now, literally --

MR. WHITE: No, there is a difference.

MR. GRAVES: Excuse me. The proceeds of the sale of these securities come into the general fund to the Government. They are not earmarked for defense. The proceeds of the sale of these securities are for all purposes of the Government. Technically, then, you could throw out our whole campaign, even to the name of our security, on his argument, because the proceeds of the sale of these bonds are not in any sense earmarked for defense.

H.M.JR: Well, Harold, just so there will be no misunderstanding, no one has talked to me about this, and I have talked to nobody. I don't want you to think that somebody in the room has been talking to me.

MR. GRAVES: I understand that.

H.M.JR: When I read it in the Post this morning --

MR. GRAVES: You sent for me immediately.

H.M.JR: All of these things are matters of degree and you see what has happened, they have gone this way until you get this kind of complete deception and they could argue about the aluminum. The argument that they gave about the aluminum was that when you took the scrap aluminum, by accumulating that you released an additional virgin aluminum which is necessary to go into the planes, so, therefore, the campaign was all right, and the scrap aluminum could be made into bucket seats in a tank, and you needn't use virgin aluminum for bucket seats, so there was more virgin aluminum to make a plane. But the kick-back was terrible. The kick-back on Harold Ickes - he hasn't got over it yet. He came out and said there was a shortage of gasoline and so forth and so on. And all I am trying to do is, in my own sensibilities on this thing, all I can go on is, for defense. I think you can go that far.

Mr. Hearst goes a little bit further, and, believe it or not, Mr. Eugene Myer goes a little bit further than Mr. Hearst, and then you get down to this place where it is a complete falsehood, and from the Army's standpoint - I mean, immediately it raises the question, "If the Washington Post can get a bomber for MacArthur, why do we have to wait for the Washington Post to do it and only send one? Why don't we send a thousand?"

MR. KUHN: Mr. Secretary, the MacArthur--

H.M.JR: "Why don't we send a thousand bombers? Does the Washington Post have to raise two hundred thousand dollars to send one bomber to MacArthur?"

MR. KUHN: The MacArthur thing never emanated from here in any way, Mr. Secretary.

H.M.JR: But they are using me. They are using my Defense Bonds to raise the money.

MR. KUHN: But they should be stopped from that, from the MacArthur part of it.

H.M.JR: That is all I am talking about. I want to kill this program in the Post this morning. Harold Graves says you can't do it - you mustn't do it, is what he said. They I want to reexamine the whole thing back to the original point.

You remember I took that folder on taxes to the Cabinet which said a gun costs so much, this costs so much, and the whole Cabinet jumped on me--

MR. KUHN: For a different reason, Mr. Secretary, because it was taxes. It was a thing that you had no choice about, but we have a folder on bonds which says the same story.

H.M.JR: Look, I can't think of a good example. I can think of one but - do you (Miss Chauncey) mind just leaving the room for one minute? I am handicapped. When I buzz twice, you come back.

(Miss Chauncey left the conference temporarily.)

(Discussion off the record.)

H.M.JR: Well, anyway, Harold, let's kill this this morning and we will kill the Hearst thing, and then let's reexamine the whole thing, see.

MR. GRAVES: I understood you to just say that the thing that you objected to was the MacArthur slant on this.

MR. VINER: The earmarking.

H.M.JR: No, the earmarking. I don't want any earmarking.

MR. VINER: Also, they shouldn't say, "It will buy." They may say, "It will pay for," but there is a difference.

H.M.JR: Well, they have gone too far.

MR. BELL: "Will be available for."

- 17 -

H.M.JR: You bring in the Hearst and the other thing.

MR. VINER: "Will be available for."

H.M.JR: If you want to bring in Kuhn and Odegard at eleven, it is all right with me.

Harry?

MR. WHITE: I have here a memorandum on the status of the Ecuadorian stabilization negotiations which we ought to proceed with at once. I can either give you the gist of it now or leave this with you or suggest that we go forward with it.

H.M.JR: No, I won't look at it or touch it. The next thing that comes is Lend-Lease in reverse.

MR. WHITE: Whenever you are ready for that - that is the small part of the larger British problem. Whenever you are ready for that, we will go into it.

H.M.JR: When are you ready?

MR. WHITE: This afternoon?

H.M.JR: No, I am tied up this afternoon.

MR. WHITE: Tomorrow?

H.M.JR: Yes, I can do it tomorrow.

MR. WHITE: Tomorrow.

H.M.JR: I will start in at eleven o'clock.

MR. WHITE: Eleven o'clock, yes.

H.M.JR: But I would like Mr. Bell in on it and Mr. Viner.

MR. WHITE: They will be.

H.M.JR: And I would like them prepared.

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MR. WHITE: They will be.

H.M.JR: So I think, Bell, if you could have a preliminary meeting.

MR. BELL: All right.

H.M.JR: With the group, so that - supposing you have a preliminary meeting with them in the morning and sort of get together, will you?

MR. BELL: Yes.

H.M.JR: And be ready for me at eleven.

MR. WHITE: The - we have received information--

H.M.JR: That has to do with the buying, isn't it?

MR. WHITE: The--

MR. BELL: Our buying.

MR. WHITE: The reverse Lend-Lease arrangements, I think you will find, are a small part of the whole issue, but let's raise the whole issue at eleven o'clock.

H.M.JR: Well, I would like Mr. Swope in on that, please.

MR. WHITE: We have received cabled information that arrangements are being made, in a commercial airplane, to take twenty million dollars of gold a week out of Dakar back into Belgium, probably for Germany. It could be stopped. I am merely informing you about it. If you are interested in going any further with it, we can take it up with the Economic Warfare Board.

H.M.JR: A letter to the President, Vice President, State, War, and Navy on it.

MR. WHITE: We now receive a montly report which I imagine you would be interested in getting of the breakdown of where the Lend-Lease exports are going.

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H.M.JR: Yes. Who gives us that?

MR. WHITE: We asked for it from the Lend-Lease people.

H.M.JR: O.K.

MR. WHITE: Venezeula has bought about eight million dollars more of gold. Gold on earmark is increasing. It is about two billion two. I think you know, I am not sure, that the Minister of Finance of Brazil is coming up.

H.M.JR: Oh, only through the papers. Nobody has told me.

MR. WHITE: Well, here is a cable.

H.M.JR: That Souza Costa was coming?

MR. WHITE: Yes.

MR. SCHWARZ: I told the State Department yesterday that you hadn't received any word.

MR. WHITE: Well, we got it on the twenty-eighth.

H.M.JR: But did it - have you got the cable there?

MR. WHITE: I have got the letter here.

H.M.JR: And it said Souza Costa?

MR. WHITE: Souza Costa. He spoke to me down there and told me some of the things he is coming up about. He doubtless will want to see you, but his main reason for coming, I think, is Lend-Lease.

H.M.JR: Well, I want to do so-called - the English financial situation next. After all, I may have to testify before the Senate on China, but I promised Sir Frederick Phillips that he would come next.

MR. WHITE: Yes. We received a copy of a report by the Economic Warfare Board, drawn up in London. We received it from Cassidy. We also received information that there are a large number of those reports, the titles of which would seem to indicate a good many of them are very useful to us. They have all gone to the State Department. Unless you have some reason - disapproval, we would like to get those that deal with the economic situation.

MR. VINER: I have seen a couple of them, and they are very useful.

H.M.JR: By Cassidy?

MR. WHITE: Cassidy sent us one. He wanted to send the rest, but the Ambassador said that they had already sent a copy to the State Department and didn't understand why we couldn't get it from the State Department.

H.M.JR: Are you going to try to get them?

MR. WHITE: Yes.

H.M.JR: If you need any help, let me know.

MR. WHITE: All right, sir. That is all I have except that the silver matter is stirring up a good deal of opposition in quarters that you would have expected.

H.M.JR: You know they came, Ed, within two votes of killing it yesterday in the House.

MR. BELL: Yes, fifty-one to fifty-three.

H.M.JR: They put a bill through and only missed it by two votes.

MR. WHITE: To kill the silver purchase?

H.M.JR: To kill the silver purchase. What was it, fifty?

MR. KUHN: Fifty-five to fifty-three.

MR. BELL: Yes, something like that. Somebody offered an amendment to the Treasury appropriation and Post Office appropriation.

MR. WHITE: Ed told you about yesterday's report.

H.M.JR: O.K., Harry?

MR. WHITE: That is all.

H.M.JR: Chick?

MR. SCHWARZ: Two young lady editors of the Vassar paper want to interview you on Saturday. Will you be here?

H.M.JR: Oh, I won't make any appointments for Saturday.

MR. SCHWARZ: They may stay over Monday and maybe I can bring them in to the press conference.

H.M.JR: I won't make any appointments. I expect to be here, but I don't want to make any appointments. Last Saturday I made no appointments, and it was the worst day I had had in a week. I want to talk with you and Ferdie and Gaston for a minute afterward on this particular editorial in Time. I would like to get your advice. There is a certain way I would like to handle it. You men may disagree.

George?

(Mr. Haas handed reports to the Secretary.)

Would you give copies of that to Mr. Swope, because he is interested in that. How many cars back up in New York. Is it bad?

MR. HAAS: They have about two thirds of the space

filled and the movement there is increasing. There is a sharp increase both in to New York and out of New York.

H.M.JR: Well, he is watching that in connection with Procurement for me.

MR. HAAS: All right.

H.M.JR: Give him a copy, please. How is Dave doing?

MR. HAAS: Pretty good.

H.M.JR: How is he coming? Where are corporations?

MR. HAAS: The corporations are there.

MR. MORRIS: I think this is the breakdown of the corporations.

H.M.JR: Right. Thank you.

MR. BELL: In that connection, Mr. Secretary, Rouse called me and said that a Mr. Wolfe of the Farmers City National Bank, vice president, is suggesting that we might use the churches in this campaign, that the preachers have really put across a good story.

H.M.JR: For what?

MR. BELL: For the campaign on Defense Savings.

H.M.JR: Well, you had better talk with Harold about that. (Laughter)

MR. BELL: I don't know whether you have heard of it or not, but he has given quite a lot of study to it.

H.M.JR: Who, Harold?

MR. BELL: No, Mr. Wolfe.

H.M.JR: I would let Harold digest that.

Peter?

MR. ODEGARD: I haven't anything.

H.M.JR: Jack? Roy? Ferdie? Dave?

MR. MORRIS: No.

MR. BUFFINGTON: I wrote - telephoned Mr. Berkshire about that Calvert advertisement. He has written to the Calvert Distilling Company telling them to stop it and stop the literature they already have out. I would like to go to New York on Friday to meet with the Publicity Committee of the War Activities Committee, if I may.

H.M.JR: You saw the full page in PM last night?

MR. BUFFINGTON: Yes, sir.

H.M.JR: How did that get in?

MR. BUFFINGTON: Through Miss Spitzer of the Disney organization.

You asked me to check with the motion picture operators' organizations. I did that.

H.M.JR: Good.

MR. BUFFINGTON: I was sorry about that signature of yours which will be corrected next week in the next issue.

MR. SULLIVAN: You remember at one of the press conferences the question of what would happen to these workers in Detroit who had been put out of employment by the conversion, how they would meet their taxes? We have a mimeograph to go out to collectors which I spoke about early last week, and you said to bring it up later. I have that any time you want to go over it,

or I can give you the substance of it now.

H.M.JR: I would rather have it - I mean, I have got only half way through with you yesterday.

MR. SULLIVAN: That is right.

H.M.JR: Where is Paul?

MR. SULLIVAN: I don't know.

MR. BELL: He is sick, someone said.

MR. SULLIVAN: He was ill over the weekend and Monday and yesterday he seemed to be better, but he said he wished he had time to stay out another day or so and I suppose it came back on him.

H.M.JR: We will get together today.

MR. SULLIVAN: And there is the Green letter, too.

H.M.JR: Well, I will give you now eleven-fifteen.

MR. SULLIVAN: Thank you, sir.

H.M.JR: Thank you.

Edward?

MR. FOLEY: Here is the copy of that committee report.

Here is a reply to the Attorney General to his letter saying that he has set up a crime section to handle frauds perpetrated on the Government through the defense program. (Reply dated February 4, 1942)

H.M.JR: What do we say?

MR. FOLEY: We thank him for bringing it to our attention and tell him we will cooperate and there is

a memorandum for you to sign to the Bureau chiefs calling his letter to their attention.

MR. WHITE: While you are on that, Mr. Secretary, do you have any ideas as to whether you want the same statement before the Senate Committee or would you want a different one.

H.M.JR: Same is good enough.

MR. VINER: Well, Mr. Bloom used, I gather from the newspaper report, large chunks of yours so that you will be repeating him rather than yourself. (Laughter)

MR. FOLEY: We didn't use much. You can see there we only used a couple of paragraphs, and used a couple of paragraphs from Hull's and the rest we dictated.

MR. WHITE: We can change those.

H.M.JR: What I would do in that case, Jack, is simply say, "Gentlemen, I have got the same statement that I gave before the House. Would you like me to read it or have you seen it?" In most cases they say, "We haven't seen it, you read it." But I make that statement. There is no reason to change it.

MR. VINER: Even though the Committee--

MR. FOLEY: There was no record taken down yesterday.

MR. VINER: But if the Committee has used any paragraphs, you won't repeat those paragraphs?

MR. FOLEY: In the report? Sure.

H.M.JR: There won't be any record before the Senate either.

MR. WHITE: But his point is that Bloom's report contains a few sentences, about four sentences--

MR. VINER: Those are the ones the newspaper quoted.

MR. FOLEY: That is all right.

MR. WHITE: It is all right. They are good.

MR. FOLEY: They will now know where they came from.

H.M.JR: Well, anyway, Jack has made a suggestion. Take it under advisement.

MR. FOLEY: I am ready on General Aniline and Film. I have the letter to John E. Mack.

H.M.JR: I am ready, too.

MR. FOLEY: All right. Let's fix a time.

H.M.JR: Mr. Sullivan, fifteen minutes, do you think?

MR. SULLIVAN: Yes, sir.

H.M.JR: That would bring Mr. Foley down to eleven-thirty.

MR. FOLEY: At eleven-thirty I will be here.

H.M.JR: And has Swope been brought up to date on it?

MR. FOLEY: I will bring him up to date?

H.M.JR: Would you bring him up to date? I would like to have him here.

MR. FOLEY: Sure. That is all.

MR. GASTON: I wrote you a memorandum. I don't know whether you have had a chance to see it yet. Miss Chauncey says no. Donovan would like to have commercial attaches restored to the neutral countries of Europe.

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That is Spain and Portugal and Sweden and Switzerland. He would much prefer to have Treasury attaches, and he has cleared it with the State Department and with other agencies interested. The purpose of having those attaches would be to report information which is generally available, not undercover stuff. They would have an open status and it would be general information that could be picked up from general sources. They would not do undercover work, and they would do some work for the Treasury Department.

H.M.JR: Would it be above-board?

MR. GASTON: Entirely above-board. They would have status as Treasury attaches. Their main function, as far as Donovan is concerned, he would be willing to pay their salaries. I don't think that is necessary, but their function, as far as he was concerned, would be commercial information.

MR. FOLEY: I think it would be very helpful if we could have some people in these missions that understood freezing control and could give us reports on things that are going on in those countries in relation to freezing control, and I think you ought to make very sure that Donovan has it really cleared with the State Department and that they are willing to do it, because they have never been willing to do it so far and that is how he got in trouble with the State Department.

MR. GASTON: I suggested in my memorandum to the Secretary that we would, of course, clear it with the State Department before we did anything. Would you like me to talk it over with Harry White and Ed and--

H.M.JR: Yes.

MR. GASTON: And perhaps we will get John Wiley. I understand he is the man who is pushing it. We will get him in and get him to tell us everything that is in his mind on this thing.

MR. FOLEY: If we could have somebody in Portugal,

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Sweden, Switzerland, and South America, it would help us a great deal.

H.M.JR: Whatever you agree on, go ahead. You don't have to bring it back to me.

MR. WHITE: That was your idea, Mr. Secretary, six months ago, if you will remember. (Laughter)

MR. GASTON: There is another question that is in my mind and that is that South American thing. Should we explore that question of putting people in South America.

H.M.JR: Yes.

MR. GASTON: I think it is worth while.

H.M.JR: Yes.

MR. WHITE: That is pertinent to another point, Mr. Secretary. While I was down there, the question arose of the inadequacy of the information that is present at all the South American countries on the commercial attaches' staff and the State Department staff with respect to freezing control. We talked it over in Brazil and the suggestion arose there that it might be possible either to send somebody down to the key countries who would travel in a certain area, break it up into about five areas, or to have them send their men up here and run a school up here for about three or four weeks, so the problem is much to the information.

H.M.JR: Anyway, if you three gentlemen want to take it on, whatever you decide, Bell and I will be satisfied.

MR. BELL: I will.

H.M.JR: You don't have to bring it back. Just tell me what you do.

MR. GASTON: Yes. You might be interested to know.

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I think I told you about a proposal that came from Turkey to trade opium for wheat. We put it up to the Board of Economic Warfare, and it was turned down, because they did not want wheat to go to Turkey. Harry has learned that the British made the deal and sent, they said, corn to Turkey. I don't know whether corn means maize or wheat. At any rate they made the deal.

MR. VINER: Wheat.

H.M.JR: We turned it down?

MR. GASTON: We turned it down and the British made the deal.

H.M.JR: What did they do with the opium?

MR. GASTON: Apparently they sell it to South America and then get opium from us. (Laughter) They don't get it, as a matter of fact, but they did come to Harry within the last few days and ask for some opium supplies for - to be sent to Britain under Lend-Lease, and he told them, "How about the opium that you are selling to South America?"

H.M.JR: I would like a little memo on this.

MR. GASTON: I will be glad to give you a memo on that.

They are now limiting their purchases to surettes. That is this new one-shot treatment that doesn't require a separate syringe for war purposes.

H.M.JR: Are you implying that they are selling drugs to addicts?

MR. GASTON: No, I am merely stating that the fact is that they have long supplied the South American market for opium.

H.M.JR: Legitimate trade?

MR. GASTON: Legitimate trade from Great Britain. They want to continue to do that and keep up their trade with South America and because of a shortage of opium would like to get opium from us, that is, opium products from us so that they can continue to sell to South America.

H.M.JR: I would like--

MR. WHITE: Because they get them from us under Lend-Lease.

MR. GASTON: That is right. I will give you a memo on it.

H.M.JR: Anything else?

MR. GASTON: That is all.

H.M.JR: Mr. Swope?

MR. SWOPE: Nothing.

H.M.JR: Thank you all. I did want to see Gaston and the others.

February 4, 1942

Dear Mr. Meyer:

This morning's Washington Post has given prominent display to a new campaign to "Buy a Bomber for MacArthur" through the purchase of Defense Bonds and Stamps. This campaign was prompted by the Treasury Department, and the Post was in no way responsible for it.

On careful reconsideration, however, I feel that the continuance of this campaign in its present form would tend to give the American people a false and misleading impression. It might suggest that the mere purchase of Defense Bonds and Stamps would, by itself, send one or more bombers to General MacArthur. This impression would not be true, and I should not like to be responsible in any way for spreading a false impression among the American people.

I should appreciate it, therefore, if the Post could change the character of this campaign so as to delete any reference to General MacArthur. After all, our object is to encourage the American people to pay for the war effort generally, and for the planes, tanks, ships and guns which are needed to defeat our enemies. I feel sure that you can work out some way of doing this without the emphasis which you used this morning and which I feel was unfortunate.

Sincerely,

(Signed) E. Borah. JR.

Mr. Eugene Meyer,
Editor, Washington Post,
Washington, D. C.

FR/sgk

N.M.C.
Copies to Thompson
Delivered by [Signature] in person

R. S. V. P.

'Bomber for MacArthur' Drive Started Via Defense Bonds

HERE is your chance to help Gen. Douglas MacArthur and his valiant men.

A "Bomber for MacArthur" campaign to send a \$200,000 war-plane from Washington to the gallant defenders of the Philippines is begun today by The Washington Post, Radio Station WJSV and the Junior Board of Commerce. The campaign has the approval of the Army Air Forces.

The bomber will be christened "The City of Washington." It will go to the Pacific theater of war, there to aid MacArthur's forces in the fight for our way of life.

You may do your part by buying United States Defense Savings Bonds on a special "Bomber for MacArthur" form.



GEN. MacARTHUR

HERE'S how you do it:

Go to one of the following places and ask for a "Bomber for MacArthur" form—the front counter of The Post, 1337 E Street Northwest; the WJSV-Junior Board of Commerce booth at the corner of Thirteenth and E Streets Northwest, or to any bank or building and loan association.

This form is similar to the regular Defense Bond except for a picture of a plane and the words "Bomber for MacArthur" surprinted across it.

Fill it out for a bond of your choosing. Most popular are the Series E bonds, whose denominations of \$25, \$50, \$100, \$500 and \$1000 sell respectively for \$18.75, \$37.50, \$75, \$375 and \$750 and mature in ten years.

The "Bomber for MacArthur" bonds you buy will go toward the purchase of a \$200,000 Martin B-26. This is the deadly medium bomber the British have dubbed "The Marauder." It is the fastest bomber of its class in the world.

IF you can't buy bonds to help purchase the plane, you can buy stamps.

If you buy them at The Post's counter or at the WJSV-Junior Board of Commerce booth, the total purchase will go to help pay for the bomber.

The Washington Post

FEB 4 1942

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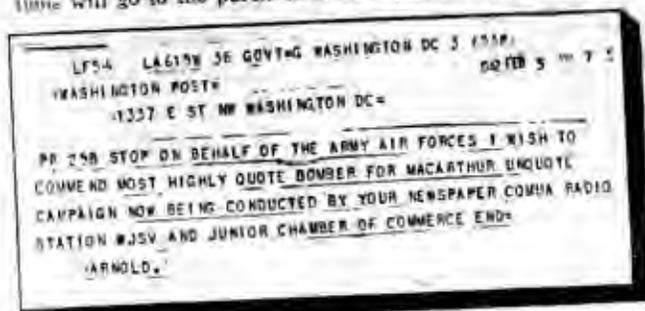


GEN. MacARTHUR

The Washington Post

FEB 4 1942

Stamps bought at the bank and building and loan associations will go to the purchase of the bomber in the proportion



*Commendatory Telegram from Lieut. Gen. Henry H. Arnold,
chief of Army Air Corps, sent last night to The Post*

that the amount of "Bomber for MacArthur" bonds bought at these places bears to the total amount of bonds purchased at them. Thus if 50 per cent of the bonds sold at a bank are "Bomber for MacArthur" bonds, 50 per cent of the stamps sold at that bank will go toward buying the plane.

WJSV will have its opening official program in the campaign at 7:30 o'clock tonight. Officials of the Defense Savings Staff and Air Corps and representatives of the radio station and The Post will take part in the program.

MEMBERS of the Junior Board of Commerce will appear on a preliminary program in connection with Bob Face's variety show at 4 p. m. today over the station. Minute-men speakers from the board are scheduled thrice daily until enough money for the bomber comes in.

MacArthur is doing much for us. A bomber to aid him is one of the best ways of saying "Thanks" in capital letters.

Send Your Regards for Japs in a Bomber



"A BOMBER FOR MacARTHUR"—This is a Martin B-26 bomber, dubbed by the British as "The Marauder." A warplane of this type will be sent to Gen. Douglas MacArthur's men in the Philippines. It costs \$200,000. You can join the fight by becoming a member of the "Bomber for MacArthur" campaign begun today by The Post, Radio Station WJSV and the Junior Board of Commerce. (Story on Page 1)

Copies to: Mr. Bell
Dr. White
Dr. Viner

35

February 4, 1942
10:15 a.m.

HMJr: Hello.

Leon
Henderson: This is Leon, Henry.

HMJr: Good morning.

H: Say, this wage increase business in the steel industry.....

HMJr: Yes.

H:affects both of us very, very much.

HMJr: Right.

H: Now I talked to Harry on Monday.....

HMJr: Yeah.

H:and told him that I thought the boss ought to call you and me.....

HMJr: Harry Hopkins?

H: Yeah.

HMJr: Yeah.

H: You probably know that I couldn't get to see the boss.

HMJr: That's right.

H: A good reason.

HMJr: That's right.

H: Well, I talked to Harry, because tomorrow morning they're going to have a little meeting with this joint CIO Committee.

HMJr: Yeah.

- 2 -

H: Now we've looked into it, and it's just about set up this way. If there's a substantial wage increase, the steel price gets increased.

HMJr: Yes.

H: Well, even if they could pay it - and I take the position that that money belongs to you.....

HMJr: Yeah.

H:on taxes.....

HMJr: Right.

H:and we've got a reasonable stability here. Now I mean, I just talked to Harry on the fly, and was waiting to hear about it. I told him I wanted to make the case as to why we should have an administration labor policy.

HMJr: Yeah.

H: Now, I suggested first we - I wanted to get in on the inflationary aspects of it with you before anybody else got in, but Wayne Coy's running around with good intent - the same kind of intent.....

HMJr: Yeah.

H:and Lub has been thinking about it. He and Miss Perkins are very much worried.....

HMJr: Yeah.

H:and I saw Lub at the WPB meeting yesterday, and told him that two things ought to be done.

HMJr: Yeah.

H: One, that they ought to ask the boss not to make any commitments tomorrow about any wage increases.

HMJr: Yeah.

H: And two, that he ought to have in mind that if

any conference was called on labor policy, that you and I ought to be there.

HMJr: I see.

H: I wonder whether you wanted that - you can probably get to the boss easier than I can.

HMJr: Well, it's a little - I'm afraid, Leon, if I called him up, he'd say, "Well, Henry, aren't you kind of straying from your back yard?"

H: Well, then I'll write him a note.

HMJr: See?

H: I'll write him a note and tell him that - do you mind if I tell him that both you and I are worried about it?

HMJr: Well, that's all right. I'm glad to have you include me.

H: Because it's.....

HMJr: But I think you ought to lead, and I'm perfectly willing to follow along. But I'm afraid he might, with a certain amount of justification, say, "Well, how the hell do you get in on that?"

H: Yeah. All right. Well, I'll do that.

HMJr: But you can include me.

H: All right.

HMJr: How's that?

H: I'll let you know how it comes out.

HMJr: And let me know how it comes out.

H: All right. Fine.

HMJr: Thank you.

TREASURY DEPARTMENT

39

INTER OFFICE COMMUNICATION

DATE February 4, 1942.

TO: Secretary Morgenthau

FROM: Jacob Vinet

Conversation With Leon Henderson Re Steel Industry Wages

I think the Treasury has a vital interest in this field and that Henderson was right in bringing you into the problem. Corporate profits are an important source of Treasury tax revenue.

- (1) If with government approval wages are allowed to rise to the point where they absorb most of these profits, the Treasury will lose much more revenue from corporate income and high bracket personal incomes than it will gain from personal income and indirect taxes on wage incomes.
- (2) If steel prices are permitted to rise to cover the rise in wages, then the inflationary spiral -- higher wages-- higher prices--higher wages -- will be well under way.

It is my impression that steel industry wages, even on a real-wage basis, are higher than they have ever been before. In addition the steel workers have the advantage of absolutely full employment, so that the ratio of present annual real-earnings to previous levels is even higher than the ratio of present real-wages to previous levels.

In 1941 steel workers worked an average of only some 38 hours a week, primarily not because of unemployment but because of the restriction of the working week to 40 hours and the impracticability of overtime work in a continuous-process industry. If it should be desired to increase the earnings of steel workers beyond their present level, it seems to me the way to do it would be to increase the working week to say 44 hours. If this involves displacing any steel labor, there should be no difficulty in absorbing it in other essential industries.

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February 4, 1942
10:40 a.m.

John J. McCloy: Hello, Mr. Secretary.

HMJr: Hello. How are you?

Mc: Fine.

HMJr: You haven't got a Washington Post before you by any chance, have you?

Mc: Yes, I can get one. Just a second.

HMJr: Would you?

Mc: Yes. Hold the wire.

HMJr: Sure.

Mc: Hello.

HMJr: Hello.

Mc: I've got one.

HMJr: I tried an hour ago to get what I'm saying through to Stimson, but they said they've been unable to interrupt him and I want your help.

Mc: Yes.

HMJr: You see the story, "Bomber for MacArthur Drive"?

Mc: Yes.

HMJr: Well, now, you see the telegram from Arnold?

Mc: Telegram from Arnold?

HMJr: In that - half way down.

Mc: Oh, yes. Yes, I see a telegram. Wait a minute, let me read it.

HMJr: Read the telegram.

Mc: "Stop on behalf of the Army Air Forces I wish to commend most highly 'Bomber for MacArthur' campaign now being conducted by your newspaper, Radio Station WJSV, and Junior Chamber of Commerce. End. 'Arnold'"

Yes.

HMJr: Well, now the crux of the point is there's a statement in the thing there, "The 'Bomber for MacArthur' bonds you buy will go toward the purchase of a \$200,000 Martin bomber."

Mc: Yeah.

HMJr: Well, it isn't true.

Mc: Yes.

HMJr: Now, what I'm - it isn't true. Then on page three where there's a picture of the bomber, you see.

Mc: Yes.

HMJr: It says, if you turn to page three.....

Mc: Wait a minute.

HMJr: Hello.

Mc: Yes. I see a picture of the bomber.

HMJr: And under the picture, it says, "A warplane of this type will be sent to General MacArthur's men in the Philippines." Well, from your standpoint I think it's terrible.

Mc: I do, too.

HMJr: Because you have to buy two hundred thousand dollars worth of bonds to send one bomber to MacArthur. Well, in the first place you can't send a bomber to MacArthur.....

Mc: That's right.

HMJr:and in the second place, if you can send one, why don't you send a hundred?

Mc: That's right.

HMJr: I think it's - and the repercussions on you will be much worse than they are on me.

Mc: Yes. Yes.

HMJr: I think it stinks.

Mc: I do, too; I do, too.

HMJr: Now, what I'm proposing to do, if I can get your backing is.....

Mc: Yes.

HMJr:I'm going to call up Eugene Meyer.....

Mc: Yes.

HMJr:and tell him that I'm awfully sorry, but he cannot go through with this program and use Defense Bonds in this manner.

Mc: Yes. Yes.

HMJr: And that he will hear from the War Department - someone will call him from the War Department to express their own views.

Mc: Right. Right.

HMJr: Is that right?

Mc: Well, now, let me get my bearings on it. Let me see if the Secretary knew anything about this before I say go ahead, because I don't want to cross any wires. Let me talk to Arnold right away.

HMJr: Yes.

Mc: I don't know what the Secretary is doing now that he can't be interrupted. Maybe he's in with the

Chief of Staff, or something.

HMJr: That's what they said.

Mc: But let me call you back. I'll get on it this minute.

HMJr: But from your standpoint, it's much worse than ours.

Mc: Well, I think so. I mean I think this gives the implication that if a fellow puts up some money, why one of these bombers will be sent out to relieve MacArthur.

HMJr: And the only reason that you're not sending them is because you haven't got the money.

Mc: That's right. That's right.

HMJr: What?

Mc: That's right.

HMJr: I think it's terrible.

Mc: I do, too.

HMJr: Well, I tell you.....

Mc: Well, now, let me get after it right away.

HMJr: I'll sit tight, but don't take too long.

Mc: All right. I'll go on it right away.

HMJr: Because I've been sitting here for one hour now.

Mc: All right.

HMJr: All right. Thank you.

February 4, 1942
11:08 a.m.

HMJr: Hello.

John J. McCloy: I've gotten, I think, to the bottom of this.

HMJr: Yes.

Mc: Arnold says that yesterday he was asked - I think it was yesterday, day before possibly - on behalf of the Treasury - to approve such a program. He said he didn't think it was any good, he didn't like the idea, but it was put up to him on the basis that the Treasury wanted it and he said, "All right, I will go ahead."

The man that - the telegram was dictated to two men, one from the Public Relations of the Air Corps and a man sent over here by the Treasury.

HMJr: Yes.

Mc: His name was Moran.

HMJr: Yes.

Mc: I don't know who he is.

And they dictated together this form of telegram, it was taken in to Arnold - who was very reluctant to sign it - but said that the Treasury wanted it and said, "I guess I'd better do it."

HMJr: Yeah.

Mc: And it was signed and sent off. He doesn't like it. I don't like it. The Secretary of War doesn't like it.

HMJr: I see.

Mc: And we're ready to say anything to anybody, but there's been some mix-up apparently, because we did it only because we thought it was in accordance with some approved Treasury program.

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HMJr: Well, it's one of those things that start at the bottom and I never saw it until I read it in the paper.

Mc: Yes.

HMJr: And I'll take - under those - from what you tell me, I'll take full responsibility and call up Eugene Meyer.....

Mc: Well.....

HMJr:and tell him I'm sorry.

Mc: Well, we'd be very glad to do it also. If you want us to, we'll call up Eugene Meyer, too.

HMJr: I think it would be helpful.

Mc: All right. And I'll leave a little time go by, and then call him up so that you have a chance to call him in the meantime.

HMJr: I'll call him right away.

Mc: All right.

HMJr: And I didn't know about this, but.....

Mc: It was a man named Moran.

HMJr: Yes.

Mc: He's apparently in Mr. Duffus' office.

HMJr: Yes. Well, you know more about it than I do.

Mc: Yeah.

HMJr: But I know I don't like it, and I know it isn't good for the country as a whole.

Mc: I'm sure it isn't. And I talked - I had a chance to speak to the Secretary about it, and he thought it was very poor taste.

HMJr: Well, I'm sorry that our man ever approached you.

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Mc: Well, all right. And I'll call up Eugene Meyer
in about fifteen minutes.

HMJr: Wonderful.

Mc: Good. All right.

HMJr: Thank you.

Mc: Good-bye.

February 4, 1942
11:25 a.m.

HMJr: Hello.

Eugene Meyer: Good morning, Henry.

HMJr: How are you, Eugene?

M: Okay.

HMJr: Eugene, I'm calling you up on this "Bomber for MacArthur Drive".

M: Yes.

HMJr: Now I understand that our people somewhere down the line approved it.

M: Yes, of course. I asked the first thing when they talked to me, "Has this got the Treasury's support?"

HMJr: Yes.

M: "And cooperation."

HMJr: Yeah. Well, now, frankly, I don't know how it hit you, but I'm awfully shocked over it; and I've talked with Jack McCloy.....

M: Uh huh.

HMJr:and they feel the same way. The way they feel, he's going to call you, he can talk for himself. If we can send one bomber, why can't we send a hundred? And do you have to get two hundred thousand dollars in order to send one bomber to help out MacArthur.

M: Yeah. Well, I - the way they told me here, the talk - and I assume it came from your department - was that they expected to spread it out around the country.

HMJr: Well, the point is - number one, we have no way of earmarking any money that comes in.

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M: Well, of course. That's obvious.

HMJr: Now - and the thing definitely says this money - Defense Bond - will buy a bomber, and the bomber will go to MacArthur. Well, all along the line it isn't true.

M: Yeah.

HMJr: See? And now, I don't care how you do it, you can put it on me or any way you want to.....

M: Yes.

HMJr:but I've got to ask you to stop it.

M: Uh huh.

HMJr: And you can place it right on my shoulders.

M: Yeah.

HMJr: Because it's ten times worse than that aluminum campaign.

M: Yeah.

HMJr: Ten times worse.

M: Yes.

HMJr: And.....

M: Well, who was it in your department that asked us to do this? This is done by request, not by our suggestion.

HMJr: A man by the name of Duffus.

M: Duffus?

HMJr: Yes.

M: Who in the hell is he?

HMJr: Well, he's way down the line; and he had no right

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or authority to do this thing, and the first I saw it was when I picked up the paper this morning. And I sent for Harold Graves to come to the house at once, who's in charge of the drive.

M: Yes.

HMJr: And I know it's very unfortunate, but I.....

M: It's very embarrassing.

HMJr:but I think it would be ten times worse to go through with it.

M: Yes.

HMJr: And I'm perfectly willing to take full blame publicly for whatever you can say. If you want me to write you a letter, or anything, I'm.....

M: Well, I think you ought to write us a letter that the Treasury has reconsidered or something.

HMJr: I'll.....

M: What?

HMJr: I'll do that.

M: Because otherwise - I mean, it's unexplainable. You've got to have an explanation.

HMJr: I will write you.....

M: We couldn't put - you wouldn't want us to put ourselves in the position of having proceeded without Treasury direction.....

HMJr: I'm not asking.....

M:because that would be too stupid and.....

HMJr: It would be unfair to you.

M: Why, yes. And it wouldn't be good for anybody. I mean, I'd be - I'm willing to sacrifice myself

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if it's for a good purpose, but it wouldn't have a good purpose.

HMJr: Now, I'll.....

M: I think - you know, you're rather well known for being sort of frank and maybe we made a mistake and so forth.

HMJr: I tell you what I'll do. I'll have a draft, see?

M: Yes.

HMJr: I'll send it over to you before I sign it.

M: Good.

HMJr: And you tell me whether it's all right, and you make any changes in the draft that you'd like.

M: Okay.

HMJr: Is that fair?

M: It's a hundred per cent.

HMJr: And I'm awfully sorry. We never should have approached you; and of course, from the War Department standpoint, it's ten times worse.

M: Yes.

HMJr: Because it immediately raised the question, "Well, if you can send one bomber, why don't you send a thousand."

M: Yes. Yes.

HMJr: What?

M: Of course. Well, I.....

HMJr: I'll get the letter to you.....

M: The first thing I did was to ask, "Is the Treasury -" well, I only - it didn't appeal to me at all from - just because you say you

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had no - it was obvious you had no way of earmarking, and I thought it was a sales stimulation device; so, of course, I asked, "Does the Treasury want it?" He said, "Yes", Jones did, and so I said, "Well, we do what the Treasury asks us to these days."

HMJr: Well, I'll.....

M: I mean it didn't - I didn't even question it. Thank you, Henry. You send over the letter that you think.....

HMJr: That'll be over to you between now and one o'clock.

M: Okay, Henry. I'm sorry about it; and I think the easiest way to clear up a mistake is the prompt and full admission of the mistake and expression of regret, and that's all there is to it, and forget it.

HMJr: It'll be done that way.

M: Okay.

HMJr: Thank you.

M: Thanks.

February 4, 1942
11:55 a.m.

GENERAL ANILINE AND FILM

Present: Mr. Swope
Mr. Foley
Mr. Bernstein

H.M.JR: Let me ask you as I go along. You say, the present management were fully cooperative. Such has not been the case.

MR. FOLEY: That is right.

H.M.JR: Have you got specific instances where they are not cooperative?

MR. FOLEY: Well, I have got a memorandum here from Joe this morning in regard to a conference that John E. Mack had yesterday with personnel people in the plant. "According to Mr. Block, Judge Mack implied several times during yesterday's conferences that some of the suspended executives would be back. For instance, when certain research questions were discussed and one of the men stated that a certain type of work had been handled by Dr. Aickelin, Judge Mack said, 'Well, he may not be away forever,' and similar statements. Judge Mack instructed the men to inform Treasury and FBI men of well-founded suspicious that they may have in regard to certain individuals and even to hire detectives themselves if the Treasury men did not take any action. Apart from this action against individuals, however, Judge Mack instructed the men not to form any management committees or make similar arrangements because by the end of this month, the Treasury would be out and Mr. Crowley would be in charge of the entire affairs and

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it would then be much easier to negotiate with him as an individual and as a man who has understanding for business. Judge Mack added that, of course, he might be wrong, but that he had it from the highest authority in Washington that things would develop in such a way.

"Mr. Block who had attended the meeting said that the general reaction among the men to these statements of Judge Mack unmistakably was that of great relief."

H.M.JR: Well, I wouldn't say that was non-cooperation. Would you?

MR. SWOPE: Well, he evidently hopes for a different kind of management. There isn't anything specific in regard to their activities. We were speaking of that. In regard to output, which is the real thing that we are after.

H.M.JR: I don't like that paragraph.

MR. FOLEY: All right.

H.M.JR: This part on not assuming initiative is all right.

MR. FOLEY: They haven't done a thing.

H.M.JR: That is all right. Those in charge of it do nothing. That is all right.

MR. FOLEY: "Our original program assumed that the present management would cooperate fully with us and would assume the initiative in cleaning house. Such has not been the case." That is the part about non-cooperation.

H.M.JR: On the American Woolen case, Bullitt mentioned that. That is, our interference, you see.

MR. FOLEY: Well, we spoke of that. We didn't cause the situation, Mr. Secretary, that resulted in our going in there to find out actually what the personnel and the controls were inside the company. That is

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something that the company created itself. All we did was to focus attention on that and the sales manager for American Woolen called O'Connell a few days ago and said, "We have been suspicious of the German background of this company for some time, and we don't want to have anything to do with this company unless you can assure us that it is Americanized, and it is perfectly all right for us to deal with them." Joe said, "Well, we were still conducting our investigations and he couldn't make any such statement," and the man said, "All right, then, we are going to restrict our dealings with the company to those things that we can't obtain anywhere else. We are not going to do"--

MR. SWOPE: I raised the same question, Mr. Secretary, with Mr. Foley. I said that was unimportant because it was really our initiative that caused the suspicions of American Woolen. It would make a stronger paragraph if we made a statement that the Army and Navy were afraid to give them business, and we weren't using their plant to full capacity.

H.M.JR: I will tell you. I know you have pored over this thing. My over-all impression, if you don't mind my saying it, it could be better, but if you say how --

MR. SWOPE: We agree on that. That is one place that we could strengthen it.

H.M.JR: If I were going to do this, and this is just a suggestion, I would simply say, "My dear Mr. President: We have been into this situation now for about seven weeks and during this time" - would you say the present management or would you name him, John E. Mack?

MR. SWOPE: May I interrupt a moment? I didn't bring this up at the meeting before. You have seen his long letter. That is what I started to ask you (Foley). From John E. Mack?

H.M.JR: I have not read it.

MR. SWOPE: Don't you think it would be better to have a conference? Mr. Foley hasn't seen the letter and Mr.

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Bernstein has.

MR. FOLEY: No, it is O'Connell. Neither one of us.

MR. BERNSTEIN: Williamson saw it.

MR. FOLEY: That is right.

MR. SWOPE: Why wouldn't it be better to have a face-to-face conversation with John Mack? Let's assume that what he says in this letter, he is just as much in earnest as you are in having his company do the right thing.

MR. FOLEY: Well, what I would do, Mr. Secretary, as a matter of tactics, and I merely make the suggestion, is to get an agreement from the President on vesting the shares and then call in John E. Mack and have a talk with him, because at the present time he is very --

MR. SWOPE: That is dangerous because then if John Mack -- if we could go to the President and say John Mack agrees with us because we know the relations of John Mack with the President, it would be much stronger, wouldn't it?

MR. FOLEY: Yes, if you could do that. But I doubt if you ever could do that.

MR. SWOPE: Well, you may be right. I don't know, but if we tried we could tell the President we have tried to do this with John Mack and he won't. Then we have got a strong point too.

H.M.JR: I haven't read this letter. Let me read this letter, but my own feeling is this, offhand, before I do this thing, that we might ask Mack and Bullitt to come in and sit down with us, and then simply say this. Now, in view of this letter, nobody else - just Bullitt and Mack - I mean, I would have no lawyers or anything else.

MR. SWOPE: How about Foley?

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H.M.JR: Well, he is Treasury. I could simply say, "Now, look, taking what you said, John, that you want to help and Bill Bullitt, that you want to help, here is a Treasury program. This is what we want done. Now, will you put this into effect for us?" and give them the Treasury program.

MR. SWOPE: Well, but Mr. Secretary, I don't think they are in a position to do that, as Mr. Foley can tell you more clearly than I can, because Williamson represents the ninety-seven per cent of the stockholders.

MR. FOLEY: Williamson is the fellow that hired Mack.

MR. SWOPE: He is the lawyer man.

H.M.JR: All right. Then if he says, "Well, we can't do that," then I say, "Well, can you do it if we vest the stock?"

MR. SWOPE: That is right. But just discuss it with him.

H.M.JR: No, I say this is the Treasury program. This is what we want. Now, if you can't do it - in other words, assume that Bullitt and Mack want to help.

MR. SWOPE: Yes, that is what I would do.

MR. FOLEY: Well, what I would say, if we brought them in, is this. Now, our people - the presence of our people in this company has focused public attention on the German background of the company, and in these times that isn't conducive to business, to the business of the company or to the welfare of the company. What we propose to do is to vest stock of the company in the Secretary of the Treasury and then say to the rest of the Government, "Now the Government is in such control of the situation that it is perfectly safe for the Government and for commercial interests to do business with this company." Would you have any objection to our vesting the stock?

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H.M.JR: I am sorry. I wouldn't do it that way because they would - my own feeling - I say I want to talk about it again. That is the purpose of this meeting. I would say, "This is what we would like to do. We want the company to be run and we want to get your orders," and so forth, and have a program. If you vest the stock you have got to have a program of what you are going to do.

MR. FOLEY: Oh, yes. We would put in a responsible management.

H.M.JR: Then I would like Mack and Bullitt to say to me, "We can't do that." "Why can't you?" "We don't vote the stock." "All right, how would you feel then if we get the stock? Can you do it?" And they would say, "Yes." That would be the way I would like to approach it. Just think it over. We can have another talk. But get them to say - then we can say to the President that Mr. Mack and Mr. Bullitt have no objection. In fact, they think it would be helpful.

MR. SWOPE: Yes, that is what I would do. I would surely see them first.

H.M.JR: I think so. Now, nothing is settled, Ed. Think it over and if my - either after this meeting with the draft board this afternoon - they are coming in from three to four - if there is anything left of me, or else the first thing tomorrow morning we will do it again. I will try to do it this afternoon.

MR. FOLEY: Mack says, "It is my thought that the Alien Property Custodian would ultimately be appointed and that the stock in question would be taken over by the United States or if there were difficulty growing out of the claimed ownership by the Dutch, some alternative method might be found by which this stock could be disposed of to American purchasers," so it isn't going to come as any great surprise to him that we think that they should take the stock.

H.M.JR: Perfectly frankly, I am not going to sit

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at the meeting - I don't want to get in on it. I haven't got the time. The day isn't long enough.

MR. SWOPE: We can do it. You see, Mack hasn't met with any responsible officials of the Treasury, except Mr. O'Connell.

H.M.JR: Well, I think Mr. Foley and O'Connell and any lawyers Foley needs and yourself would take this on for me, but I simply cannot do this.

MR. SWOPE: But I think you ought to read that letter. It will only take five minutes.

H.M.JR: I will read it before I see you again, but some time after --

MR. SWOPE: Because he has --

H.M.JR: Four o'clock I would like to see you again. I will tell Stephens right now.

MR. SWOPE: Because he makes statements in there that you ought to know of, of his attitude.

H.M.JR: I would like to, but my feeling is now - but Ed, you can have a chance for rebuttal. Bernie can have a chance for rebuttal. My own inclination is to have them and Bullitt. Have you heard from Bullitt this week? Bullitt told me Saturday that by God he was going to clean this up in one week, and I said, "Wonderful." And you haven't heard from him?

MR. FOLEY: No. He is going to be out there tonight, to that dinner. We might get a chance to talk. He hasn't called me up.

H.M.JR: No, because - well, I want all through the thing. Bullitt is very emotional on this thing. He was going to go to town. I thought he was just going to rip this thing wide open, and here it is - what is it, Wednesday?

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MR. FOLEY: Yes.

H.M.JR: And he hasn't interested himself. I will try to do this very hard today, so that you people could call a meeting, say, for Friday. That gives Mack a chance to get down here. What?

MR. FOLEY: All right.

H.M.JR: For Friday morning. And then I would like you to sit in here and then we are not losing any time, because we can't get at the President anyway today. I don't know whether he could be gotten at tomorrow, so no time is being lost.

MR. SWOPE: There are some other things we can do in the meanwhile.

H.M.JR: Do you think that I have got to sit in at those meetings?

MR. SWOPE: Well, I don't know. You are a better judge of that. Anyhow, let us do it first to save your time.

H.M.JR: I will tell you how I feel. I would like you people to know. I just haven't got time.

MR. SWOPE: All right, let us try it.

H.M.JR: To be Alien Property Custodian personally, which that would mean, if I am going to have to sit in these meetings. I haven't got the time.

MR. SWOPE: Oh, you wouldn't have to do it after the thing is vested.

H.M.JR: Well, I can't do it. I am overwhelmed right now.

MR. FOLEY: Of course you are.

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H.M.JR: I can't - if I have got to be Alien Property Custodian, I don't want it.

MR. FOLEY: No reason why you should.

MR. SWOPE: We will see Mr. Mack and then if we think that the atmosphere is such that you ought to see him, we will tell you.

H.M.JR: Well, I hope I don't. I mean, I have known Mack all my life, and all that, and it is very hard - I mean, he is very clever. He will sit down here for half an hour and tell all these little local Dutchess County stories that have nothing to do - I mean, that is his technique. He will spend maybe an hour telling you stories before he will get down to business. I just don't want to be Alien Property Custodian myself.

MR. FOLEY: There isn't any reason why you should be.

H.M.JR: And if I had him here, I would have Crowley in.

MR. FOLEY: All right.

H.M.JR: I would have Crowley.

MR. FOLEY: I think that is a good idea. Crowley said he would like to sit in on any meetings we had.

H.M.JR: That is right.

MR. SWOPE: What is Crowley's interest in this?

MR. FOLEY: Well, Mack says that Crowley is going to take this thing away from us.

H.M.JR: I want to explain. Excuse me, Ed. Crowley, after all, has been appointed Alien Property Custodian, but no authority.

MR. SWOPE: I didn't even know that.

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H.M.JR: He was appointed about two months ago, but the President has never signed an executive order.

MR. FOLEY: Well, the President never appointed him. Francis Biddle said he wanted him to head up a bureau over in the Justice Department --

MR. SWOPE: I saw that in the paper.

MR. FOLEY: to do work of the kind that was done by the Alien Property Custodian, but the President has never designated him, and the President hasn't given by executive order any of the Alien Property Custodian powers to him.

(Discussion off the record).

H.M.JR: Now where were we?

MR. SWOPE: John Mack.

H.M.JR: Oh, I tried to explain Crowley, but you had better have him there because he did say to me, "Anything I can do - I don't want any title, I don't want any position, but if I can help" - I think you ought to explain that Crowley situation to Mr. Swope, Foley. As long as he takes that angle, why not bring him in?

MR. FOLEY: All right.

H.M.JR: Now, I will very definitely read this and then --

MR. SWOPE: Sorry that you have to. It is five pages.

February 8, 1942

J. J. O'Connell

O. W. Brodznitz

Subject: Meeting Held by Judge Mack and Mr. Williamson with
GAF Executives.

A conference was held yesterday called by Judge Mack and Mr. Williamson to discuss with a number of plant and research executives steps to be taken in the immediate future.

My source for the following information is Mr. E. A. Block who has been talking to me quite a few times reporting that Judge Mack in several conferences told Block that the five suspended executives would be back. Mr. Block is taking the position that the Company should, on its own initiative, disallow all those men who were refused naturalization papers by our Government. To make sure that I understood Mr. Block correctly, I had another talk with him this morning and with a few tricks without making him suspicious, made him repeat the story he had told me yesterday.

According to Mr. Block, Judge Mack implied several times during yesterday's conference that some of the suspended executives would be back. For instance, when certain research questions were discussed and one of the men stated that a certain type of work

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had been handled by Mr. Aickelin, Judge Mack said, "Well, he may not be away forever," and similar statements. Judge Mack instructed the men to inform Treasury and FBI men of well-founded suspicions that they may have in regard to certain individuals, and even to hire detectives themselves, if the Treasury men did not take any action. Apart from this action against individuals, however, Judge Mack instructed the men not to form any management committees or make similar arrangements because by the end of this month, the Treasury would be out and Mr. Crowley would be in charge of the entire affairs and it would then be much easier to negotiate with him as an individual and as a man who has understanding for business. Judge Mack added that, of course, he might be wrong, but that he had it from the highest authority in Washington that things would develop in such a way.

Mr. Block who had attended the meeting said that the general reaction among the men to these statements of Judge Mack unmistakably was that of great relief.

FEB 4 1942

Dear Judge Mack:

I am in receipt of your letter of January 29, 1942, and the two documents enclosed.

I agree that our objectives are, or ought to be identical. In consequence, I assume that you are in accord with the changes made by order of this Department on January 13, 1942. We were unfortunately unable to reach you prior to the issuance of the order but I can assure you that the decision was made only after a thorough examination of the facts.

I have asked Mr. O'Connell and the other Treasury representatives in New York who are supervising the operations of General Aniline and Film Corporation to consult with and cooperate closely with you or any of your officers or directors in pursuing our common objective.

I hope this exchange of views presages an improvement in the situation.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable John E. Mack
President
General Aniline and Film Corporation
230 Park Avenue
New York, New York
JJL:JJO'C:EHF/mp 2/3/42

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GENERAL AMILINE & FILM CORPORATION

Telephone
Curtis HILL 4-1300

230 Park Avenue

New York, New York.

January 29, 1942

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

Dear Mr. Secretary:

As of course you are aware, I became president of General Amiline & Film Corporation on November 1, 1941. For many months prior to my appointment, there had been going on within the company an effort upon the part of the American directors to free the concern of the foreign influence existing by virtue of the claimed ownership of a majority of the stock of the company by I. G. Chemie, a Swiss corporation, alleged by the Department of Justice to be under the domination of I. G. Farben of Germany. The American directors were not only seeking to Americanize the company, but to secure the sale of the foreign-owned stock to a noncompetitive industrial group of undoubted American standing.

This internal struggle is fully revealed in the minutes of the meetings of the directors; and, as a corollary thereto, there were proceedings in the Chancery Court of Delaware brought for the purpose of forcing a stockholders' meeting in order that the Chemie stock could be voted by its purported owners in an effort to oust the then existing officers and directors who were seeking to Americanize the company. As you undoubtedly know, a hearing upon the proceedings in Delaware has been postponed from time to time at the request of the Attorney General of the United States.

I was made aware of so much of this history as had already transpired, and other details which I have not time to enumerate, when I agreed to become president of the company. It was represented to me and I fully believed, and still believe, that by accepting the presidency of the company I would be in a position to aid in important matters of national defense, which incidentally, have become more and more important as time has gone on.

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Honorable Henry Morgenthau, Jr.
January 29, 1942

Upon accepting the presidency of the corporation, I issued a public statement, a copy of which is attached hereto. Since that time, I have consistently labored for the purposes therein outlined. It was my thought that ultimately an Alien Property Custodian would be appointed and that the stock in question would be taken over by the United States Government, or, if there were difficulties growing out of the alien ownership by the Dutch, some alternative method might be found by which this stock could be disposed of to American purchasers. It was my belief that my duty was primarily to conserve the interests of the company as a going concern essential to the war purposes of our Government and to preserve the status until such time as the Government saw fit to act through an Alien Property Custodian. I recognized from the beginning that my tenure of office might be temporary and in any event was uncertain. It was for this reason, amongst others, that my salary as president of the company was made payable upon a monthly basis. You will do me the credit of believing, I am sure, that the personal monetary considerations involved were of secondary consequence. I was, however, pleased to have this opportunity to render a public service. Incidentally, I may say that my salary was fixed by the Board of Directors at precisely the amount paid my predecessor.

The changes that have been wrought in the official setup of the company are well illustrated by a additional memorandum which I attach hereto. You will note that Ambassador William C. Bullitt is Chairman of the Board of Directors. I was very much gratified when he found, after full consideration and discussion of the problems involved, that he was in a position to become a member of the Board. I then issued another public statement, a copy of which is also appended hereto. Prior to Mr. Bullitt's departure from the country on a special mission for the President, he left a written statement outlining the circumstances under which he was appointed and the purposes he had in mind.

For many months prior to my appointment, the Department of Justice, through the Antitrust Division, was conducting a sweeping investigation into the affairs of the company, its business affiliates and the status of I. G. Chemie as related thereto. Indeed, there were two grand jury investigations under way and one group of indictments has already been handed down. These proceedings

Respectable Emory Bergenthan, Jr.
January 29, 1942

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are still active. As you will readily see, there was much to require the constant attention of the officers of the company and their counsel, both prior to and subsequent to my election as president. Moreover, the demands upon the ties of the directors have been very heavy. The officers and the Board of Directors are acting in complete harmony and are fully conscious of the grave responsibility that rests upon them.

In addition to these matters, I have been concerned with problems of personnel and have sought help in this respect wherever I could secure it. This is especially important in view of the history of the company, its antecedents and the specialized work in which it is engaged. Of course, you could not possibly be more interested than I am in purging General Aniline & Film Corporation of subversive factors, in freeing it completely of foreign domination and in making it in every sense of the word an effective, loyal American enterprise. Your attention, however, is drawn to the fact that recent communications received through your representative, Mr. Joseph J. O'Connell, Jr., amount to orders issued by you with reference to the internal affairs of the company and its personnel without any previous consultation with me and, indeed, without any subsequent explanation.

You will realize that the corporation is large, with wide ranging interests and thousands of employees, many of whom are working upon matters important to the Nation's war effort. It would seem to me that before issuing orders in the nature of unexplained commands, well calculated to shake the morale of the company and to impair its usefulness, it would be desirable for your representative to consult with me as to the wisdom and propriety of any particular move. The timing and method of an action otherwise appropriate may be fully as important as the action itself.

Your order of January 13, 1942 (of which I had no previous notice), directing the simultaneous and immediate suspension of five individuals and barring them from the company premises was, I am free to say, particularly ill-timed. I also note that this order, signed by Joseph J. O'Connell, Jr., "Treasurer Representative", contains the following language:

"All the company officers and employees are to be advised immediately that they

Reservable Henry Morgenthau, Jr.
January 29, 1942

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are not to communicate with any of these individuals, directly or indirectly, without my prior written approval."

I cannot help but believe that this portion of the order, at least, was inadvertent for I am frank to say that I cannot find for it any warrant in law or in fundamental justice. So far as I am personally concerned, that portion of the order I cannot be expected to honor. Nevertheless, you will note that in all other respects the order has been fully complied with, although the individuals concerned were afforded no opportunity to know what accusations, if any, were made against them and have had no opportunity to be heard. Compliance with your order was based upon the settled purpose of the management to cooperate as fully as may humanly be possible with any branch of the Government having any authority in the matter whatsoever.

Frankness compels me to say that the method adopted in ordering the foregoing suspensions could have only an adverse effect upon the practical operation of the affairs of the company. Furthermore, I regret to say that certain sources, which I am not presently prepared to identify, have sought to shake the confidence the company enjoys with the various Government agencies with which it does business.

A little more restraint and a little less disposition to condemn upon the basis of ex parte statements would seem to be indicated. In my judgment this company cannot be successfully operated by remote control. There should be an intimate and frank cooperation between the company management and your Department. That frankness and cooperation I not only would welcome but most earnestly solicit. It lies well within your power to achieve this result. I stand ready, and so do the officers and directors of the company, to consult at any time with regard to any feature of the business of the company. If this course does not appeal to you, I shall have to assume that your Department desires to manage the enterprise in every detail without reference to the wishes, the advice or the experience of the officers and directors. I cannot believe that you would wish to assume such a heavy burden or so great a responsibility. Moreover, it would place me in an embarrassing position and render the task I have assumed increasingly difficult. In view of the fact that our objectives are, as

Honorable Henry Morgenthau, Jr.
January 29, 1942

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I hope, identical, I would appreciate an authoritative word from you which would tend to clarify the present confused situation and prevent unnecessary friction.

Respectfully yours,

/s/ JOHN E. MACK

JOHN E. MACK
President.

December 5, 1941

The following statement was issued by Judge John E. Mack, President of the General Aniline & Film Corporation, this morning:

When I accepted the Presidency of General Aniline & Film Corporation, I made an announcement of the policies which would guide me and which were fully approved by the Board of Directors. These policies in brief are to improve the status of the Company, bring its affairs into harmony with the purposes and policies of the Government, and to establish this important enterprise, so essential to national defense, as unmistakably an American organization. It is, therefore, with great satisfaction that I am able to announce today that Ambassador William C. Bullitt, who is thoroughly in accord with the policies as set forth, will today become a member of the Board of Directors of our Company.

STATEMENT ISSUED BY JUDGE JOHN S. MACK
FOLLOWING HIS APPOINTMENT AS PRESIDENT
AND DIRECTOR OF GENERAL ANILINE & FILM
CORPORATION, NOVEMBER 1, 1941

I have accepted a place on the board of directors as well as the presidency of the company after acquainting myself with recent developments in the management indicating a determination upon the part of a majority of that board to bring the affairs of the company into harmony with the purposes and policies of the government and to establish this important industry, which is now so essential to national defense, as unmistakably an American organization.

I have expressed to the directors my views and they are thoroughly in accord with the policy I intend to pursue. It seemed to me that there was here offered an opportunity not only to develop fully and completely an institution that was nurtured and grown on American economic soil, but to make certain that it was truly American in every sense of the word and completely free from foreign influence or domination. I conceived this to be a public service which I had no right to forego.

GENERAL ANILINE & FILM CORPORATIONOld SetupNew SetupOfficers

President - Schmitz
 Secretary - Vom Rath
 Treasurer - Williamson
 Chairman of Board - Bosch

Mack
 Gibbons
 Williamson
 Bullitt

Directors

Iselin
 Schwartz
 Schmitz
 Breed
 Hutz
 Ford
 Aichelin
 Bennett
 Williamson
 Weiss
 Vom Rath
 Vacancy

Mack
 Bullitt
 Schmitz
 Breed
 Hutz
 Budd
 Stevens
 Bennett
 Williamson
 Talbott
 Saragwanath
 Charles L. McCann

MEMORANDUM FOR THE PRESIDENT:

When the Treasury Department undertook the supervision of the General Aniline and Film Corporation it was our purpose, first, that an intensive investigation would be made to ascertain the facts concerning German domination of the company through personnel, patents, contracts or any other device; second, that nothing would be done to impede the current operations of the company; and, third, that decisions of management would not be interfered with except by way of vetoing any proposed action which we felt might be in the interest of our enemies.

After over seven weeks of operating along these lines, we have come to the conclusion that the Department must take more positive steps if the company is to continue to operate, and to operate in a manner consistent with the national interest.

Our original program assumed that the present management would cooperate fully with us and would assume the initiative in cleaning house. Such has not been the case and, in fact, those presently in control of the affairs of the company have consistently followed a "do-nothing" policy. The present situation is becoming intolerable and can only be corrected by the assumption by us of a degree of control over the affairs of the company commensurate with our responsibility.

It was hoped that our recent action in ousting five top executives of the company, all I.G. Farben men, would be followed by action on the part of the remaining management which would indicate their earnest desire thoroughly to "Americanize" the company. Unfortunately, our expectations have not been fulfilled. It has become increasingly clear that the management proposes substantially to maintain the status quo so far as possible. For instance, within the past few days Hugh Williamson, American-born vice-president of the company, and formerly a member of the

law firm of Breed, Abbott and Morgan, general counsel for the company, presented us with a proposal for the creation of plant management committees composed almost entirely of I. G. Farben men.

Another factor of paramount importance is that the facilities of the company are not being utilized to full advantage for the war effort. With practically all of the stock still owned or controlled by German nationals, and with the Government exercising only the present degree of negative control, agencies of this Government and of Great Britain are disinclined to deal with the company, as are its commercial customers. For example, under instructions from London the British Air Commission has broken off negotiations for the purchase of large quantities of film and other commodities produced by the company, and one of its largest customers, American Wollen Mills, has indicated an unwillingness, under existing circumstances, to purchase anything from the company which can be procured elsewhere.

I do not see how we can hope for full utilization of the productive resources of the company unless we are in position to state with assurance that the company is being controlled by truly American management acting on behalf of American ownership and fully alert to its special obligation to eradicate German interests.

I am convinced that no program for the Americanization of this company can be carried out effectively without vesting the German stock in the United States Government to be held pending a determination as to its ultimate disposition. If you approve, steps will be taken immediately to vest the stock in me as Secretary of the Treasury. I shall then proceed to secure the services of some first-class operating people who will cooperate with us. Gerard Swope, who is now with the Treasury, is advising me as to personnel. I shall ask William Bullitt to remain as chairman of the board to assist us in our efforts to rehabilitate and Americanize the company. I also think John E. Mack would be useful as general counsel, leaving the active operation of the company to a qualified business executive.

Secretary of the Treasury.

Approved:

February __, 1942.

February 4, 1942
12:14 p.m.

HMJr: Hello.

Eugene
Meyer: Hello.

HMJr: Eugene?

M: Yeah.

HMJr: This is Henry.

M: Henry, this is what occurred to me in thinking about this thing. If, instead of pulling it out altogether.....

HMJr: Yeah.

M:and I'm not talking from the point of view of the Post but from your end, the Government end.....

HMJr: Yeah.

M:there's a little danger, you see, that calling it off would be equivalent to announcing that we can't and won't and don't intend to and won't be able to send aid to MacArthur.

HMJr: Yeah.

M: Now, can't we turn it into something else. Columbia Broadcasting as, you know, was in on this and set in with your people and so forth; and I called Heinie, the man down at Columbia.....

HMJr: Yeah.

M:because I didn't know whether you had called him and I didn't want to go on the air.....

HMJr: No, no, no, no.

M: What?

HMJr: I haven't spoken to anybody but you, and to

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McCloy.

M: Well, I thought I ought to tell him right away; otherwise he might be going on the air any minute. Well, they weren't going until four-thirty anyway, so I told him to hold that up.

HMJr: Yeah.

M: Now, what do you think of allowing us to go ahead with it - I mean, I'm just - one thought.....

HMJr: Yeah.

M:to name a bomber with the name of MacArthur's child.

HMJr: No.

M: What?

HMJr: Look, Eugene.

M: Well, think about - you know, I'm not trying to save the program. I'm trying to save the thing from being given the military interpretation that you might - that the General Staff might rather not have given it.

HMJr: Well, has McCloy called you?

M: No.

HMJr: He said he would.

M: Well, who is it - McCloy?

HMJr: Jack McCloy.

M: Mc.....

HMJr: McCloy.

M: McCloy.

HMJr: You know McCloy.

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M: Sure, I know him. Well, should I call him?

HMJr: Yes.

M: Okay.

HMJr: Yeah, he knows about it; and, of course, they say over there - correctly - that we brought it to them, and reluctantly they did it.

M: You mean with General Arnold.

HMJr: Yeah.

M: Yes. Well, I.....

HMJr: And now - but they say that he went in to see Mr. Stimson and Mr. Stimson and himself want to see it stopped.

M: All right. Now - you know, that's a very rigid decision, which might be modified if we can find the answer by diverting it instead of stopping it.

HMJr: Well, the only other thing that we possibly could do is to do as much for you as I've done for Willie Hearst.

M: Yes. What's that?

HMJr: Well, for Hearst - I sent Hearst the statement whereby they're raising money for bombers.

M: For bombers.

HMJr: For bombers, just generally.

M: Yes. Well, of course, that would be fine if we had just started it the other way.

HMJr: I know. I'll do as much.....

M: Now what do you think of this idea of a bomber to be named for his child? Or something like that.

HMJr: Well, the trouble is you can't get a bomber to the Philippines.

M: I know, but we're not sending it to the Philippines. We get.....

HMJr: But that's what the story says.

M: I know, but we're going to - we drop that.

HMJr: It says flat-footedly, you know.

M: I know it, but we drop that. It's out. But instead of canceling it and contradicting it, we divert - we slide over. I'm just trying to look.....

HMJr: You know you're trying to do to me what my boys have been trying to do to me all morning.

M: What's that?

HMJr: The same thing. Just what you're doing.

M: No, I don't want to do anything to you, Henry. I'm trying to do something that's helpful. If it isn't helpful, I don't want to do it.

HMJr: No, I mean my Defense Bond fellows are trying to get me to, you know.

M: Well, I don't want it unless it's a good solution.

HMJr: Yeah.

M: You know, I don't - I'll talk to McCloy. And then if I may, I'll ring you back in case there's anything worthwhile to talk about.

HMJr: Well, I've gotten everybody - at least my people have gotten everybody into this trouble, so I need your help to.....

M: Okay.

HMJr:get me out of it.

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M: Well, then, it's in this - it's in that spirit that I rang you back.

HMJr: Well, you didn't do it - but as I say, the Treasury is responsible for this mess.

M: Well, I appreciate your frankness and honesty and readiness to go through in any way, and let's find the best way instead of just the first way.

HMJr: Okay.

M: Okay.

February 4, 1942
2:34 p.m.

Operator: Go ahead.

MRJr: Hello.

Eugene
Meyer: Hello.

MRJr: Eugene.

M: Yeah.

MRJr: Have you got a minute and a half. I can read
you my letter.

M: Yeah. I just - I got McCloy after I spoke to
you, and I called a little meeting and he's
sending a major over and we're just about to
begin; but you read the letter, because then
we can see what the meeting will develop.

MRJr: Well, this is my letter.

"Dear Mr. Meyer:

"This morning's Washington Post has given promi-
nent display to a new campaign to "Buy a Bomber
for MacArthur" through the purchase of Defense
Bonds and Stamps. This campaign was promoted by
the Treasury Department, and the Post was in no
way responsible for it."

So far so good? Hello.

M: Yes. I'd like to explore the possibility of
just moving this thing out from that and naming
this - make it a - let it go on as a campaign
like Hearst is.

MRJr: Well, that's what we're - what I've got in my
letter.

M: Oh, good. I see.

MRJr: I told you I'd treat you as well as Willie Hearst.

M: (Laughs) All right. Go ahead.

HMJr: "On careful reconsideration, however, I feel that the continuance of this campaign in its present form would tend to give the American people a false and misleading impression. It might suggest that the mere purchase of Defense Bonds and Stamps would, by itself, send one or more bombers to General MacArthur. This impression would not be true, and I should not like to be responsible in any way for spreading a false impression among the American people.

"I should appreciate it, therefore, if the Post could change the character of this campaign so as to delete any reference to General MacArthur. After all....."

M: Can't we call it Arthur MacArthur, after his boy?

HMJr: Oh, I'd leave MacArthur out.

M: All right.

HMJr: Now if you don't mind.....

M: Okay. Okay.

HMJr: "After all, our object is to encourage the American people to pay for the war effort generally, and for the planes, tanks, ships and guns which are needed to defeat our enemies. I feel sure that you can work out some way of doing this without the emphasis which you used this morning and which I feel was unfortunate."

Then I just finish up, "Yours sincerely."

M: Uh huh.

HMJr: In other words, all I'm asking is that you eliminate MacArthur or sending "a" bomber to the Philippines or that you can send one there, you see?

M: Yeah.

HMJr: And that leaves you on exactly the same basis as the rest of the papers.

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M: Well, isn't Kuhn able to come over right away?

HMJr: He can come at once.

M: Tell him to come right away and bring it, will you?

HMJr: Well, he.....

M: The proposed letter.

HMJr: Well, it'll take him - I've changed it - it'll take him five minutes to - he'll be there in ten minutes.

M: Okay. Okay.

HMJr: Where's the meeting?

M: In my office. Third floor. Washington Post.

HMJr: Well, I'll sign this, in order to save time; but if you don't like it after you've seen it, I'll change it.

M: Okay. Swell.

HMJr: Thank you.

February 4, 1942
3:00 p.m.

DEFERMENTS

Present: Mr. McKeynolds
Mr. Hershey
Mr. Stevenson
Mr. Thompson
Mr. Patterson

H.M.JR: I want to ask some questions.

MR. McREYNOLDS: You see the significance in that "3" of the two years' experience is on the theory that it takes two years to make a good soldier, and we shouldn't keep anybody out who doesn't require more time than that.

H.M.JR: I still don't get it.

MR. McREYNOLDS: Well, we are trying to go at the question of how long it takes to make the kind of a man you have got. Now, if it takes less time to train a man for his official duties than it takes to make a well-trained soldier, then he ought not to be kept on other duties than a soldier's duties. It was merely an effort to get at something that was tangible, that you could measure by.

H.M.JR: Do you mean, for instance, if I got a man and it takes me one year to break in another man to take his place?

MR. McREYNOLDS: You could never get more than a

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six months' extension for him.

H.M.JR: Supposing it takes me - I still don't get it. I may be very dull today.

MR. McREYNOLDS: It may not be very tangible.

H.M.JR: Is it the basis on how long it takes me to train a man? Let's take a man who is an engraver of plates. Let's say it takes three years to teach a man to be an engraver.

MR. McREYNOLDS: He would be automatically excluded, provided he is in the class that you could consider a request for a deferment on anyhow and that is he must be doing something that is directly related to the war work.

H.M.JR: I will let somebody else ask. I don't get it.

MR. HERSHEY: I don't know whether this will clarify it or not. I think the first test is the thing he is doing, no matter how long it took to make him that. Next, does it have to be done. If it doesn't, there is no question. If it must be done, then is there a scarcity of the type of people he is. If there is--

H.M.JR: A scarcity in the Treasury?

MR. HERSHEY: Or any place, in the world. In other words, is this the type of man that you can't replace except by training. First, necessary, replacable, then if that be true, then you get into the question of how long is it going to take. If it has got to be done and there is no one else to do it, and you can't train a man short of two years, obviously you are driven to the place where you have got to keep him.

H.M.JR: Give me an example.

MR. HERSHEY: Well, this engraver.

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H.M.JR: Let's run through it. I still don't get this thing. This is couched in such unusual language.

MR. McREYNOLDS: Well, the first test, if you had an engraver and he was subject to draft - obviously you have got to have engravers. You can't run the Treasury without getting your stuff out. So your conclusion - your first test is whether what he is doing is something that must be - you must continue to do.

MR. PATTERSON: That comes within 2(a), is that right?

MR. McREYNOLDS: That is right.

MR. PATTERSON: And also--

MR. McREYNOLDS: Then you would ask for a six months' extension. At the end of six months, take your engraver. It takes more than two years to train a steel plate engraver.

H.M.JR: Let's just say five years it takes.

MR. McREYNOLDS: I know it does. You can't make them any sooner. We have tried that long enough. Then you get an extension for six months. You go over the field and try to find engravers, and you don't find any.

MR. PATTERSON: You mean (a) and (b) are both satisfied in the engraver's case.

MR. McREYNOLDS: There are no engravers to find.

MR. PATTERSON: The type of position in which it is difficult to obtain replacement and in which he can not be replaced except by training of another engraver for more than six months.

MR. McREYNOLDS: If it takes more than two years to train them, then you go back with that and request a definite exemption for him because you have to keep him

- 4 -

on the job, but it must - he must come within that limitation, according to this, that before you ask for a further extension than six months, that there is no way to replace him. He is doing a job that has to be done and there is nobody to get to do it without training - and it takes more than two years to train them.

MR. PATTERSON: Let's take the case of a lawyer. How about that?

MR. McREYNOLDS: The woods are full of them.

MR. PATTERSON: I know, but fit it down under the program.

H.M.JR: Yes, that would help me. Let's do a lawyer.

MR. PATTERSON: I agree with you about the condition of the woods.

MR. HERSHEY: The lawyer won't qualify under 2(b). He would be eliminated there. Now, if he wouldn't--

MR. STEVENSON: You mean because he is not listed?

MR. PATTERSON: Except they will claim quite frequently he has been thoroughly experienced in his position and a greenhorn won't serve.

MR. McREYNOLDS: How long will it take to--

MR. HERSHEY: How long does it take - we have got the lawyer, but this lawyer is a particular kind.

MR. PATTERSON: In most cases a couple of months.

MR. McREYNOLDS: And automatically he is eliminated. I would give the same answer, yes.

MR. HERSHEY: The two years here is being set up, I think, as a measure of what his expertness is. That is,

the man that takes more than two years, obviously you can't train a man in less than two years to take his place and with the budgetary limitations you are going to have on training people for perhaps all of these others, you are, for the moment, saying, if it is a man who has got to be trained more than two years, we are going to try to leave him.

MR. PATTERSON: Let's follow it on this thing. Assume a case where the head of the Department feels that it takes two months to train a successor. Some of them won't feel that, but some of them will.

H.M.JR: Two months or two years?

MR. PATTERSON: Two months. He is directed by paragraph three to take immediate steps to train a successor. Isn't that right?

MR. McREYNOLDS: That is right.

MR. HERSHEY: And he should ask for the two months' deferment for the man instead of six months.

MR. PATTERSON: That is right.

MR. McREYNOLDS: And in the last paragraph--

MR. PATTERSON: That doesn't touch this case. I made it a two months' lawyer, because there would be no request for an extension.

MR. McREYNOLDS: No. In the last paragraph, 5, it undertakes to put the Departments on notice that where they have 1-A employees, they should start now - not wait until they are called but start now to train replacements.

MR. PATTERSON: The only question that will come up will be this, I should think, that we will have a lawyer that they think is a very good lawyer, far better than the average run-of-the-mill, as many of them are.

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MR. HERSHEY: I know of a case right now where they claim--

MR. PATTERSON: They will claim that man is indispensable--

MR. HERSHEY: I know a chief counsel now that they are claiming exemption for because he has had twenty months of particularized contacts. Twenty months of particularized contacts is invaluable or only replaceable in long periods. Those are things I don't know.

MR. PATTERSON: Along with his estimate of the skill of the man.

MR. HERSHEY: It started with the skill. He is up here this four years or six years or whatever it took to bring him up here to the lawyer and this twenty months has been capacity and particularization.

MR. McREYNOLDS: Then of course twenty months is all he can claim on that because he can't claim basic training as a lawyer and there are a million of them.

MR. PATTERSON: Oh, yes. Some are better than others.

H.M.JR: Had you seen this before?

MR. THOMPSON: I saw it this morning.

MR. PATTERSON: I think it is pretty good.

MR. McREYNOLDS: I was trying to get something tangible. It isn't as tangible as I would like to have it, but I worked on it and the General worked on it and his people and mine.

H.M.JR: Mac, there is one thing that you said which misled me. What is the relationship between how long it takes to train a man here - you said something about two years in the Army. I didn't get that relationship.

MR. McREYNOLDS: The reason for the two-year period was that we didn't want to recommend the exemption of a man for military service because of a job he is on who could be trained for the job he is on in less time than you can train a competent soldier, and the estimate of a soldier was two years. That is all there is to it.

MR. PATTERSON: I know thousands of men who fought throughout 1918 with less than a year's service.

MR. McREYNOLDS: Oh, yes, some of them were less than six months.

MR. PATTERSON: Ninety days.

MR. McREYNOLDS: But I am banking on Marshall's talk about how valuable a man is in the Army at the various stages of training, and he is the one I got that from, not in connection with this at all but in connection with other arguments.

H.M.JR: Well, now, let me see if I understand this, because this, as I say is - I always admit when I don't understand. I keep admitting it until I do, as you know. A man comes up to me in the Treasury, or rather he may or may not ask for exemption, but it is brought to my attention we are going to lose such and such a person. I have got to first decide is his work indispensable.

MR. McREYNOLDS: That is right.

MR. HERSHEY: I would be a little careful of the word "indispensable," because no one is indispensable. They will always die.

MR. THOMPSON: The work is indispensable.

MR. McREYNOLDS: Well, it is a job that you have got to have done, that is all it is. It isn't a personal consideration. It isn't a question of whether it is him doing it. The job has to be done. The job is indispensable.

H.M.JR: Well, all my cases right now are all lawyers,

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it so happens. All my cases are lawyers. Well, some of these men have been here five and six years. I don't think under this - I think under this ruling, as I understand it, I would immediately begin to train a man to take the place of Assistant General Counsel.

MR. McREYNOLDS: Yes.

H.M.JR: And I ought to be able to train one in six months. If, by the end of six months, I can't train one, I could ask for another six months' extension, but at the end of the year, certainly I ought to be able to train a man to be Assistant General Counsel, is that the idea?

MR. McREYNOLDS: Yes, that is the idea.

H.M.JR: And I have up to two years to do that.

MR. PATTERSON: Of course the test on that--

H.M.JR: Is that right.

MR. STEVENSON: No, you have only got a six months' deferment.

MR. McREYNOLDS: You are supposed to ask for whatever time is necessary. We are saying that you mustn't ask for an exemption beyond - unless it takes more than two years.

H.M.JR: But supposing, Mac, at the end of six months I find I have been unable to train a man to take the place of this General Counsel. I could ask for another six months.

MR. McREYNOLDS: Ask for another six months?

H.M.JR: Is that right?

MR. McREYNOLDS: That is right.

MR. PATTERSON: If you thought you could train him

in three months, you would only ask for three the first time and not six.

MR. HERSHEY: That is right.

MR. PATTERSON: Of course the test of indispensability is, suppose the man would die. Would the work stop or could you go on?

MR. McREYNOLDS: Then you are talking about the individual. You begin with the consideration of the job he is on. If the job has to be done, is there another man you can get to do it and if it takes less than six months to train a man, you don't ask for it.

MR. THOMPSON: I think in the Treasury we wouldn't have anyone who would get a permanent deferment. They would get six months and perhaps beyond.

H.M.JR: With the exception of these engravers.

MR. THOMPSON: Yes.

MR. PATTERSON: If it is less than six months, according to the wording of this under 2(b), you don't even ask for a deferment.

MR. McREYNOLDS: That is true, less than six months you don't even ask for a deferment.

MR. STEVENSON: Under 2(b) do practically all these classifications of employees find a description in the Civil Service system? I mean, it is related to some established listings in the Civil Service system. I just wonder if all of these fellows, if you can find some standard for these people.

MR. HERSHEY: Well, as I understood it, the Civil Service--

MR. THOMPSON: We could ask for a six months' deferment in a case where you felt the man could not be

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replaced in less than six months and, at the end of that time, you could get another deferment if necessary.

H.M.JR: A further deferment?

MR. THOMPSON: Yes. I think that is as close as you can come to a uniform policy. The only other way that I can suggest would be for the heads of Departments who didn't want to be burdened with this to designate a committee to handle them.

H.M.JR: No. Well, let me ask you - I mentioned the ridiculous case that was brought up in Cabinet, that Claude Wickard was complaining that he was going to lose his librarian. Now, supposing - let's say that Claude Wickard says, just for example, that his librarian is indispensable and he asks for six months' deferment. Could he ask for--

MR. McREYNOLDS: He could ask for six months. That is all he can ask for.

H.M.JR: Well, can he ask for complete--

MR. McREYNOLDS: No, he has got to go through the six months' period. They have got to make a showing of effort.

H.M.JR: Let's say he asks for six months. At the end of six months he asks for it permanently.

MR. McREYNOLDS: Suppose he asks for it permanently?

MR. HERSHEY: There isn't any such thing as permanent, but if he asks for another six months, then I think if he is coming up as librarian, supposing your local board says, "You should have replaced this man," and then he said, "Well, I couldn't," and they said, "Well, we are going to put him into LA." Then of course he would appeal it to the Appeal Board, and he would have to make a showing there, and if the Appeal Board rejected him, he probably would come to me and say, "Here, I want you to appeal this case to the President," I mean if he felt that--

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H.M.JR: That is the route it takes?

MR. HERSHEY: That is the way it goes, and we don't want any more coming up than we can avoid, because we would like to protect anybody that ought to be protected, but--

MR. McREYNOLDS: What Wickard would have to show with his librarian when it came up on appeal was that the field didn't contain - and they would get that from the Commission - anybody available with the basic training of librarian that was adequate to teach the library business of Agriculture, because if you got a bright man or woman and who has the library training that can now be gotten through the schools, he is pretty dumb if he can't train him to be Agriculture librarian in two six months' periods.

H.M.JR: Well, I am not very trusting of all of my fellow Cabinet officers, and I just want to ask a question. Supposing I ask for something. Oughtn't a copy of any deferment that I ask for, as long as we have set up this committee, go to you two gentlemen for review?

MR. HERSHEY: Well, out in the field you will have agencies rather widely spread, especially the War and Navy Departments who have got civilian employees pretty much over the globe.

H.M.JR: Would it be too burdensome, for instance, if every time I signed this it would go, say, to McReynolds just to see that the boys lived up to the rules?

MR. HERSHEY: Which boys, you mean the Cabinet members?

H.M.JR: Cabinet and heads of independent agencies.

MR. HERSHEY: You are going to have a pretty big file of papers, in the thousands.

H.M.JR: You believe in the honor system?

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MR. HERSHEY: No, I don't.

H.M.JR: I don't either.

MR. HERSHEY: The local board - unfortunately these local boards--

H.M.JR: I believe they are up to twenty-one.

MR. HERSHEY: The local boards won't always defer them just because a Cabinet member recommends it.

H.M.JR: I see.

MR. McREYNOLDS: You mean "unfortunately" or "fortunately"?

MR. HERSHEY: I am saying unfortunately here, because I am in the presence of a Cabinet officer, but the local boards, especially in this city, they have no--

H.M.JR: Well, I just wondered, I mean--

MR. PATTERSON: Of course the practice in Departments will vary a great deal according to the rigidity with which a fellow reads that.

MR. McREYNOLDS: He realizes that. I tried to put guts into it as best I could. We wrote it over and over again. We cut out a lot of things that could be left out. We didn't leave any more generality than we seemed to be forced into to cover the field.

H.M.JR: Mac, would you trust the heads of each agency without wanting to see what they do, just let it go?

MR. McREYNOLDS: They won't be uniform, I know that. I am certain of it. But - well, frankly, I would have proposed some central review except for the fact that I know by the President's direction there is work being done on this Manpower Committee which would normally be the place for that thing to be done, and I didn't want to set something that would duplicate it.

H.M. JR: That is right.

MR. PATTERSON: There is a little confusion, something that misled me for a moment here. Paragraph 2 in sub-paragraph (b), as I understand it, makes it conditional upon any request for deferment that a working experience of at least six months is required.

MR. McREYNOLDS: That is right.

MR. PATTERSON: Paragraph 3, however, says the request for deferment shall be for a period not to exceed six months.

MR. McREYNOLDS: That is right.

MR. PATTERSON: That would suggest to me that a fellow might apply for a three months' deferment on the ground that the fellow could be replaced in three months, but when you go up to two, you find that that is not possible.

MR. McREYNOLDS: Yes, that is true. Well, we have that without any limitation on the first request. Then in the discussion yesterday morning, of which we had about four hours, Mr. Hershey's assistant said the War Department, if you leave a limited period of requisite training, will want a deferment for all of their stenographers and file clerks and librarians and what not, because, after all, they are in the war effort and they will want an initial deferment for training a replacement. We depended on 5 to make them do their preliminary training and unless it takes, in their opinion, a period of six months at least to train a replacement, they are not eligible. Then they are not permitted to request a deferment at all. It is pretty hard-boiled, but, after all, you see what we went - from step to step, trying to get down to the point where you wouldn't be deluged with things that are relatively unimportant.

MR. PATTERSON: Take what Henry said a minute ago about the lack of uniform treatment in Departments. Some

of these cases will have a long, long list. They will go to local boards, when the man's number comes up. We will assume some of them are inducted just the same. That will be appealed by the man--

MR. HERSHEY: Either the employer or the man.

MR. PATTERSON: Will be appealed. That goes to what, the Board of Review?

MR. HERSHEY: Appeal Board, yes.

MR. McREYNOLDS: Where is that Appeal Board?

MR. HERSHEY: We have got one in the District.

MR. PATTERSON: We will assume they turn the fellow down, too, and deny the plea for deferment. What then happens? It goes to the President?

MR. HERSHEY: It doesn't go any place. There are two people who can take an appeal on that, that is the state or national board. The man himself--

MR. PATTERSON: Would you appeal a case like that?

MR. HERSHEY: Well, I have appealed.

MR. McREYNOLDS: Wickard will get on his neck with his librarian.

MR. HERSHEY: We appeal cases and turn them down, too.

H.M.JR: This special lawyer that you mentioned, it is his chief who is making the fight for him?

MR. HERSHEY: Yes. His chief still can't appeal it to the President. Under the present regulations the only place he can appeal--

MR. McReynolds: He got his assistant delayed, Thurman Arnold did. That is, his assistant.

H.M.JR: That isn't the one we mentioned.

MR. McREYNOLDS: Well, there is such a case, and I understand they wangled that through for a delay, although - that is, Francis Biddle did. That is the kind of a case--

MR. PATTERSON: There was a reserve officer want through over my protest. That was a reserve officer, however.

MR. STEVENSON: Your second application for deferment is not limited in time.

MR. HERSHEY: Six months is the longest of any deferment.

MR. McREYNOLDS: They won't accept a request for any more than six months.

MR. STEVENSON: It doesn't indicate that under 4, that the second request for deferment--

MR. HERSHEY: The regulations provide that you can't get more than six months. The reason why is, otherwise they forget them.

MR. STEVENSON: Tell me about the - we have got say two hundred fifty or three hundred thousand civilian employees in the Navy working as machinists in the shipyards.

MR. McREYNOLDS: A machinist will be deferred on occupational basis.

MR. HERSHEY: They do unless the Navy is able to, by beating the drum, get them to enlist in the Navy. Sometimes they come to us because they enlist them away from themselves.

H.M.JR: You should have brought an admiral with you, Stevenson.

MR. HERSHEY: And of course the Army recruits them away from the Navy and the Navy recruits them away from the Army, and we have got very nice - that is beside this problem, but--

MR. STEVENSON: You see, the problem that I am concerned with is the fact that it can be said with respect to any of these people that they qualify under 2A. They are working in an essential defense industry, B, that a successor can be trained, but the successors aren't available. In other words, there is a shortage of supply. You can't say under (b) - you couldn't qualify under (b) that you couldn't train a successor--

MR. HERSHEY: Let's say a toolmaker it takes four years to train. Obviously I don't think by this you are forced, except under 5, to see what you can do about it.

MR. STEVENSON: Let's take a fellow you could train in three months, but you can't get the trainees, the available supply to replace them.

MR. McREYNOLDS: Well, on that--

MR. STEVENSON: You would have no basis under this set-up to request his initial deferment for six months because he qualifies under (a) for deferment, but not under (b) because he could be replaced. He is under the classification of Civil Service - well, perhaps what it really amounts to is that we have got to go to the Civil Service and persuade them to state in their statement in respect to this that replacements are not available for certain classes of skilled workers.

MR. HERSHEY: There is an "or" in (b), that it is difficult to obtain replacements, regardless if they didn't have to train them at all.

MR. McREYNOLDS: You see, you are taken care of there in the first half.

MR. STEVENSON: That is, that the statement of the

Selective Service Commission--

MR. McREYNOLDS: If it is the kind of a job where you - there aren't people that you can get or you can't get trainees--

MR. STEVENSON: My question really is this, Mr. McReynolds, is there available for scrutiny now the statement that the Selective Service is going to issue under 2(b)?

MR. HERSHEY: The Civil Service undertook to provide us with that. They sat in on this and said they would undertake that task.

MR. STEVENSON: I just wonder how much they know about the labor supply problem.

MR. McREYNOLDS: They know a hell of a lot. The Labor Supply Committee down in OPM is under the chairmanship of one of the commissioners.

MR. STEVENSON: Oh, yes, Flemming.

MR. McREYNOLDS: Flemming knows it more in detail. He knows more about that situation than any other man in Washington.

MR. HERSHEY: Of course, I don't think you should go back feeling that everything is very - because even the Labor Supply Committee, they have their trouble, but Moran, on that, is a very good man. I have known him for a good many years, but there is quite a little grabbing going on now around the neighborhood.

MR. PATTERSON: This doesn't touch the reserve officer situation.

MR. HERSHEY: No.

MR. PATTERSON: I don't think it should.

H.M.JR: I don't think it should either.

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MR. McREYNOLDS: We didn't try to do that.

MR. PATTERSON: That is a problem for the War Department.

H.M.JR: Entirely.

MR. McREYNOLDS: We didn't try to do that.

H.M.JR: I have got a different grip on that. I remember Frank Knox brought that up. He was affected by the reserve officer pool, but this was the thing I raised, and I think - and the reserve officer is something that really rests with you.

MR. PATTERSON: We contemplate--

H.M.JR: It rests with you.

MR. PATTERSON: We contemplate on any deferment, either industrial or governmental, making the man resign and be either a civilian or a soldier.

MR. STEVENSON: If he is engaged in public work.

MR. PATTERSON: And not use the reserve commission as a shield from Selective Service, which it is being used for to some extent today.

MR. McREYNOLDS: Yes. The minute the reserve officer gets out of that, he is immediately exposed to Selective Service.

MR. PATTERSON: But some of them try to hold on to their commissions so that they can continue doing what they do, and then they are exempt from Selective Service and exempt from anything.

MR. HERSHEY: Are you familiar with the P-1 electronics people that the War Department is recruiting now? They are students in school, and they are going to be given a P-1 rating in Civil Service, which is two thousand in

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the professional class. They are going to be right into our hair the very first thing.

MR. PATTERSON: Are they reserve officers?

MR. HERSHEY: No, they are civilians. The Signal Corps - they are trying to match our friend over here - he has enlisted those people and told them they wouldn't be mobilized and now the War Department is trying to recruit them under P-1 which is a Civil Service rating, and Selective Service in between is just losing all its hair because the local boards see these fellows in their communities--

MR. PATTERSON: The trouble with that, of course, is that the Navy has enlisted a fellow and given him a furlough for six months or something.

MR. HERSHEY: Six months? Three years.

MR. PATTERSON: What the devil is the matter? And they are exempt from Selective Service, aren't they? They are the same as in the Navy, but continue in college.

MR. HERSHEY: That is right. In the World War they were known as yachtsmen. Along the Severn in 1918 they enlisted and did not mobilize, but were called - even now some mother says, "Why didn't you take John Smith instead of my boy? He is in the Navy." Then the local board would say, "Well, he is a yachtsman." It is one of our trials.

MR. STEVENSON: Well, I am utterly defenseless. I will have to call three officers.

MR. PATTERSON: They have been advertising that in magazines, "Get in here and you aren't going to be disturbed. This is a grand life."

MR. STEVENSON: I think I beat you to the draw on that one.

MR. HERSHEY: You are using up the men who ought

to go. It will run out.

MR. PATTERSON: What will?

MR. HERSHEY: You see they have only taken on a hundred thousand in two months. You can't maintain a Navy of six or seven or eight hundred thousand on fifty thousand replacements a month, especially when this is the best recruiting time we will ever have, because it always falls off the longer you get away from war. The next disaster, if we should have one, will not be the production of recruits.

MR. PATTERSON: How will these fellows fit into that?

MR. HERSHEY: Well, they don't fit in at all. This is the recruiting program of the Navy which they announced yesterday, fifty thousand a month for two months with the - that includes a lot of these fellows that haven't been called or won't be for several years.

MR. PATTERSON: What is the advantage in the "V-7".

MR. HERSHEY: No one else can get them.

MR. PATTERSON: What is the advantage to the Navy?

MR. HERSHEY: Then they have them when they want them. You see, they are setting up their own deferment pool.

MR. PATTERSON: I thought they assure these men they won't be called to duty in--

MR. HERSHEY: In fine print they say, "unless it is necessary."

MR. PATTERSON: That isn't in the advertisement, is it?

MR. STEVENSON: You are going to take care of that

for me?

MR. McREYNOLDS: It ain't fair. Frank Knox ought to be here.

H.M.JR: I don't know anything about this.

MR. PATTERSON: It is pretty deep.

H.M.JR: Are you learning something, too?

MR. PATTERSON: No, I saw these ads which are very attractive ads, very alluring.

MR. STEVENSON: The fact of the matter is, Mr. Secretary, the Navy is picking up all the most desirable young men in the country and permitting them to finish their education, and the Army is antagonistic, and I don't blame them, but if they were smarter and quicker, they would have been there first.

MR. PATTERSON: Well, the trouble here is that they are in nothing for the time being. They continue their--

MR. STEVENSON: Well, they are getting educated.

MR. PATTERSON: There is no war as far as they are concerned.

MR. HERSHEY: May I suggest that two years from now when this young fellow who is now a sophomore comes out as a young ensign and tries to board one of these patrol boats and the old chief petty officer, who is chief engineer with three years of college education and two years at sea, looks at this young ensign and says, "Where have you been for two years?" and the youngster says, "I was in college, sir," and you can imagine how the petty officer with three years in college and two years at sea will feel.

MR. STEVENSON: It is my guess that the fine print will catch up with us.

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MR. THOMPSON: In connection with the reserve officers, we have one case in the Treasury now where a reserve officer would like to resign his commission because he feels that he should stay. It is Towson up in Foreign Funds. He doesn't want to put in his resignation if it will not be accepted. I was wondering if there was any rule that the resignation wouldn't be accepted.

MR. PATTERSON: I don't know.

MR. McREYNOLDS: I told Norman in my opinion any resignation of a reserve officer should carry the same limitations and necessarily be accompanied by a letter of recommendation by the head of the Department.

H.M.JR: No.

MR. McREYNOLDS: Because he immediately--

H.M.JR: No.

MR. McReynolds; The minute he resigns as a reserve officer and it is accepted, he is eligible in this group and would have to go through the same procedure.

H.M.JR: Well, Mac, that is what I refused to do. They tried to get me to say, "We will resign our reserve commissions if you will promise to protect us against the draft," and I refused to do that.

MR. McREYNOLDS: Of course, but what I was saying was that in fairness to the War Department, when a reserve officer resigns because of his occupation and he works in a Department, the War Department ought to require the head of his Department to make the same kind of a recommendation for him in that case that he would make if it came up under this procedure, and, if it doesn't line up in that, you would just as well refuse to do it and make him report under his commission as to go through all this procedure later on.

H.M.JR: I see.

MR. PATTERSON: I don't think they have settled on any policy. My own view would be that it would depend upon the value of the officer to the Army. If he were a man who was in the forties, I would question whether we would care about his continuing on, and we probably would take a resignation. On the other hand, if he were in the twenties, I doubt very much whether we would. Don't you think so?

MR. HERSHEY: Yes.

MR. THOMPSON: In this case, this man was thirty-six years old. He was a second lieutenant.

MR. PATTERSON: We have got men who have rather minor commissions in the reserve corps and have had them for many years. They have not been at camp. They really haven't kept up. They are on the inactive list. A man who is getting along in years obviously wouldn't be of any great value to the Army in the branch for which he is commissioned, like Infantry. Don't you agree?

MR. HERSHEY: Yes, I agree, because when he is up in his forties and he is a first or second lieutenant--

H.M.JR: Let me ask you one thing, and this is just maybe peculiar to us, but again getting back to the lawyers - that has got nothing to do with this - a man says to me, he has got an important position here as a lawyer and in the course of the discussion he lets it drop, "Well, I can go over to the Army and Navy and get a commission over there." I mean, it is not exactly a threat to me, but he can get a captaincy in the Army or lieutenant commander or lieutenant over in the Navy. Now, is it the policy - I mean, for instance, you get a man who may be an expert at contracts. Now, if he comes over and simply says, "My number is - " I don't know whether he would be so frank - "My number is coming up, and here is my experience in the Treasury and experience on taxes and contracts and so forth and so on--

MR. PATTERSON: The Secretary of War has forbidden

the issuance of reserve commissions to men within the draft age except under the most stringent conditions. Formerly he required every case to receive his personal attention.

H.M.JR: Is that - but are you still--

MR. PATTERSON: And he turned them all down.

H.M.JR: But isn't - aren't they giving commissions every day?

MR. PATTERSON: Not to men within the draft age.

MR. STEVENSON: For legal services, you mean?

MR. PATTERSON: For any kind. The only people we have commissioned to any extent at all have been men in the forties or in the late thirties. The Secretary has been extremely rigid on commissioning young men. We have had repeated cases, and it was his rule that when the draft age was from twenty-one to thirty-five, every case of a man had to receive his personal O.K.

H.M.JR: He told me about that.

MR. PATTERSON: And he would not O.K. it except in the most - well, I could name them on the fingers of my hands, I think - and that was over a year.

Now, the rule is that all cases will go to the adjutant general and in close cases will then go before a board headed by General Craig. They will not be commissioned if they are under induction with the draft in any event. They will not be commissioned if they are within the draft age except upon a very strong showing of special skills such as chemists, electrical engineers, civil engineers, or something like that. The Secretary has taken the policy all along of extreme pains in the commissioning of people except those who go through the schools, the regular Infantry school or the Artillery school or the Signal Corps school and those men are all

taken from Selective Service, from the ranks, after four months service in the ranks. There is no royal road to a commission in our shop. The only ones we have really commissioned now are men well along in years.

MR. STEVENSON: We have a limit now of thirty-five on commissions for anybody for legal service. No one under thirty-five, in other words, shall be commissioned for legal services. On your point about - within the Government, there undoubtedly are exceptions to it, but I don't believe there have been many commissions issued to other men in the Government service who have come over.

MR. PATTERSON: Someone told me that Congress was going to start an investigation of the War Department and the Navy Department of the issuance of commissions.

MR. STEVENSON: The thing was pretty loose in our place last summer.

MR. PATTERSON: Well, I don't think they can find much on us.

H.M.JR: There are an awful lot of ensigns in this town who so-called - in the Intelligence Service.

MR. STEVENSON: Yes. Intelligence took a lot of them.

H.M.JR: There are a lot of young fellows that have been given the commission of ensign in this town in the so-called Intelligence Service. You know about it?

MR. STEVENSON: I know there are a lot of them there, and I think there were a lot of them in the legal section.

H.M.JR: This is a sort of a - what do you call it, confession-for-the-soul meeting?

MR. STEVENSON: Well, I think it is something that will react. The country may feel that there has been

some privileged class who has also enjoyed exemptions but also have enjoyed commissions.

MR. PATTERSON: I will be surprised if under the Secretary of War's limitations there have been very many of those cases with us.

(Discussion off the record)

H.M.JR: Well, gentlemen, I would be very glad to sign this report, but I think, Mac, it should be drawn differently.

MR. McREYNOLDS: I put it up in the form of a memorandum to the President, because I thought that might be the way you would want to do it.

H.M.JR: Well, I think if it could be drawn from us, you see - I think that - if I might suggest, I think that the War and Navy should sign it, and I would be glad to sign it, and the General should sign it, and you, and it would be a memorandum to the President from us, and then if he saw fit, he could send it out.

MR. PATTERSON: I would be glad to sign.

H.M.JR: If it could be drawn--

MR. McREYNOLDS: I will fix it that way and have it over to you in the morning.

H.M.JR: Would you put a space down in the corner to be approved by him? And then it would go out, wouldn't it?

MR. McREYNOLDS: Yes, it could be done that way. The only reason I put it this way was because I tried to put it in shape so that if you wanted to take it into Cabinet on Friday and he approved it, he could sign it, and it is ready to go then.

H.M.JR: Well, if you would have it drawn and have

a messenger go around and just let him wait while they sign and send it to me last. I think the three Departments should sign it, and I think the General should sign it, and you, and then I will

MR. McREYNOLDS: I will put it in the form of a recommendation from your committee to the President.

H.M.JR: But will the General and you also sign it?

MR. McREYNOLDS: Yes, we will sign it.

H.M.JR: And I will give it to the President Friday at Cabinet.

MR. STEVENSON: And that will come to the Departments Friday for signature?

MR. McREYNOLDS: Yes.

H.M.JR: I think that is a good job.

TO HEADS OF DEPARTMENTS AND ESTABLISHMENTS:

In order to promote uniform treatment of Federal officers and employees who are eligible for military service, it is directed that requests for deferment of officers and employees from military training and service on occupational grounds shall be subject to the following conditions:

1. Request for the deferment from service under the Selective Training and Service Act, approved September 16, 1940, as amended, of any officer or employee of the United States government shall be made only by the head of the appropriate department, independent establishment or other agency, or by a person designated by such head to take such action. Such request must be made on the form or forms prescribed by the Selective Service system.

2. No such request for deferment shall be made except when the head of the appropriate agency, or a person designated by him, shall certify that

(a) The officer or employee is in a position, the duties of which are clearly related to the war effort or to essential supporting activities, and that

(b) The officer or employee is in a type of position listed by the Selective Service system as one in which it is difficult to obtain replacements or a type of position in which he can not be readily replaced except by the training of a successor through work experience for a period of at least six months.

3. The initial request for deferment will, in accordance with Selective Service regulations, be for a period of not to exceed six months. If the duties of the position occupied by the officer or employee are of a type which require work experience of less than two years to attain a reasonable competence in their performance, the appropriate agency will take immediate steps to train a successor.

4. Request for deferment beyond the initial six month period will not be made except when the head of the department shall certify that one of the following conditions exists:

(a) That to attain reasonable competence in the performance of the duties of the position occupied by the officer or employee requires work experience of two years or more.

(b) That a replacement has been secured but that a further period of training is required before the trainee is qualified to assume the responsibilities of the position.

(c) That the Selective Service system has found that a shortage of persons with the qualifications required in the position exists and it has been impossible to secure a replacement.

5. The heads of all departments, independent establishments and other Federal agencies will immediately make an inventory of officers and employees who, in all probability, will be placed in class I-A, and where necessary, recruit and begin the training of persons who, when the officers or employees now holding the positions are inducted into the military service, will be ready to assume the duties and responsibilities of the positions thus made vacant.

February 4, 1942
3:53 p.m.

Operator: Go ahead.

HMJr: Hello.

Mr. Lawson
Stone: Hello. Yes.

HMJr: Mr. Stone.

S: Yes, sir.

HMJr: Henry Morgenthau, Jr.

S: Yes, sir.

HMJr: Today's Wednesday. I wondered if you had come to any conclusion in your own mind as to whether or not - the opportunity being available - you'd care to come to Washington.

S: Well, I must admit that I have been struggling with myself on that; and I'll be honest, I really haven't come to any conclusion.

HMJr: You haven't? Well, then, let's leave it this way, Mr. Stone; when you know that you do want to come, would you drop me a line?

S: Yes. I think that - I think that's a good way to leave it. I'm pretty well tied into New York. When I begin to think of all the things I have to cut off, it's a little difficult, you see.

HMJr: Well, I'm sure that we would be able to use your services to advantage here.

S: Well, that's very nice.

HMJr: And when you are prepared to know that you do or don't want to come, if you'd let me know, then I'd like you to meet Mr. Foley, our General Counsel.

S: I see. The thing that you have in mind would be probably along that line, would it, sir?

HMJr: Well, the thing is this. This alien property thing is not cleared up at all.

S: Yes.

HMJr: It's still all in the air. So the thing that we would do, what we had in mind, would be to let you familiarize yourself with the Treasury pending one of our top men being drafted, you see?

S: I see.

HMJr: And so let you get familiar with the Treasury, which is a fairly complicated machine.

S: Yes.

HMJr: And then when one of these top men are drafted, why you would be available; because it really takes months to get to know this machine.

S: Well, I was going to say, I should think it would easily take several months.

HMJr: And you would be familiarizing, so to speak, you'd go into training.

S: Yes.

HMJr: And there are a number of young men in very important positions who, I think, will be drafted in the not-too-distant future.

S: Yes.

HMJr: That was what I had in mind.

S: Well, I probably will be coming down to Washington within a short time anyway.....

HMJr: Well, if you do.....

S:and if I should reach a conclusion first, I would write you and if not, I would certainly let you know by that time.

HMJr: Fine.

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S: May I ask you another question, sir?

HMJr: You can ask me two, three.

S: (Laughs) I'll limit it to one.

HMJr: Right.

S: My partner here tells me that there's a drug concern that's been taken over some way - I'm not too clear on it myself - by the Treasury Department, and that the name of it is the Schering Company.

HMJr: That's - well, we haven't taken it over. We've simply put our men in to study it.

S: I see.

HMJr: Well, as I understand it, that company probably will be facing some readjustment or reorganization which probably would center around some new interest coming in, and when I say new interest, I mean somebody other than a banking concern to float a stock issue.

HMJr: Yes.

S: And I understand that there is a Mr. Clay who apparently is representing the Treasury Department there.

HMJr: I don't know.

S: Well, what I was wondering was Mr. thought that there might be some way there that he could be of some use if this is going to involve such a sale, you see? And I was wondering whether we could with propriety get in touch with Mr. Clay and speak to him.

HMJr: Well, that's all right. I'm not - I'm really not familiar with the details.

S: Yes.

HMJr: But we haven't crossed any bridges as to what

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we propose - whether we're going to have any sales or not.

S: I see.

HMJr: But it's quite all right to get in touch with him.

S: And would it be improper if I would say that I had sort of mentioned this to you, not for my okay, but.....

HMJr: No.

S:to say that it was proper to speak to him.

HMJr: No, that - if you were going to do that, I never do that, Mr. Stone. I lean over backwards.

S: That's perfectly all right. I don't.....

HMJr: No. If any of you people - you'd have to do it - I place responsibility in Mr. Foley and hold him responsible.

S: I see.

HMJr: So if you were going to contact anybody, you'd have to do it through him.

S: Well.....

HMJr: It will be perfectly all right to talk to him about it, but I'm not familiar beyond.....

S: Yes. Well, what I - I didn't want to happen, was to go in there and have him simply say, "Well, I don't know you and I....."

HMJr: No. I think if you people want to do that, you'd better do it through Mr. Foley.....

S: I see.

HMJr:and not do it direct.

S: Well, then, would it be proper to write Mr. Foley

a letter?

HMJr: That's all right.

S: And I will not mention your name.

HMJr: Well, he knows about you, because I've spoken to him about you.

S: I see.

HMJr: But I'd rather.....

S: No, I won't mention it. I'd rather not.....

HMJr: It's quite all right to write him, but he knows who you are now.

S: Yes. All right. Well, I.....

HMJr: You see my position. I've never done it, and my people know that and they know if I want somebody I go to them direct.

S: Well, what I'm - want to avoid doing is anything that will embarrass anybody, you see.

HMJr: Well.....

S: And that's why I thought I should mention it before just going in to him and saying.....

HMJr: Well, I would suggest that your partner contact Mr. Foley.

S: All right. Well, I will do that, sir; and I won't mention anything at all.

HMJr: And if and when you make up your mind, you let me know.

S: Yes, sir. I'll do that.

HMJr: Thank you.

S: I appreciate your calling very much.

HMJr: Thank you.

S: Good-bye, sir.

February 4, 1942
4:15 p.m.

GENERAL ANILINE AND FILM

Present: Mr. Foley
Mr. Swope
Mr. Bernstein

H.M.JR: Well, I found that I had read that, but I didn't know that I had read it. I signed your (Foley's) letter. I don't think it is too friendly, but I signed it and it will go. *See 5 Minutes 2/4/42.*

MR. FOLEY: I had two, Mr. Secretary, and I made that as friendly as I could. It doesn't say anything.

H.M.JR: No.

MR. FOLEY: And it answers his letter.

H.M.JR: All right.

MR. FOLEY: I haven't told you (Swope) this. I mentioned it very briefly to the Secretary. What Ralph Budd wanted to talk about was the over-all problem in so far as cooperation is concerned, and also about the Hammond situation, and he said that the board of directors wasn't entirely satisfied with Mack's report at the last meeting, and that he had been designated as a committee of one to come to us and find out just how we could get together and work closer together and report back.

MR. SWOPE: Good.

MR. FOLEY: And he said that he didn't intend to stay with the company. He couldn't stay with the company very long, but he had undertaken to do this job of bringing

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the Treasury and the company into line, and he was quite frank, and I was frank as I could be, and I thought it was helpful, and as he got up to go, he said, "Why don't you vest the stock of the company in the United States?" I said, "Well, of course that is a remedy that would be available to the Government," and he said, "Well, I mean, isn't it the normal thing to do, for an Alien Property Custodian?" So that - to mention that from him and also to mention in Mack's letters that he would expect when an Alien Property Custodian was appointed that the first thing he would do would be to vest these shares, sort of indicates that the company was looking to us to do the job, and was waiting. He said he would report back to the company that we expected them to assume the initiative in Americanizing the company.

H.M.JR: Well, I think that all leads up to a meeting on Friday with Ralph Budd, John Mack, Bill Bullitt, and Leo Crowley.

MR. SWOPE: Good.

H.M.JR: And we know now we are in the clear, because I testify tomorrow on the Chinese loan, so you know Friday morning you will be clear.

MR. FOLEY: Right.

H.M.JR: So you will know there won't be anything to interfere.

MR. FOLEY: All right. So we will go ahead and arrange a meeting, say, for eleven o'clock on Friday morning.

MR. SWOPE: It is all right with me.

H.M.JR: I think I would go ahead and if they all say then and there - and then - well, I couldn't help but overhear what you were whispering, Bernie. I don't know that I was supposed to. They hope to - they have asked for unanimous consent to report the bill out tomorrow and pass it tomorrow. Just to show you how useful this machine

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is, my men thought it would be nice to get Knollenberg, attorney, to take charge of this question of putting on an educational fight. Have you heard this story, Ed?

MR. FOLEY: No.

H.M.JR: An educational fight, that we should tax all outstanding state and municipal tax exempts. They asked him down here Saturday. He said, well, he had to think it over. He didn't know. He would think it over. He wrote a long letter which I haven't seen saying well, he could only do it under certain conditions. As of the date the bill passed, the date I announced that you don't tax them -- anybody that owns them prior to my Cleveland speech, we will say, some cut-off date. So they wondered what I should do, and I said, "That isn't my impression at all." So I said, "That isn't my impression. My impression is that Knollenberg is the man who sold this thing to me." So I went back and read the whole thing up a little while ago. He came in here and made his plea to me. He is the man that urged it. He recommended it, and sat here and asked for an opportunity to sell this particular thing to me, and there was no qualification, and I go out on the end of a limb and invite him to come down and help me popularize the thing, and he puts up the conditions. And there is nothing anywhere - page after page of the discussion and not once did he question anything, but this was the patriotic duty and why do you mention people's names, why should they seek refuge and things? And I have gone out and I said, "Now, come on down and help me." "Only if you have a cut-off date." Which is, of course, nothing. But the machine proves it, see. Isn't it an amazing story, that he of all people --

MR. SWOPE: Who is that?

H.M.JR: Knollenberg. He is librarian at Yale, but prior to that he was a tax attorney for Lord, Day, and Lord and had the position that Randolph Paul had, and Paul succeeded to Knollenberg, and Knollenberg retired from the firm of Lord, Day, and Lord as a tax expert to become librarian of Yale, but he was one of the outstanding tax

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lawyers for corporations in New York, and it was he who asked - the record shows Paul and Sullivan withdrew from the room. They said, "This is something which is very close to Knollenberg's heart, and he has asked for the chance to sell you on this thing," and he was the man who sold it to me.

So Sullivan says, "Should we argue?" I said, "No," because on a fight like that a man has to either believe in it or not. If he has got any doubts he isn't a very good salesman, is he?

MR. SWOPE: No.

H.M.JR: Isn't that an amazing story?

MR. FOLEY: Yes.

H.M.JR: In other words, when it gets hot he is not a very good man to lean on. Well, that has nothing to do with this but we were talking about the machine.

Are you all set on this now?

MR. FOLEY: Yes, we will go ahead and arrange a meeting.

MR. SWOPE: I saw Mr. Ralph Budd for a moment this morning. Mr. Foley pulled me in, and I said, "How do you do" to him. I knew him years ago, of course.

MR. FOLEY: He is a very reasonable fellow.

MR. SWOPE: Oh, he is a very good man.

H.M.JR: And Ambassador Bullitt. Those people --

MR. FOLEY: He says the company should be Americanized, and I pointed out as an example of what a company can do, the Sterling Products Company. They got rid of the president, the chairman of the board, and forty of their people. They broke their contracts, set up another sales agency in South America, and are beginning to sell under their own trademark down there now. So it can be done if the

company wants to do it.

MR. SWOPE: Did you get what I wanted, a statement from the War and Navy Departments that you can incorporate?

MR. FOLEY: Have you got it, Bernie?

MR. BERNSTEIN: Not quite along those lines. We talked to Joe O'Connell and we - Joe O'Connell dictated over the phone a three-point program. The difficulty they are having with the present management, the utilization of resources for the war effort, and the Treasury proposals. I have it here. He says from the point of view of the utilization of the company, he says there is no disposition on the part of the current management to hold back. However, the people brought in like Mack or Bullitt were men of the type of Williamson who is a lawyer, and not a technical man, and of necessity these men have to rely on the I.G. Farben people. We pulled out five of the I.G. Farben people. There is a whole group of maybe twenty or twenty-five others that ultimately must go out. They are not willing to pull these people out at this point, until new management comes in, of a technical type, of the business man type, who can run this company and can gradually substitute competent technical and business people for the people that we have dropped out, and at that point the Army and the Navy are in a much better position to utilize this company for all the war purposes and similarly the War Production Board through their facilities.

H.M.JR: How much gross does this business do? How many dollars, have you any idea?

MR. FOLEY: About seven million, isn't it?

MR. BERNSTEIN: More than that, Ed. The net last year, the net profit, was nine millions, and they told me the gross was around fourteen.

H.M.JR: What?

MR. BERNSTEIN: This is a big company.

MR. FOLEY: It is a sixty million dollar company.

H.M.JR: Let me get this. What were their total sales?

MR. BERNSTEIN: Oh, I don't know, but their net profits were nine millions of dollars.

MR. SWOPE: It would be between fifty and a hundred million dollars, according to your figures.

MR. BERNSTEIN: Their gross profits were around fourteen.

H.M.JR: That is a big company.

MR. FOLEY: It is a sixty million dollar company.

MR. SWOPE: Yes, that would be sales of about sixty million dollars.

MR. FOLEY: And they employ --

MR. SWOPE: Six thousand people.

MR. FOLEY: Six or seven thousand people.

H.M.JR: Well, I think that this is all right, and I think by Friday night you may find that this thing is in shape. I think that I would have something in mind, so that - not just their word, possibly, but so you could get them to sign something. Think that over. I mean Mack and Budd and Bullitt, that they would join the Treasury in a statement to the President to vest this stock, you see. You might have something ready. Just think about it.

MR. SWOPE: Oh, we ought to get that ready by noon, so you can have it.

H.M.JR: So we can have something for them to say, "We join the Secretary of the Treasury in urging you to vest the stock," and I would sign first, and they could sign next. Now, if you could have Crowley, Bullitt, and Mack,

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and Budd all sign it, you see. I mean, I am just throwing that out as a suggestion.

MR. SWOPE: Well, I would change that, Mr. Secretary, I would have them join in a recommendation to you, and you sign alone for the President.

H.M.JR: That is better. But then you could have the thing drawn up for them.

MR. SWOPE: Yes, we will have it come to you, yes.

H.M.JR: But while you get them all pepped up, full of American flag, and so forth, that they sign then and there. I think he is right.

MR. FOLEY: We will have something ready.

H.M.JR: And I think - don't you think so, Bernie?

MR. BERNSTEIN: Yes, I think that is a very good idea.

MR. SWOPE: Tell them to sign on the dotted line.

MR. FOLEY: I doubt if they will sign it, but we will have it ready anyway (laughter).

H.M.JR: Well, we will say, "Well, Mr. Budd, would you mind signing this to Mr. Morgenthau? And Mr. Bullitt and Mack, just sign the thing." And then we could take - my whole thought is, while they are all full of beans and patriotism -- what?

MR. BERNSTEIN: That is right.

MR. FOLEY: Budd's attitude was all right.

H.M.JR: Have something ready.

MR. BERNSTEIN: I thought Budd was on the level.

H.M.JR: You know, when you get religion, that is the time to confess.

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MR. FOLEY: You sound like a Holy Roller.

H.M.JR: Well, I learn from wherever I can (laughter).
I even surprised you at lunch today.

MR. FOLEY: Yes, I thought you did fine. I am glad
you didn't ask me to do it.

H.M.JR: Well, thank you. This is good.

February 4, 1942.

1. Difficulties with the present management

The present management, led by Judge Mack, have thoroughly demonstrated their interest in maintaining the status quo and a fixed resolve to frustrate any attempt that might be made to bring about substantial changes.

Judge Mack has stated in correspondence that he proposed to make as few changes as possible, and that he ~~must~~^{can} get along without the "disloyalty" of I. G. Farben, and has from time to time indicated to plant managers and others that he proposes to resist any substantial changes in existing personnel except insofar as it may be demonstrated that particular individuals are actually "disloyal." As an example, in Judge Mack's approach, which in charity might be termed naive, he indicated to the Treasury representative some time ago that Dr. Hutz, a life-long I. G. Farben man, was absolutely "loyal" and in his judgment was a man whom he (Judge Mack) could not possibly get along without. Furthermore, the recent suggestion to the Treasury representative that we approve a plant management committee for the General Aniline works division composed of four I. G. Farben men, out of the total of five on the committee, would seem to indicate a lack of awareness that I. G. Farben men in key positions present anything of a problem. ? cant

Other action by the new management, such as the removal from the board of directors of Dr. Aickelin and Dr. von Rath without changing their positions as key men in the operations end, also illustrates either a lack of understanding on the part of the present management or a lack of desire to take the substantial steps necessary to correct the existing situation.

As a practical matter there has been no cooperation between the present management and the Treasury representatives. The present management requested the resignation of Dr. Schwarz and appointed Dr. Bokler in his place as manager of the Binghamton plant without any prior discussion of the matter with the Treasury representatives. All the changes that have been made in the composition of the board of directors since the Treasury representatives were installed in the process were likewise made without any prior discussion with or notice to the Treasury representatives. A proposal to bring the law firm of Hutz and Joslin, patent attorneys for I. G. Farben, into General Aniline as their patent division was practically consummated without any prior notice to us and this move was blocked by freezing the accounts of Hutz and Joslin and starting an investigation of their affairs. We learned that Dr. Hutz and other company officials were in the process

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of renewing long-term employment contracts with many of their technical men (the service of any one of whom we might think ought to be disposed of) without any prior consultation with us.

In general, it can be said that despite protestations of a desire to cooperate, actual practice seems to have been the reverse. In fact, the attitude of the management has permeated down through the organization to such an extent that our task has been rendered much more difficult than should have been the case. With the management assuring the employees that the Treasury people would be "out" shortly and that everything would be all right, it is obvious that any disposition on the part of any employee to facilitate our operation would tend to be nullified.

II. Utilization of resources for the war effort

So far as we know there is no indisposition on the part of the present management to utilize the resources of the company to the fullest possible extent in connection with the war effort. However, whether or not this desire is being translated into accomplishment is quite another question. The fact is that the present management, without technical qualifications of their own, are required to rely almost entirely upon I. G. Farben men and other men of German background for all information and for all recommendations and decisions as to the present and prospective utilization of the plant. Furthermore, it is difficult to see how the company can expect to obtain defense contracts or to continue to utilize its present productive resources, much less extend them, unless it is headed by an aggressive and alert management pledged to obtaining the objectives hereinafter outlined. Incidentally, we were recently advised by the War Production Board that the past attitude of the General Aniline and Film Corporation has been the reverse of cooperative. This refers to a period prior to the installation of Judge Mack.

III. Treasury Proposals

The first move which seems to be clearly indicated is the selection and bringing into the company from outside a man or men who will be competent to assume and will assume the active management of the affairs of the company. Such men would be selected on the basis of their known ability to assume a responsibility of this character and known to share the Treasury view that the company must, over a period of time, be purged of all personnel who, because of past affiliations or otherwise, are suspected of being subject to I. G. Farben or other German control.

The new management would be pledged to obtaining this objective at the earliest possible moment consistent with the desirability of keeping the company operating at a high level of efficiency, and also with a view to the fuller utilization of the present and potential capacity of the company for the war effort.

Decisions as to the removal of particular individuals who now remain with the company and who represent the interests we think to eliminate can well await the appointment of the responsible officials referred to above, although their elimination should be planned for the earliest possible moment. Such officials as Mr. Williamson could undoubtedly be eliminated very shortly after the designation of the new management heads without any substantial effect upon company operations. Others, such as Grimmel, Manager of the Rensselaer plant and Wasiasky, Vogt, Max, and Angermüller of the Linden plant, would in all probability have to be kept for a somewhat longer period of time but only for such time as would be necessary to find capable substitutes for them.

Dictated over the phone
JJC:ms-ard - 2/4/42.

FEB 4 1942

Dear Judge Mack:

I am in receipt of your letter of January 29, 1942, and the two documents enclosed.

I agree that our objectives are, or ought to be identical. In consequence, I assume that you are in accord with the changes made by order of this Department on January 13, 1942. We were unfortunately unable to reach you prior to the issuance of the order but I can assure you that the decision was made only after a thorough examination of the facts.

I have asked Mr. O'Connell and the other Treasury representatives in New York who are supervising the operations of General Aniline and Film Corporation to consult with and cooperate closely with you or any of your officers or directors in pursuing our common objective.

I hope this exchange of views presages an improvement in the situation.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable John E. Mack
President
General Aniline and Film Corporation
230 Park Avenue
New York, New York
JSL:JJO:c:EHF/mp 2/3/42

cc - Mr. Dennis
File n. m. c.
See from Falgout's office

GENERAL ANILINE & FILM CORPORATION

230 PARK AVENUE

NEW YORK

January 29, 1942

TELEPHONE
MURRAY HILL 4-1300

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

Dear Mr. Secretary:

As of course you are aware, I became president of General Aniline & Film Corporation on November 1, 1941. For many months prior to my appointment, there had been going on within the company an effort upon the part of the American directors to free the concern of the foreign influence existing by virtue of the claimed ownership of a majority of the stock of the company by I. G. Chemie, a Swiss corporation, alleged by the Department of Justice to be under the domination of I. G. Farben of Germany. The American directors were not only seeking to Americanize the company, but to secure the sale of the foreign-owned stock to a noncompetitive industrial group of undoubted American standing.

This internal struggle is fully revealed in the minutes of the meetings of the directors; and, as a corollary thereto, there were proceedings in the Chancery Court of Delaware brought for the purpose of forcing a stockholders' meeting in order that the Chemie stock could be voted by its purported owners in an effort to oust the then existing officers and directors who were seeking to Americanize the company. As you undoubtedly know, a hearing upon the proceedings in Delaware has been postponed from time to time at the request of the Attorney General of the United States.

I was made aware of so much of this history as had already transpired, and other details which I have not time to enumerate, when I agreed to become president of the company. It was represented to me and I fully believed, and still believe, that by accepting the presidency of the company I would be in a position to aid in important matters of national defense, which, incidentally, have become more and more important as time has gone on.

Honorable Henry Morgenthau, Jr.
January 29, 1942

2.

Upon accepting the presidency of the corporation, I issued a public statement, a copy of which is attached hereto. Since that time, I have consistently labored for the purposes therein outlined. It was my thought that ultimately an Alien Property Custodian would be appointed and that the stock in question would be taken over by the United States Government, or, if there were difficulties growing out of the claimed ownership by the Dutch, some alternative method might be found by which this stock could be disposed of to American purchasers. It was my belief that my duty was primarily to conserve the interests of the company as a going concern essential to the war purposes of our Government and to preserve the status until such time as the Government saw fit to act through an Alien Property Custodian. I recognized from the beginning that my tenure of office might be temporary and in any event was uncertain. It was for this reason, amongst others, that my salary as president of the company was made payable upon a monthly basis. You will do me the credit of believing, I am sure, that the personal monetary considerations involved were of secondary consequence. I was, however, pleased to have this opportunity to render a public service. Incidentally, I may say that my salary was fixed by the Board of Directors at precisely the amount paid my predecessor.

The changes that have been wrought in the official setup of the company are well illustrated by an additional memorandum which I attach hereto. You will note that Ambassador William C. Bullitt is Chairman of the Board of Directors. I was very much gratified when he found, after full consideration and discussion of the problems involved, that he was in a position to become a member of the Board. I then issued another public statement, a copy of which is also appended hereto. Prior to Mr. Bullitt's departure from the country on a special mission for the President, he left a written statement outlining the circumstances under which he was appointed and the purposes he had in mind.

For many months prior to my appointment, the Department of Justice, through the Antitrust Division, was conducting a sweeping investigation into the affairs of the company, its business affiliates and the status of I. G. Chemie as related thereto. Indeed, there were two grand jury investigations under way and one group of indictments has already been handed down. These proceedings

Honorable Henry Morgenthau, Jr.
January 29, 1942

3.

are still active. As you will readily see, there was much to require the constant attention of the officers of the company and their counsel, both prior to and subsequent to my election as president. Moreover, the demands upon the time of the directors have been very heavy. The officers and the Board of Directors are acting in complete harmony and are fully conscious of the grave responsibility that rests upon them.

In addition to these matters, I have been concerned with problems of personnel and have sought help in this respect wherever I could secure it. This is especially important in view of the history of the company, its antecedents and the specialized work in which it is engaged. Of course, you could not possibly be more interested than I am in purging General Aniline & Film Corporation of subversive factors, in freeing it completely of foreign domination and in making it in every sense of the work an effective, loyal American enterprise. Your attention, however, is drawn to the fact that recent communications received through your representative, Mr. Joseph J. O'Connell, Jr., amount to orders issued by you with reference to the internal affairs of the company and its personnel without any previous consultation with me and, indeed, without any subsequent explanation.

You will realize that the corporation is large, with wide flung interests and thousands of employees, many of whom are working upon matters important to the Nation's war effort. It would seem to me that before issuing orders in the nature of unexplained commands, well calculated to shake the morale of the company and to impair its usefulness, it would be desirable for your representative to consult with me as to the wisdom and propriety of any particular move. The timing and method of an action otherwise appropriate may be fully as important as the action itself.

Your order of January 13, 1942 (of which I had no previous notice), directing the simultaneous and immediate suspension of five individuals and barring them from the company premises was, I am free to say, particularly ill-timed. I also note that this order, signed by Joseph J. O'Connell, Jr., "Treasury Representative", contains the following language:

"All the company officers and employees are to be advised immediately that they

Honorable Henry Morgenthau, Jr.
January 29, 1942

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are not to communicate with any of these individuals, directly or indirectly, without my prior written approval."

I cannot help but believe that this portion of the order, at least, was inadvertent for I am frank to say that I cannot find for it any warrant in law or in fundamental justice. So far as I am personally concerned, that portion of the order I cannot be expected to honor. Nevertheless, you will note that in all other respects the order has been fully complied with, although the individuals concerned were afforded no opportunity to know what accusations, if any, were made against them and have had no opportunity to be heard. Compliance with your order was based upon the settled purpose of the management to cooperate as fully as may humanly be possible with any branch of the Government having any authority in the matter whatsoever.

Frankness compels me to say that the method adopted in ordering the foregoing suspensions could have only an adverse effect upon the practical operation of the affairs of the company. Furthermore, I regret to say that certain sources, which I am not presently prepared to identify, have sought to shake the confidence the company enjoys with the various Government agencies with which it does business.

A little more restraint and a little less disposition to condemn upon the basis of ex parte statements would seem to be indicated. In my judgment this company cannot be successfully operated by remote control. There should be an intimate and frank cooperation between the company management and your Department. That frankness and cooperation I not only would welcome but most earnestly solicit. It lies well within your power to achieve this result. I stand ready, and so do the officers and directors of the company, to consult at any time with regard to any feature of the business of the company. If this course does not appeal to you, I shall have to assume that your Department desires to manage the enterprise in every detail without reference to the wishes, the advice or the experience of the officers and directors. I cannot believe that you would wish to assume such a heavy burden or so great a responsibility. Moreover, it would place me in an embarrassing position and render the task I have assumed increasingly difficult. In view of the fact that our objectives are, as

Honorable Henry Morgenthau, Jr.
January 29, 1942

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I hope, identical, I would appreciate an authoritative word from you which would tend to clarify the present confused situation and prevent unnecessary friction.

Respectfully yours,

John E. Mack
JOHN E. MACK,
President

December 5, 1941

The following statement was issued by Judge John E. Mack, President of the General Aniline & Film Corporation, this morning:

When I accepted the Presidency of General Aniline & Film Corporation, I made an announcement of the policies which would guide me and which were fully approved by the Board of Directors. These policies in brief are to improve the status of the Company, bring its affairs into harmony with the purposes and policies of the Government, and to establish this important enterprise, so essential to national defense, as unmistakably an American organization. It is, therefore, with great satisfaction that I am able to announce today that Ambassador William C. Bullitt, who is thoroughly in accord with the policies as set forth, will today become a member of the Board of Directors of our Company.

STATEMENT ISSUED BY JUDGE JOHN E. MACK
FOLLOWING HIS APPOINTMENT AS PRESIDENT
AND DIRECTOR OF GENERAL ANILINE & FILM
CORPORATION, NOVEMBER 1, 1941

I have accepted a place on the board of directors as well as the presidency of the company after acquainting myself with recent developments in the management indicating a determination upon the part of a majority of that board to bring the affairs of the company into harmony with the purposes and policies of the government and to establish this important industry, which is now so essential to national defense, as unmistakably an American organization.

I have expressed to the directors my views and they are thoroughly in accord with the policy I intend to pursue. It seemed to me that there was here offered an opportunity not only to develop fully and completely an institution that was nurtured and grown on American economic soil, but to make certain that it was truly American in every sense of the word and completely free from foreign influence or domination. I conceived this to be a public service which I had no right to forego.

GENERAL ANILINE & FILM CORPORATIONOld SetupNew SetupOfficers

President - Schmitz
Secretary - Vom Rath
Treasurer - Williamson
Chairman of Board - Bosch

Mack
Gibbons
Williamson
Bullitt

Directors

Iselin
Schwartz
Schmitz
Breed
Hutz
Ford
Aichelin
Bennett
Williamson
Weiss
Vom Rath
Vacancy

Mack
Bullitt
Schmitz
Breed
Hutz
Budd
Stevens
Bennett
Williamson
Talbot
Baragwanath
Charles L. McCann

TREASURY DEPARTMENT

136

INTER OFFICE COMMUNICATION

DATE February 4, 1942

to Secretary Morgenthau

from Mr. Swope

Referring to the sketches which you showed me yesterday for the new movie by Walt Disney, I thought last evening that a good introduction to it would be some of the scenes from the book, which was also made into a movie, "Little Man, What Now?"

TREASURY DEPARTMENT

137

INTER OFFICE COMMUNICATION

DATE February 4, 1942

TO

Secretary Morgenthau

FROM

George Buffington

Some time ago you suggested that I seek the cooperation of the Motion Picture Camera Operators Union. The attached publicity appeared in the January 28 number of the Union's general bulletin.

G.B.

Issued from the General Offices

... of the ...

INTERNATIONAL ALLIANCE OF THEATRICAL
STAGE EMPLOYES AND MOVING PICTURE
MACHINE OPERATORS OF THE UNITED
STATES AND CANADA

INTERNATIONAL BUILDING, 530 FIFTH AVENUE, NEW YORK, N. Y.

General
Bulletin
No. 418

1-2
Wednesday,
January 28,
1942

DAVID E. WALSH, *President*; LOUIS RIGOUSE, *General Secretary-Treasurer*; HARLAND HOLMES, *Past President*; 144 North Sagamore Road, Fairview Village, Cleveland, Ohio; WILLIAM P. COVELT, *Second Vice-President*; 1544 Locust, Toronto, Ontario, Canada; FLOYD M. BILLINGSLEY, *Fourth Vice-President*; 207 Julia St., San Francisco, California; JAMES J. BERNAN, *Fifth Vice-President*; Jamaica, N. Y.; ROBERT M. KENNEDY, *Sixth Vice-President*; 1000 Building, Detroit, Michigan; FELIX D. SNOW, *Seventh Vice-President*; 493 Woodland, Yonkers City, Missouri; E. MORRIS, GEORGE W. DRAYFIELD, WILLIAM SCANTLAN.



"United in Purpose"

LABOR AND NATION'S LEADERS AGAIN UNITE IN CELEBRATION OF PRESIDENT'S BIRTHDAY

Proceeds in Five Thousand Communities to Warm Springs Foundation for Victims of Infantile Paralysis.

ONCE again Labor will join with a Committee of leaders in all fields of American life, launching a nation-wide movement to honor President Roosevelt on his 60th birthday, January 30th, by raising a permanent endowment fund for the Warm Springs Foundation on a single night at Presidential Balls to be held in every community in the Nation.

It must be emphasized that this campaign was never more important than now, since the effort to control infantile paralysis must be intensified, not relaxed, in war time.

A national committee numbering more than fifty leaders in all walks of life is in charge of the plans, while Labor committees of several hundred have been organized.

Labor members of the National Committee have been formed into a Labor Division, of which President William Green is Chairman, with Matthew Wolf as Secretary. Around these a National Labor Committee has been formed. A co-operating Labor Committee has also been formed among officers of city central bodies and it is expected that every central body will join in the national celebration, either by holding a ball jointly with other bodies or by holding a ball under its own auspices on the night of January 30th. A definite part of the price of each ticket will go to the Warm Springs Foundation.

When President Roosevelt stepped into the White House the only office which he retained among his many other interests was the Presidency of the Warm Springs Foundation, said the statement announcing the National Committee. "The retention of that office shows how near and dear that potentially great medical and charitable institution is to his heart. I do not think that the President would appreciate any tribute to his unselfish and unflagging devotion to the public welfare more than the act of the American people in fulfilling his own dreams for a great institution for the treatment of infantile paralysis at Warm Springs. With this fund the Foundation will be able to do a wider national work.

"One-third of the physically handicapped in the nation are crippled as a result of infantile paralysis, and it ought to stir all of us in action to learn that this is essentially a children's disease and that the majority of these young victims could be helped immeasurably toward recovery by the kind of exercise and treatment given at Warm Springs. No one can visit Warm Springs without being touched to the heart by the work being done there.

"This is not the usual kind of drive for funds. Our committee is not soliciting large amounts from any person. We ask only that our fellow citizens spend a part of their usual and normal recreation budget on the President's Birthday Ball in their own communities on January 30th, not only as a personal tribute to the President for his zealous and unselfish devotion to Warm Springs, but also for the purpose of having a good time without increasing that week's expenditures. It is a small thing for each of us to do for him."

As was the case last year, seventy per cent of all money raised this year will remain in the community where it is collected. Complete arrangements for labor participation have already been made and it is suggested that local labor organizations make their local plans to help make this year's celebration the most successful since its inception.

KEEP GENERAL OFFICE POSTED ON BOND PURCHASES

AS stated in the last issue of the Bulletin, the General Office is compiling an accounting of the amount of Defense Bonds purchased by the various local unions of the International. Request was made that information in connection therewith be forwarded so that an accurate tabulation could be had.

Several responses have been received, especially within the past few days, which would indicate that this drive is gaining momentum and should shortly swing into full stride.

Communication received from Port Jervis, N. Y., Local No. 553, advises that the members of the local organization have bought a \$500.00 Defense Bond and are going to buy another next month.

New Britain, Conn., Local No. 301, has also purchased a \$500.00 Bond to help the National Defense program, while Wheeling, W. Va., Local No. 64, regenerated the purchase of \$400.00 worth of Bonds, in addition to which a number of the members are investing in Bonds and Savings Stamps.

Added Incentive—As If Any Was Needed!

The members of Akron, Ohio, Operators' Local No. 864, must have a particular hate for the little yellow men (and we do mean "yellow," but we don't mean "men") of Japan, since they bought a \$250.00 Defense Bond to present to the First American aviator to drop a bomb on Tokyo. It's a safe bet that our American Aces would do it without the added inducement, but just out of sheer love for the Nipponese. However, it is indeed a nice gesture, and oh how many people are hoping that the Akron boys have to pay off—AND IN A HURRY!

\$2,600.00 for Aurora Local

Evidently the members of Aurora, Ill., Local No. 251, share the good feeling held by Akron Operators' for the Axis partners, as they haven't waited for any cessing, but have been making purchases of Defense Bonds from time to time. All in all the local membership has kicked in with \$2,600.00 for Uncle Sam, which is a wholly gratifying return for a local having a roster of only twenty-three members.

Defense Funds for Defense Bonds

That's the unique method of helping the Government devised by Morris County, N. J., Local No. 502. After building a defense fund of its own through a small weekly assessment on the earnings of their twenty-two members, and not anticipating any immediate need for such fund, the local organization has purchased \$1,000.00 in Defense Bonds. In addition to this they have decided to purchase Bonds of \$100 denomination, each time the local defense fund exceeds a stipulated amount.

This magnificent move is one that could well be adopted by other locals, as it works no particular hardship on the local treasury, helps meet defense demands, and at the same time represents a good investment.

A Sacred Duty

Our grand business is not to see what lies dimly in the distance, but to do what lies clearly at hand.

—CARLYLE.

ALMOST two months have elapsed since this country was suddenly and deliberately attacked by the Japanese Empire at a time when this Nation was at peace with it, and at the solicitation of Japan was still looking toward the maintenance of peace in the Pacific.

Shortly following this was the declaration of war on the countries of Germany and Italy by the Joint Congress of the United States.

In the interim, the people of the United States have had the opportunity to calmly deliberate and form their opinion. They well understand the implication to the very life and safety of our Nation, and no matter how long it may take us to overcome this premeditated invasion, the American people in their righteousness will go on to ultimate victory.

That sacrifice and suffering must be endured is a certainty.

That a righteous Democracy will triumph is also a certainty.

I NEED YOUR HELP!



But first America must be strong and every man and woman must contribute their strength to the strength of America at war.

Some are carrying guns—some are flying planes—some are giving their blood on ships at sea.

We must do everything in our power to smash the aggressors. The fighting forces can be counted upon to do their best.

Behind the fighting forces the civil population must solidly line up with work, production, money and the will to victory, no matter how long it takes or what it costs. Without civilian solidarity and united effort, the effectiveness of our fighting forces will be gravely impaired.

It is to be expected that those affiliated with the Organized Labor Movement in this hour of supreme trial will recognize the defense of the Country as their sacred duty, its life theirs to protect, and, if need be, theirs to die for.

The members of our International have in the past given every evidence of their loyalty and self-sacrifice in the upholding of American rights, and it is safe to assert that the same commendable spirit will again be displayed.

IMPORTANT!

L. A. Members Asked to Practice "The New Spirit" as Well as Project It.

THE Treasury Department, under the direction of Secretary of the Treasury Henry Morgenthau, has had the *Walt Disney Studios* produce a short subject titled "The New Spirit." This picture has for its theme the very important function of impressing upon the American public the extreme urgency for filing their income tax returns at the earliest possible moment.

With the tremendous increase in the number of persons who are compelled to file returns this year, due to lowering the standard of incomes, it is imperative that this matter be taken care of promptly. This will eliminate the indescribable rush and confusion that would result were we to follow the usual custom of waiting until the last minute and just beating the deadline.

Inasmuch as it is compulsory that this tax be paid, if you have the money available, no particular purpose will be served in postponing payment. Aside from this we will be pouring badly needed currency into the coffers of the Government, and at the same time alleviating the heavy burden confronting the Treasury Department, which at best is faced with a herculean task.

To facilitate and speed up the returns of wage earners whose gross income is not more than \$3,000 a year, a simplified income tax form, No. 1040A, sample of which appears on the opposite page, can be obtained from the Collector of Internal Revenue for your district.

As to the picture, it is expected to be released for showing some time between February 5th and 15th, without cost to the theatres. Its running time is approximately eight minutes and its exhibition is a "must." Consequently, as a matter of patriotic duty our members are enjoined to cooperate in every manner at their disposal so that its purposeful objective may be achieved.

Since we have been designated as disciples to project the gospel of "The New Spirit," it would hardly seem proper that we confine ourselves to its mechanical projection. Instead let us all conscientiously carry out its precepts to the letter and not wait until tomorrow or next week to file our returns, but do it now!

Like good Americans, let's take care of this important matter immediately.

Just six items to fill in---

- 1 Your name, address, and occupation
- 2 Your dependents
- 3 List your income
- 4 Subtract your credit for dependents
- 5 Indicate your family status
- 6 Read your tax directly from the table

● FILE NOW—PAY NOW—AND BACK UP OUR FIGHTING MEN ●

OPTIONAL
UNITED STATES
INDIVIDUAL INCOME TAX RETURN
THIS RETURN MAY BE FILED INSTEAD OF FORM 1040 BY
CITIZENS OR RESIDENT ALIENS IF GROSS INCOME
IS NOT MORE THAN \$2,000 AND IS ONLY
FROM SOURCES STATED HEREON

PRINT NAME AND ADDRESS OF RESIDENTIAL ADDRESS PLAINLY & FULLY
 (Name) John and Mary Doe
 (Street and number, if any) 100 Oak Street
 (City and State) Danville, Doe Co., Doe
 (County) Machineist
 Occupation

DEPENDENTS ON LAST DAY OF YEAR

List persons deriving their chief support from you (other than husband or wife) under 18 years of age or mentally or physically
 incapable of self-support

Name of dependent John Doe, Jr. son
 (Relationship) 2
 If 18 years of age or more, give occupation here

GROSS INCOME LESS ALLOWANCE FOR DEPENDENTS

1. Salary, wages, and compensation for personal services.
2. Dividends, interest, rent, annuities, and royalties.
3. Total 2,200.00
4. Less: \$400 for each dependent 320.00
 (If more than two, see instructions)
5. Total 1,880.00

INCOME SUBJECT TO TAX

6. Tax to be paid (from Column A or B of table on other side) 1732.00
7. Tax 24.00

Five cents for each filing (but this return has been examined by me, and, to the best of my own knowledge and belief, in a
 true and correct manner, and I am a duly qualified tax collector, and I am not aware of any fraud or other illegal
 transactions connected with this return, and I have had no communication from anyone other than stated herein.
 Signature and name to be written in ink before me this _____ day of _____, 1942.



An income tax return is required to be filed by single persons having a gross income (item 3 above) of \$275 or more and mar-
 ried persons having a gross income of \$1,000 or more. A husband and wife may make a joint return on this form if their combined
 gross income is not more than \$1,000. A separate return may be made on this form if the gross income of the one filing the re-
 turn is not more than \$1,000. If this return is used, it should be filed with the Collector of Internal Revenue for your district on or
 before March 15, 1942. The tax may be paid in equal biweekly installments commencing March 15, 1942. Pay tax, if any,
 to the Collector and if payment is made by check or money order, make payable to "Collector of Internal Revenue."

PLACE CHECK MARK (✓) IN THE APPLICABLE BLOCK □ BELOW

5

Single (and not head of family) on last day of year. □
 Married but not living with husband or wife (and not head of family) on last day of year. □
 Married and living with husband or wife on last day of year but each filing separate returns. □
 IF YOU CHECKED ONE OF ABOVE, FIND YOUR TAX IN COLUMN A

Head of family (a single person, or married person not living with husband or wife, who exercises family control and supports, wholly or in part, dependent relative(s) in one household) on last day of year. □
 IF YOU CHECKED ONE OF ABOVE, FIND YOUR TAX IN COLUMN B

Over	Under	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P	Column Q	Column R	Column S	Column T	Column U	Column V	Column W	Column X	Column Y	Column Z																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
\$1	\$100	84	90	\$1,200	\$1,225	81	87	\$2,250	\$2,275	82	88	\$3,300	\$3,325	83	89	\$4,350	\$4,375	84	90	\$5,400	\$5,425	85	91	\$6,450	\$6,475	86	92	\$7,500	\$7,525	87	93	\$8,550	\$8,575	88	94	\$9,600	\$9,625	89	95	\$10,650	\$10,675	90	96	\$11,700	\$11,725	91	97	\$12,750	\$12,775	92	98	\$13,800	\$13,825	93	99	\$14,850	\$14,875	94	100	\$15,900	\$15,925	95	101	\$16,950	\$16,975	96	102	\$18,000	\$18,025	97	103	\$19,050	\$19,075	98	104	\$20,100	\$20,125	99	105	\$21,150	\$21,175	100	106	\$22,200	\$22,225	101	107	\$23,250	\$23,275	102	108	\$24,300	\$24,325	103	109	\$25,350	\$25,375	104	110	\$26,400	\$26,425	105	111	\$27,450	\$27,475	106	112	\$28,500	\$28,525	107	113	\$29,550	\$29,575	108	114	\$30,600	\$30,625	109	115	\$31,650	\$31,675	110	116	\$32,700	\$32,725	111	117	\$33,750	\$33,775	112	118	\$34,800	\$34,825	113	119	\$35,850	\$35,875	114	120	\$36,900	\$36,925	115	121	\$37,950	\$37,975	116	122	\$39,000	\$39,025	117	123	\$40,050	\$40,075	118	124	\$41,100	\$41,125	119	125	\$42,150	\$42,175	120	126	\$43,200	\$43,225	121	127	\$44,250	\$44,275	122	128	\$45,300	\$45,325	123	129	\$46,350	\$46,375	124	130	\$47,400	\$47,425	125	131	\$48,450	\$48,475	126	132	\$49,500	\$49,525	127	133	\$50,550	\$50,575	128	134	\$51,600	\$51,625	129	135	\$52,650	\$52,675	130	136	\$53,700	\$53,725	131	137	\$54,750	\$54,775	132	138	\$55,800	\$55,825	133	139	\$56,850	\$56,875	134	140	\$57,900	\$57,925	135	141	\$58,950	\$58,975	136	142	\$60,000	\$60,025	137	143	\$61,050	\$61,075	138	144	\$62,100	\$62,125	139	145	\$63,150	\$63,175	140	146	\$64,200	\$64,225	141	147	\$65,250	\$65,275	142	148	\$66,300	\$66,325	143	149	\$67,350	\$67,375	144	150	\$68,400	\$68,425	145	151	\$69,450	\$69,475	146	152	\$70,500	\$70,525	147	153	\$71,550	\$71,575	148	154	\$72,600	\$72,625	149	155	\$73,650	\$73,675	150	156	\$74,700	\$74,725	151	157	\$75,750	\$75,775	152	158	\$76,800	\$76,825	153	159	\$77,850	\$77,875	154	160	\$78,900	\$78,925	155	161	\$79,950	\$79,975	156	162	\$81,000	\$81,025	157	163	\$82,050	\$82,075	158	164	\$83,100	\$83,125	159	165	\$84,150	\$84,175	160	166	\$85,200	\$85,225	161	167	\$86,250	\$86,275	162	168	\$87,300	\$87,325	163	169	\$88,350	\$88,375	164	170	\$89,400	\$89,425	165	171	\$90,450	\$90,475	166	172	\$91,500	\$91,525	167	173	\$92,550	\$92,575	168	174	\$93,600	\$93,625	169	175	\$94,650	\$94,675	170	176	\$95,700	\$95,725	171	177	\$96,750	\$96,775	172	178	\$97,800	\$97,825	173	179	\$98,850	\$98,875	174	180	\$99,900	\$99,925	175	181	\$100,950	\$100,975	176	182	\$102,000	\$102,025	177	183	\$103,050	\$103,075	178	184	\$104,100	\$104,125	179	185	\$105,150	\$105,175	180	186	\$106,200	\$106,225	181	187	\$107,250	\$107,275	182	188	\$108,300	\$108,325	183	189	\$109,350	\$109,375	184	190	\$110,400	\$110,425	185	191	\$111,450	\$111,475	186	192	\$112,500	\$112,525	187	193	\$113,550	\$113,575	188	194	\$114,600	\$114,625	189	195	\$115,650	\$115,675	190	196	\$116,700	\$116,725	191	197	\$117,750	\$117,775	192	198	\$118,800	\$118,825	193	199	\$119,850	\$119,875	194	200	\$120,900	\$120,925	195	201	\$121,950	\$121,975	196	202	\$123,000	\$123,025	197	203	\$124,050	\$124,075	198	204	\$125,100	\$125,125	199	205	\$126,150	\$126,175	200	206	\$127,200	\$127,225	201	207	\$128,250	\$128,275	202	208	\$129,300	\$129,325	203	209	\$130,350	\$130,375	204	210	\$131,400	\$131,425	205	211	\$132,450	\$132,475	206	212	\$133,500	\$133,525	207	213	\$134,550	\$134,575	208	214	\$135,600	\$135,625	209	215	\$136,650	\$136,675	210	216	\$137,700	\$137,725	211	217	\$138,750	\$138,775	212	218	\$139,800	\$139,825	213	219	\$140,850	\$140,875	214	220	\$141,900	\$141,925	215	221	\$142,950	\$142,975	216	222	\$144,000	\$144,025	217	223	\$145,050	\$145,075	218	224	\$146,100	\$146,125	219	225	\$147,150	\$147,175	220	226	\$148,200	\$148,225	221	227	\$149,250	\$149,275	222	228	\$150,300	\$150,325	223	229	\$151,350	\$151,375	224	230	\$152,400	\$152,425	225	231	\$153,450	\$153,475	226	232	\$154,500	\$154,525	227	233	\$155,550	\$155,575	228	234	\$156,600	\$156,625	229	235	\$157,650	\$157,675	230	236	\$158,700	\$158,725	231	237	\$159,750	\$159,775	232	238	\$160,800	\$160,825	233	239	\$161,850	\$161,875	234	240	\$162,900	\$162,925	235	241	\$163,950	\$163,975	236	242	\$165,000	\$165,025	237	243	\$166,050	\$166,075	238	244	\$167,100	\$167,125	239	245	\$168,150	\$168,175	240	246	\$169,200	\$169,225	241	247	\$170,250	\$170,275	242	248	\$171,300	\$171,325	243	249	\$172,350	\$172,375	244	250	\$173,400	\$173,425	245	251	\$174,450	\$174,475	246	252	\$175,500	\$175,525	247	253	\$176,550	\$176,575	248	254	\$177,600	\$177,625	249	255	\$178,650	\$178,675	250	256	\$179,700	\$179,725	251	257	\$180,750	\$180,775	252	258	\$181,800	\$181,825	253	259	\$182,850	\$182,875	254	260	\$183,900	\$183,925	255	261	\$184,950	\$184,975	256	262	\$186,000	\$186,025	257	263	\$187,050	\$187,075	258	264	\$188,100	\$188,125	259	265	\$189,150	\$189,175	260	266	\$190,200	\$190,225	261	267	\$191,250	\$191,275	262	268	\$192,300	\$192,325	263	269	\$193,350	\$193,375	264	270	\$194,400	\$194,425	265	271	\$195,450	\$195,475	266	272	\$196,500	\$196,525	267	273	\$197,550	\$197,575	268	274	\$198,600	\$198,625	269	275	\$199,650	\$199,675	270	276	\$200,700	\$200,725	271	277	\$201,750	\$201,775	272	278	\$202,800	\$202,825	273	279	\$203,850	\$203,875	274	280	\$204,900	\$204,925	275	281	\$205,950	\$205,975	276	282	\$207,000	\$207,025	277	283	\$208,050	\$208,075	278	284	\$209,100	\$209,125	279	285	\$210,150	\$210,175	280	286	\$211,200	\$211,225	281	287	\$212,250	\$212,275	282	288	\$213,300	\$213,325	283	289	\$214,350	\$214,375	284	290	\$215,400	\$215,425	285	291	\$216,450	\$216,475	286	292	\$217,500	\$217,525	287	293	\$218,550	\$218,575	288	294	\$219,600	\$219,625	289	295	\$220,650	\$220,675	290	296	\$221,700	\$221,725	291	297	\$222,750	\$222,775	292	298	\$223,800	\$223,825	293	299	\$224,850	\$224,875	294	300	\$225,900	\$225,925	295	301	\$226,950	\$226,975	296	302	\$228,000	\$228,025	297	303	\$229,050	\$229,075	298	304	\$230,100	\$230,125	299	305	\$231,150	\$231,175	300	306	\$232,200	\$232,225	301	307	\$233,250	\$233,275	302	308	\$234,300	\$234,325	303	309	\$235,350	\$235,375	304	310	\$236,400	\$236,425	305	311	\$237,450	\$237,475	306	312	\$238,500	\$238,525	307	313	\$239,550	\$239,575	308	314	\$240,600	\$240,625	309	315	\$241,650	\$241,675	310	316	\$242,700	\$242,725	311	317	\$243,750	\$243,775	312	318	\$244,800	\$244,825	313	319	\$245,850	\$245,875	314	320	\$246,900	\$246,925	315	321	\$247,950	\$247,975	316	322	\$249,000	\$249,025	317	323	\$250,050	\$250,075	318	324	\$251,100	\$251,125	319	325	\$252,150	\$252,175	320	326	\$253,200	\$253,225	32

FILM EXCHANGE WORKERS RETAIN "B" MEMBERSHIP

REPRESENTATIVES of thirty-two out of a possible thirty-four Film Exchange local organizations, met in Kansas City, Mo., for the purpose of taking up various matters of interest to the Exchange locals.

A broad discussion took place dealing with every phase of the manner in which these locals have been functioning, as well as to their future operation. Some comment was had on the question of initiation fees and assessments. However, there was no change in the regulations originally set forth by the International governing their financial operation.

As an outcome of this meeting one development transpired which appeared to meet with the almost unanimous approval of those participating. This was the granting of permission by the International to Film Exchange locals to hereafter conduct their own contract negotiations. Because of the wide variance of conditions in which these groups are located, this was deemed the most feasible policy.

Of special significance was the accomplishment of placing the National Screen Service under a blanket contract with the Film locals. Previously the National Screen Service had only one hundred and thirty-one Union employees. With the consummation of this National basic agreement, one hundred and twenty-two non-union workers were absorbed into membership, giving the International a one hundred per cent unionized condition, and terminating a long period of strife with this Company.

The outcome of the referendum taken to determine whether the Film Exchange members would continue under a "B" status or be classified as an "A" membership was revealed. This referendum was held in accordance with the provisions of Resolution No. 38, which was referred to the General Office by action of the Louisville Convention:

"WHEREAS, We, the Film Exchange Employes Locals of the I. A. T. S. E. and M. P. M. O. of the U. S. and Canada, have been organized for over three years, during which time we have gained a reasonable measure of experience and have become more substantially able to guide our local organizations under local autonomy, and

"WHEREAS, We have encountered problems and experiences that cause us to believe we could be of more benefit to ourselves and the International Organization as a whole if we had more local authority;

"WE, THEREFORE, Petition the International President and the General Executive Board to grant all Film Exchange Employes Locals an 'A' Status."

Ballots were cast by a total membership of 2,932, representing thirty-two locals. Of these, thirteen locals voted to be accorded an "A" status, while nineteen locals balloted for the retention of a "B" classification. The total membership indicated that there were 1,125 in favor of the "A", while 1,807 voted to remain as "B" locals.

SILVER ANNIVERSARY CELEBRATED BY STAMFORD LOCAL

The Twenty-fifth Anniversary of Stamford, Conn., Local No. 449, was celebrated by the membership with elaborate festivities at the Piccadilly Restaurant in Stamford.

The members and guests in attendance were treated to a verbal panorama of the progress made by the local union in its quarter of a century affiliation with the International by the historian of the local, Brother Edward M. Rodgers.

Presentation of a solid gold wrist watch was made to Nicholas Trimboli, Business Representative, who likewise received an oral tribute for his faithful and efficient service to the local organization.

SITE OF '42 CONVENTION TO BE SET AT MIAMI BOARD MEETING

WITH the approach of the Thirty-sixth Convention of our International much speculation and interest has already been indicated as to where it will be held. While several points are currently under consideration, it will remain for the members of the General Executive Board to make the final choice at the Miami meeting.

It is only natural that the membership should display a keen interest in the setting for the biennial gathering, since its pleasurable aspects are manifold. An important feature is the chance afforded to renew old fraternal acquaintances, which otherwise might be highly impossible. At the same time we are given an opportunity to strike up new and lasting friendships. It also carries with it the prospect of visiting a different city from the old home town, with its attendant sightseeing features.

Many delegates avail themselves of the opportunity to take their vacation in conjunction with convention attendance. They pack the "better-half" and the kiddies into the family chariot and have a Cook's tour.

Consequently this apparent curiosity as to the forthcoming convention site certainly is not an unnatural one. Nor is it limited solely to delegates, but appears to be quite prevalent among the general membership.

Attendance at International Conventions is by no means restricted to duly elected delegates. The presence of every member having the means and the opportunity to be on hand is strongly advocated. One is enabled to gain an understanding of what is taking place in cities other than your own. It is a trading post for ideas through mingling with and hearing from those who have had perhaps more experience, the methods used to successfully overcome general problems. Or possibly, beneficial suggestions to fellow members can be offered.

In addition to this a first hand understanding of the workings of the International is gained. You return home with an accurate knowledge of the spirit of the International—you know the legislation enacted and the reason it was adopted. Being acquainted with the policy of the parent organization you are able to counsel the local union into avoiding errors of judgment.

Of course, the social activities indulged in by the delegates and guests are alone sufficient reason to be on hand and participate in the festivities. For those who have attended previously, there is no need of going into detail in this connection. Suffice it to say that those attending their first convention will have a distinct treat in store for them.

TWENTY-FIFTH YEAR FOR THAD BARROWS

For the twenty-fifth consecutive year, Thad C. Barrows has been elected President of Moving Picture Machine Operators' Local No. 182 of Boston, Mass. In addition, Brother Barrows is National President of the Projection Advisory Council and is a member of the Society of Motion Picture Engineers.

This unbroken succession of regaining office comes as no surprise and is readily understandable by those acquainted with the popular and capable Thad, and is justifiable recognition of his many years of efficient and faithful service to the Boston local organization.

INTERNATIONAL JUMPS ON "BOND WAGON" TO TUNE OF \$50,000.00

Local Units Urged to Follow Suit in Answering Bombs With Bonds

INTERNATIONAL PRESIDENT RICHARD F. WALSH, who worked for Uncle Sam in World War I as a member of the armed forces, has taken a healthy wallop at the Axis partners in behalf of our Organization, through the purchase of \$50,000.00 in Defense Savings Bonds. This should in some measure help to offset the historic sneak punch delivered at Pearl Harbor and contribute toward pinning back the ears of the unholy trinity. No time was lost by President Walsh in answering the Government's plea for financial aid in the war effort, the money being drawn from the general fund of the Alliance.

Awareness of the fate that awaits us if we were to suffer a reversal in this titanic struggle to maintain our freedom should accelerate our spirits to fever pitch in meeting this most meagre of all obligations — financial support.

When we consider the hardships and sufferings that must be endured by those in the armed service, who give their all — *while we merely lend, not even of ourselves, but our money, money that is paid back at a generous rate of interest* — we should be immensely proud and grateful that we are so privileged.

These fighting men of ours will deliver the goods if we deliver the guns, planes and tanks they need.

Each of us must consider this matter in a personal light, as with the tremendous Army, Naval and Marine Corps in prospect, it is inevitable that some relative, close friend or brother member will find

himself in the service. To know that we are aiding him should of itself prove sufficient incentive.

Every dime, every dollar that we put into Defense Bonds and Stamps will materially aid in a speedy and successful termination of the conflict. This will again put light, laughter, love and kindness, as well as prosperity and happy days back into the homes of America.

But before all this is made possible, the respect, good will and loyalty of American citizenship must forcibly assert itself. Not through any lip-service, however, but by digging deep down into our jeans and kicking in with the green stuff that "keeps 'em flying."

Unfortunately, chemical engineering has not yet reached a point where "street-corner gas" can be utilized to fuel planes and enable them to fly over enemy territory and drop bombs. Many battles have been won on gas—but not verbal —So let's save it and substitute action!

Every member of our International who can do so is urged to set aside a part of his weekly earnings for the purchase of Defense Bonds and Stamps. Buy them every day, every week.

Buy as if your very life depended upon it. It does! Any local union having a surplus fund that is not used in the ordinary operation of the local, would be making a patriotic gesture by swapping such funds for Bonds.

Not only would you be aiding the victory effort, but such money would be invested in the safest investment in the world—the United States of America.

FOR VICTORY



Talbot's (left) courtesy of Washington Post.



CALLED TO THE COLORS

- HOWARD BROUSSEAU**
Local No. 1, New York, N. Y.
- B. DWYER**
Local No. 1, New York, N. Y.
- JULIUS GASVERDE, Jr.**
Local No. 1, New York, N. Y.
- A. GORTA, Jr.**
Local No. 1, New York, N. Y.
- HERBERT ROSEMAN**
Local No. 1, New York, N. Y.
- E. SALTZMAN**
Local No. 1, New York, N. Y.
- R. VAN BUREN**
Local No. 64, Wheeling, W. Va.
- DON McDONALD**
Local No. 14, Seattle, Wash.
- FRED ROBINSON**
Local No. 15, Seattle, Wash.
- WALTER BARRINGER**
Local No. 20, Troy, N. Y.
- JAMES BREENE**
Local No. 29, Troy, N. Y.
- ROBERT F. BONE**
Local No. 44, Hollywood, Calif.
- JOE CAMPANELLI**
Local No. 44, Hollywood, Calif.
- MORRIS C. CLINE**
Local No. 44, Hollywood, Calif.
- JOHN W. ERICKSON**
Local No. 44, Hollywood, Calif.
- BEN H. HEATH**
Local No. 44, Hollywood, Calif.
- HAROLD D. HOGAN**
Local No. 44, Hollywood, Calif.
- DON R. JACOBSON**
Local No. 44, Hollywood, Calif.
- WINSTON R. JONES**
Local No. 44, Hollywood, Calif.
- FRANK McKENNA**
Local No. 44, Hollywood, Calif.
- MAX MILLER**
Local No. 44, Hollywood, Calif.
- WM. R. MOORE**
Local No. 44, Hollywood, Calif.
- ROBERT G. MURDOCK, Jr.**
Local No. 44, Hollywood, Calif.
- PAUL H. RICHARDS**
Local No. 44, Hollywood, Calif.
- JOSEPH E. SULLIVAN**
Local No. 44, Hollywood, Calif.
- RICHARD M. TOWNER**
Local No. 44, Hollywood, Calif.
- NORMAN ROCKETT**
Local No. 44, Hollywood, Calif.
- WALTER VAIL**
Local No. 44, Hollywood, Calif.
- N. L. MOWER**
Local No. 55, Bonaville, Va.
- RAY KENNEDY**
Local No. 58, Toronto, Ont., Canada
- WILLIAM A. BROWN**
Local No. 60, Pompano, Fla.
- LEO J. BOWERS**
Local No. 64, Wheeling, W. Va.
- VIRGIL A. HICKMAN**
Local No. 64, Wheeling, W. Va.
- LOUIS B. BESBECK**
Local No. 80, Hollywood, Calif.
- WALTER N. BRINE**
Local No. 80, Hollywood, Calif.
- OLLIE D. FORRESTER**
Local No. 80, Hollywood, Calif.
- HARRY GERZEN**
Local No. 80, Hollywood, Calif.
- FRANK GIBLER**
Local No. 80, Hollywood, Calif.
- HAROLD HUTCHINS**
Local No. 80, Hollywood, Calif.
- JAMES JENNINGS**
Local No. 80, Hollywood, Calif.
- CHARLES J. PULFER**
Local No. 80, Hollywood, Calif.
- FRED RICHTER, Jr.**
Local No. 80, Hollywood, Calif.
- HERBERT M. SMITH**
Local No. 80, Hollywood, Calif.
- LLOYD A. TAYLOR**
Local No. 80, Hollywood, Calif.
- SHELDON K. KNIGHT**
Local No. 91, Boise, Idaho
- JOHN W. MURPHY**
Local No. 91, Boise, Idaho
- WILLIAM S. BRADFORD**
Local No. 105, London, Ont., Canada
- ED. T. SUMMERFIELD**
Local No. 105, London, Ont., Canada
- JAMES FERGUSON**
Local No. 106, Marion, Indiana
- JAMES DUGAN**
Local No. 123, Hammond, Indiana
- EUGENE H. ALBRIGHT**
Local No. 143, St. Louis, Missouri
- JOHN H. YEAGER**
Local No. 143, St. Louis, Missouri
- WM. L. ENGLEHARDT**
Local No. 150, Los Angeles, Calif.
- LEO GLENN**
Local No. 150, Los Angeles, Calif.
- ROBERT JAY KOSKOFF**
Local No. 150, Los Angeles, Calif.
- C. O. LARSON**
Local No. 150, Los Angeles, Calif.
- D. B. POWERS**
Local No. 150, Los Angeles, Calif.
- RALPH O. WELLBAUM**
Local No. 150, Los Angeles, Calif.
- EDW. E. MATSCHULLAT**
Local No. 151, Lincoln, Nebraska
- WM. F. MATSCHULLAT**
Local No. 151, Lincoln, Nebraska
- H. A. KELLER**
Local No. 151, Lincoln, Nebraska
- BEN NEERLAND**
Local No. 154, Seattle, Wash.
- GERARD PETERSON**
Local No. 154, Seattle, Wash.
- M. D. RINGER**
Local No. 154, Seattle, Wash.
- A. A. ANSBACK, Jr.**
Local No. 143, Louisville, Ky.
- DONALD W. ARLEN**
Local No. 165, Hollywood, Calif.
- LAFAYETTE B. HEDGE**
Local No. 165, Hollywood, Calif.
- OTTO LOCKE**
Local No. 166, Hollywood, Calif.
- R. BIASS**
Local No. 165, Victoria, B. C., Can.
- COLIN P. McDONALD**
Local No. 165, Victoria, B. C., Can.
- EUGENE L. PERRY**
Local No. 149, Oakland, Calif.
- WILLIAM MARCHECK**
Local No. 171, Pittsburgh, Pa.
- WILLIAM TATE**
Local No. 171, Pittsburgh, Pa.
- JOHN WYCICH**
Local No. 171, Pittsburgh, Pa.
- LOUIS APPLEBAUM**
Local No. 173, Toronto, Ont., Can.
- LLOYD COVERT**
Local No. 173, Toronto, Ont., Can.
- THEODORE F. COVERT**
Local No. 173, Toronto, Ont., Can.
- FRED S. JACKSON**
Local No. 173, Toronto, Ont., Can.



CALLED TO THE COLORS

W. McCAUL
Local No. 173, Toronto, Ont., Can.

E. WOODBURN
Local No. 173, Toronto, Ont., Can.

DREW S. ANDERSON
Local No. 181, Baltimore, Md.

WILLIAM A. JOHNSON
Local No. 181, Baltimore, Md.

PAT CASEY
Local No. 194, Indianapolis, Ind.

GEORGE LYDAY
Local No. 194, Indianapolis, Ind.

E. A. WILSON
Local No. 216, Marysville, Calif.

JAMES HERRING
Local No. 229, Sioux Falls, S. D.

WILLARD A. SHOLES
Local No. 223, Providence, R. I.

ROBERT F. BLAKE
Local No. 224, Washington, D. C.

LOUIS BERNHARDT
Local No. 224, Washington, D. C.

GEORGE BURKE
Local No. 224, Washington, D. C.

JAMES W. PAGE
Local No. 224, Washington, D. C.

F. L. STEVENS
Local No. 224, Washington, D. C.

CHARLES H. FINCH
Local No. 225, Atlanta, Georgia

RALPH OLDKNOW
Local No. 225, Atlanta, Georgia

LESLIE ARNOLD
Local No. 250, Lake Charles, La.

R. T. SIPOLI
Local No. 260, Lake Charles, La.

CHARLES W. EINSEL
Local No. 247, Tiffin, Ohio

BRUCE FERGUSON
Local No. 267, Tiffin, Ohio

NOLAN J. LABIT
Local No. 276, Goose Creek, Texas

RALPH BRODERICK, Jr.
Local No. 272, Bridgeport, Conn.

HARRY E. KAPLAN
Local No. 277, Bridgeport, Conn.

FRANK MATERA
Local No. 277, Bridgeport, Conn.

CHARLES PRAKAS
Local No. 277, Bridgeport, Conn.

FRANK F. TOTH
Local No. 277, Bridgeport, Conn.

LAURENCE HARDY
Local No. 278, Houston, Texas

CHARLES ANSTINE
Local No. 283, York, Pa.

WILLIAM REEVER, Jr.
Local No. 283, York, Pa.

FRED CHATEAU, II
Local No. 292, New Orleans, La.

WILLIAM H. MCKINLEY
Local No. 297, San Diego, Calif.

E. BARR
Local No. 299, Winnipeg, Man., Can.

E. W. FOSTER
Local No. 299, Winnipeg, Man., Can.

M. J. GILMAN
Local No. 299, Winnipeg, Man., Can.

G. M. KRUGER
Local No. 299, Winnipeg, Man., Can.

F. C. PITHART
Local No. 299, Winnipeg, Man., Can.

FREDERICK PHILLIPS
Local No. 300, Saskatoon, Sask., Can.

FRED PINTO
Local No. 301, New Britain, Conn.

J. R. ANSCHETZ
Local No. 302, Calgary, Alta., Can.

R. ERIC GORDON
Local No. 302, Calgary, Alta., Can.

F. D. HIRTLE
Local No. 302, Calgary, Alta., Can.

BLAKELY McNEIL
Local No. 302, Calgary, Alta., Can.

ARTHUR E. SICK
Local No. 302, Calgary, Alta., Can.

DAVID J. WILSON
Local No. 302, Calgary, Alta., Can.

HAROLD HARRISON
Local No. 303, Hamilton, Ont., Can.

MILTON ALTMAN
Local No. 306, New York, N. Y.

A. CANCELLARE
Local No. 306, New York, N. Y.

LESTER B. DOYLE
Local No. 306, New York, N. Y.

GERARD DUNKELMAN
Local No. 306, New York, N. Y.

A. DWORKIN
Local No. 306, New York, N. Y.

ALBERT ENGEL
Local No. 306, New York, N. Y.

HERBERT A. FELDMAN
Local No. 306, New York, N. Y.

LOUIS LOCKER
Local No. 306, New York, N. Y.

M. MEYER
Local No. 306, New York, N. Y.

CLEMENTS MOREL
Local No. 306, New York, N. Y.

E. H. NEWCOMB
Local No. 306, New York, N. Y.

DAVID QUINN
Local No. 306, New York, N. Y.

STANLEY RZEMIEŃIEWSKI
Local No. 306, New York, N. Y.

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Local No. 306, New York, N. Y.

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Local No. 308, New York, N. Y.

BERNAL L. SCHOOLEY
Local No. 315, Miami, Florida

JOHN F. FETTE
Local No. 321, Tampa, Florida

ROBERT R. SULLIVAN
Local No. 321, Tampa, Florida

NEAL E. BROWN
Local No. 322, Springfield, Illinois

LEROY M. LEHR
Local No. 324, Albany, N. Y.

STANLEY CREECH
Local No. 345, Vancouver, B. C., Can.

J. R. L. WATCHORN
Local No. 345, Vancouver, B. C., Can.

REGINALD WITT
Local No. 345, Vancouver, B. C., Can.

H. SWARTZENBURG
Local No. 327, Kitchener, Ont., Can.

MARTIN WAZLAHOWSKY
Local No. 378, Syracuse, N. Y.

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Local No. 385, Columbus, Ohio

ROBERT R. KNAPP
Local No. 386, Columbus, Ohio

LEE L. WALDSCHMIDT
Local No. 386, Columbus, Ohio

E. B. GARKOW
Local No. 386, Moscow Jaw, Sask., Can.

LESLIE W. NELSON
Local No. 398, Moose Jaw, Sask., Can.

BYRON G. SMITH
Local No. 412, Bradenton, Florida

EMMANUEL SCHIFANI
Local No. 423, Albuquerque, N. M.

BUFORD SPAULDING
Local No. 455, Fort Smith, Ark.



CALLED TO THE COLORS

VIC E. WOODS
Local No. 418, Fort Smith, Ark.

WILLIAM WILKINSON
Local No. 344, Pittsburg, Mo.

J. W. KISER
Local No. 382, Hickory, N. Y.

EDW. R. BOLIMSKI
Local No. 719, Washington, Ill.

DONALD VARELLI
Local No. 478, Washington, Ind.

HERMAN WHITE
Local No. 475, Washington, Ind.

LESTER JACQUE
Local No. 417, Green, Ind., Wm.

GLEN SCHLINGERMAN
Local No. 427, Green, Ind., Wm.

PHILIP O. GLEAVE
Local No. 409, Logan, Utah

DANIEL BESTUCCI
Local No. 514, Chester, Pa.

BEN O. WRIGHT, Jr.
Local No. 417, Swanton, Ohio

I. P. DUBCH
Local No. 247, Marietta, Ga.

CLARENCE JOHANNES
Local No. 225, Johnston, N. Y.

CHARLES K. HAKTLEY
Local No. 229, Anderson, Indiana

JOHN R. CAREW
Local No. 348, Trenton, Tenn.

EARL H. HOLLAND
Local No. 411, Shawboro, N.C.

FRANK LETLOW
Local No. 344, Marlboro, Calif.

CARLOS V. DIEHL
Local No. 372, Houston, Pa.

HERMAN H. DIEHL, Jr.
Local No. 472, Houston, Pa.

HOWARD E. McALLISTER
Local No. 416, Mountair, Ohio

H. H. ENNIS
Local No. 444, Brokenridge, Texas

K. L. KOFORD
Local No. 544, Brownsville, Texas

LANE TURNER
Local No. 584, Muskogee, Mich.

A. S. RILEY
Local No. 420, Jackson, Mississippi

EDW. C. IRVIN
Local No. 349, Fresno, Calif.

LEO R. CADWELL, Jr.
Local No. 494, Dexter, Mich.

JAMES WILL
Local No. 403, Dallas, N. C.

PHILIP NABHAN
Local No. 583, Visalia, Calif.

LOUIS ILLAR, Jr.
Local No. 424, Charleston, Pa.

JOSEPH KOVNY
Local No. 443, Charleston, Pa.

M. BERGER
Local No. 440, Schenectady and Dutch
County, New York

ARTHUR L. GASKILL
Local No. 444, New York, N. Y.

ANDREW L. GOLD, Jr.
Local No. 444, New York, N. Y.

E. H. LEVY
Local No. 444, New York, N. Y.

RICHARD W. SEARS
Local No. 444, New York, N. Y.

IRVING SMITH
Local No. 444, New York, N. Y.

W. L. WIDMAYER
Local No. 444, New York, N. Y.

LOUIS HORKAY, Jr.
Local No. 444, Lorain, Ohio

FRANCIS J. BURGESS
Local No. 444, Hollywood, Calif.

WILLIAM A. COLLINS
Local No. 444, Hollywood, Calif.

ROBERT HAGER
Local No. 444, Hollywood, Calif.

GUY NEWHARD
Local No. 444, Hollywood, Calif.

CLIFTON SCHRADER
Local No. 444, New Philadelphia, O.

E. L. SMITH
Local No. 444, Dixon and Chicago, Minn.

HAROLD BENSON
Local No. 471, West Warwick, R. I.

HAYS R. CALDWELL
Local No. 479, Miami, Ohio

H. B. CHESAP
Local No. 479, Miami, Ohio

EDW. H. BIRD
Local No. 483, Hollywood, Calif.

ED. CONNOLLY
Local No. 483, Hollywood, Calif.

RAYMOND E. DeCAMP
Local No. 483, Hollywood, Calif.

AUSTIN G. DOYLE
Local No. 483, Hollywood, Calif.

VICTOR J. PADDEN
Local No. 483, Hollywood, Calif.

FLOYD FORAN
Local No. 483, Hollywood, Calif.

NEAL F. GERARD
Local No. 483, Hollywood, Calif.

ROBERT B. GRAHAM
Local No. 483, Hollywood, Calif.

RALPH E. KNOWLES
Local No. 483, Hollywood, Calif.

RALPH F. LANTZ
Local No. 483, Hollywood, Calif.

RICHARD MARSHALL
Local No. 483, Hollywood, Calif.

GEORGE J. PATER
Local No. 483, Hollywood, Calif.

JACK PICKARTS
Local No. 483, Hollywood, Calif.

DOUGLAS A. POPE
Local No. 483, Hollywood, Calif.

WILLIAM J. WADE
Local No. 483, Hollywood, Calif.

G. H. COTCHEPER
Local No. 483, Hollywood, Calif.

EDW. A. HILSON
Local No. 483, Hollywood, Calif.

CHARLES S. HISSERICH
Local No. 483, Hollywood, Calif.

PAUL W. KRETSCHMER
Local No. 483, Hollywood, Calif.

HOWARD W. LEWIS
Local No. 483, Hollywood, Calif.

ALLAN B. PARKER
Local No. 483, Hollywood, Calif.

DEAN C. SPENCER
Local No. 483, Hollywood, Calif.

GEROME ALBERT
Local No. 702, New York, N. Y.

WILLIAM F. ALFANG
Local No. 702, New York, N. Y.

JOHN AUSTIN
Local No. 702, New York, N. Y.

ALEX. BATISTONI
Local No. 702, New York, N. Y.

J. DeMARCO
Local No. 702, New York, N. Y.

JOSEPH DePINTO
Local No. 702, New York, N. Y.

STEPHEN DOLLMAN
Local No. 702, New York, N. Y.

CHARLES ESPOSITO
Local No. 702, New York, N. Y.

CLIFFORD GARRISON
Local No. 702, New York, N. Y.



CALLED TO THE COLORS

THEODORE R. GIBSON
Local No. 702, New York, N. Y.

KENNETH D. HERVOCHON
Local No. 702, New York, N. Y.

JOSEPH HOMALL
Local No. 702, New York, N. Y.

KENNETH KAUFHOLD
Local No. 702, New York, N. Y.

PAUL A. KAUFMAN
Local No. 702, New York, N. Y.

ROBERT J. KERN
Local No. 702, New York, N. Y.

DONALD McADOO
Local No. 702, New York, N. Y.

JOHN MINGLE, Jr.
Local No. 702, New York, N. Y.

WILTON NATION
Local No. 702, New York, N. Y.

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Local No. 702, New York, N. Y.

ARTHUR OLSON
Local No. 702, New York, N. Y.

JOSEPH SPALLUCCI
Local No. 702, New York, N. Y.

LOUIS SPIVAK
Local No. 702, New York, N. Y.

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Local No. 702, New York, N. Y.

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Local No. 702, New York, N. Y.

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Local No. 702, New York, N. Y.

A. PHILIP ULMER
Local No. 702, New York, N. Y.

AL VILLA
Local No. 702, New York, N. Y.

DAVID WAGNER
Local No. 702, New York, N. Y.

GEORGE THOMPSON
Local No. 702, New York, N. Y.

HORACE E. BLANTON
Local No. 710, Galveston, Texas

THOMAS ELLIOTT
Local No. 710, Galveston, Texas

TAD E. GOULD
Local No. 710, Galveston, Texas

ROBERT OLDMAN, Jr.
Local No. 710, Galveston, Texas

GALE WHITE
Local No. 710, Galveston, Texas

ROBERT B. BEST
Local No. 711, Chatterbox, Va.

VICTOR HAWKINS
Local No. 711, Chatterbox, Va.

WILLIAM COOK
Local No. 714, Hazleton, Pa.

EUGENE E. FAY
Local No. 714, Hazleton, Pa.

LOUIS W. BAERH, Jr.
Local No. 717, Hollywood, Calif.

WHEELER BARTHAM
Local No. 717, Hollywood, Calif.

ALEXANDER BLANCHARD
Local No. 717, Hollywood, Calif.

S. T. BLOOM
Local No. 717, Hollywood, Calif.

ROBERT BURKHARDT
Local No. 717, Hollywood, Calif.

ALFRED DeGAETANO
Local No. 717, Hollywood, Calif.

GERALD DOBSON
Local No. 717, Hollywood, Calif.

BURT H. DREYER
Local No. 717, Hollywood, Calif.

WILLARD F. EGGERT
Local No. 717, Hollywood, Calif.

MARK GARBER
Local No. 717, Hollywood, Calif.

JOHN H. HALE
Local No. 717, Hollywood, Calif.

GALE HEMPFILING
Local No. 717, Hollywood, Calif.

JOHN T. HUNT
Local No. 717, Hollywood, Calif.

W. BRADLEY LAGUESS
Local No. 717, Hollywood, Calif.

RALPH LARGY
Local No. 717, Hollywood, Calif.

IRVIN McCLELLAN
Local No. 717, Hollywood, Calif.

JERRY McFARLAND
Local No. 717, Hollywood, Calif.

GLENN A. MARKS
Local No. 717, Hollywood, Calif.

DUDLEY A. ROONEY
Local No. 717, Hollywood, Calif.

FRANK ROONEY
Local No. 717, Hollywood, Calif.

MILTON SCHRIYER
Local No. 717, Hollywood, Calif.

QUENTIN SCHROEDER
Local No. 717, Hollywood, Calif.

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Local No. 717, Hollywood, Calif.

JAMES WARREN
Local No. 717, Hollywood, Calif.

ELI WEINSTEIN
Local No. 717, Hollywood, Calif.

WILLIAM W. HANNAN
Local No. 717, Hollywood, Calif.

CLIFTON L. JOHNSON
Local No. 717, Hollywood, Calif.

EARL N. KENNEDY
Local No. 717, Hollywood, Calif.

LOUIS L. KOHL, Jr.
Local No. 717, Hollywood, Calif.

LISLE M. LUTER
Local No. 717, Hollywood, Calif.

JOHN MONTE
Local No. 717, Hollywood, Calif.

ARTHUR G. SMALLWOOD
Local No. 717, Hollywood, Calif.

JOHN B. STINE
Local No. 717, Hollywood, Calif.

EUGENE W. STOUT
Local No. 717, Hollywood, Calif.

RUDOLF PRETZEL
Local No. 717, Hollywood, Calif.

RICHARD RANK
Local No. 717, Hollywood, Calif.

KEN. WENNESHEIMER
Local No. 717, Hollywood, Calif.

CLARENCE E. BRAZEL
Local No. 717, Hollywood, Calif.

IRWIN ELLIS
Local No. 717, Hollywood, Calif.

ROY FARWELL
Local No. 717, Hollywood, Calif.

FRED OIGERS
Local No. 717, Hollywood, Calif.

WILLIAM WILSON
Local No. 717, Hollywood, Calif.

GORDON BARNES
Local No. 717, Hollywood, Calif.

HORRIST CRANDALL
Local No. 717, Hollywood, Calif.

WILLIAM V. FOGUE
Local No. 717, Hollywood, Calif.



WE CAN'T ALL
DO YOUR JOB
BOYS BUT
WE CAN DO
THIS!

AND
THIS
!



J.F. WILLIAMS

"... UNTIL THE JOB'S DONE!"

"ON THE HOME FRONT"

JUST where do the legitimately deferred members of our International fit into the picture of the current World crisis?

Are we any less patriotic because we do not lay down the tools of our trade and pick up a musket to defend our Country?

Are we shirking our duty because we do not resign our positions and seek employment in so-called defense industry?

Should we throw up our jobs and join the armed forces?

Such uncertainty has unquestionably pervaded the mind of each God-fearing, Country-loving member of the International, who but for physical incapacity, family ties or other responsibilities would gladly exchange his security for a crack at our "mad dog" enemies. But sanity and obligation must control impulsive desires.

It has been ordained that we must do our duty in our shops or our kitchen, in the market, the street, the office, the home, just as faithfully as if we stood in the front rank of some great battle and knew that victory for mankind depended upon our bravery, strength and skill. When we do that the humblest of us will be serving in that great army which achieves the welfare of the world.

The duties of our membership in these troublous times take on added importance. While performing work out of all visible range, our services are vital, but unseen. Our reward must come from the self-satisfaction gained through the knowledge of a job well done.

Aeroplane workers are building planes.

Shipyards workers are building ships.

We are building morale, which is so essential at a time when the masses are living under constant strain and sacrifice, and spirits have receded to a low ebb. Increased days and hours of work call for increased recreation.

What with daily blazing headlines and papers crammed with ghastly reports of war; intermittent radio interruptions to bring its depressing course into every dwelling, while rarely any conversation terminates without some discussion of war, the theatre affords the only release from its horrors.

No apprehension should be felt as to any evasion or shunning of duty because we have been singled out to play a non-combat role. Rather, since our International is a component part of an industry that is productive of such universal benevolence, we should proudly exert our every effort in that direction in an endeavor to bring some measure of happiness into a trouble-swept world.

To counteract the disastrous influence of millions of men being mobilized and billions being spent for the lofty ideals of "slaughter and destruction," we on the home front should have a passion for internal harmony within our Country that knows no frustration.

The past several days have witnessed an attempt to heal the breach existing between the American Federation of Labor and the Committee of Industrial Organization, in an effort to make peace in the interests of America's war effort. Should these early feckers bear fruit and Labor eventually compose its differences, the Government will be aided materially in its operation of the war economy.

It has been conclusively proven that such rivalries and jurisdictional conflicts have no place in an emergency such as faces America and the world today. All efforts should be directed toward unity in the Labor Movement for the defense of our Nation.

**AMENDMENTS TO
LOCAL CONSTITUTION AND BY-LAWS
MUST BE SUBMITTED TO GENERAL
OFFICE PRIOR TO ADOPTION**

**Required in Duplicate Together with
Copy of Law to Be Amended**

BEFORE taking final action, all local constitutions and by-law additions and revisions must first be forwarded to the General Office. Such amendments should be furnished in duplicate, together with a copy of the law to be amended.

Several local unions have proceeded to retype their laws and have gone to the expense of having them printed before submitting same for the inspection of the General Office. Unfortunately needless expense was incurred for the reason that the alterations made were not in conformity with International law, which naturally necessitated the laws in question being reprinted.

Evidently this labor was reversioned either through oversight or as a means of spending up the printing of the new constitution and by-laws. Of course, the latter purpose was defeated entirely, inasmuch as the resultant law in time far exceeded the paper had a typewritten copy of the proposed changes first been submitted to the General Office.

Then again there are many delicate features involved in reworking a local constitution and by-laws, making it extremely difficult for a by-laws committee to complete without some suggested or essential changes being made.

Aside from the foregoing it is contrary to the provisions of the International Constitution and By-Laws to adopt, alter or amend local constitutions and by-laws without prior approval by the General Office, as provided in Article 19, Section 3 on Pages 52 and 53 of the International Constitution and By-Laws.

The affiliated local unions of this Alliance may adopt individual Constitution and By-Laws for their own government, but such laws or any proposed amendments thereto must be submitted to the International President for his approval before adoption. No constitutional provision or by-law shall be adopted by any affiliated local union without such approval by the International President.

Any local union failing to comply with the provisions of this Section shall be punishable by a fine, or suspension or revocation of its charter.

In the event that any affiliated local union shall adopt any law without the approval hereinabove provided for or inconsistent with the provisions of this Constitution and By-Laws, such local law shall be void and of no effect and the members of the local union shall not be bound thereby.

TRAVELING ATTRACTIONS NOTE

Fort Collins, Loveland and Windsor, Colorado, are in the jurisdiction of Fort Collins, Colo., Local No. 229. Members playing any of the aforementioned points will properly notify the Business Agent of the Fort Collins local.

Carpenters with attractions booked to play Mt. Vernon, Ohio, are requested to forward advance yellow reports card to Charles Hill, 421 East Sigbee St., Mt. Vernon, Ohio.

Montville, Pa., Local 398, requests that sufficient notice be given the local organization where an unusual number of men is to be supplied. As the local is not large enough to have subject to instant call too many extra men, similar notice with this request is urged.

"A TOAST"

WHILE a trifle late for Christmas greetings, the "Toast" composed by Zeal Fairbanks, business representative of the Studio Unity Workers, Local No. 727, Hollywood, Calif., is so expressive in a patriotic sentiment that should be anything but seasonal on our page, a moment just too good not to pass along. So here it is.

*To Santa Claus:
Who is now our Uncle Sam,
To our ultimate objective,
The defeat of Jap.*

*We have no use for Nazis,
Nor do we fear their knif,
Because we know our Uncle Sammy,
Is sure to treat them rough.*

*We all enjoy our Christmas,
And plan for each New Year,
With faith in God Almighty,
From whence we have our law.*

*Unity is our stronghold...
Our forefathers taught us this,
Yankee ingenuity...
Has never gone astray.*

*No weak single bells ringing,
And Santa down our lane,
Let's enjoy this Festive Season
As though it were the last.*

OBITUARY

HUSH, JOHN, charter member of Janesville, N. Y., Local No. 266. Employed as carpenter for twenty-nine years in the Old Samuels Opera House.

CAMP, ELMER (Doc), member of Peoria, Ill., Local No. 75, on December 3, 1941, in San Francisco, Calif. Member of local since 1900.

GRIVET, EUGENE, member of Rochester, N. Y., Local No. 25, on January 10, 1942.

HARKNESS, JOHN, member of Waukegan, Ill., Local No. 317, of a lingering ailment.

JANSER, JOHN E., charter member of Hamilton, Ohio, Local No. 136, on January 4, 1942. Served as Secretary for many years.

LINK, NELSON J., member of Minneapolis, Minn., Local No. 319, on January 12, 1942.

McMAHON, B. R., member of Waukegan, Ill., Local No. 317, of a heart attack.

MITCHELL, ROBERT (Red), member of Peoria, Ill., Local No. 75, on December 22, 1941.

PETERMAN, FRANCIS, member of Fortson, Va., Local No. 375. President of local at time of his death on December 23, 1941, as result of automobile accident.

POWDERLY, ELMER, member of Peoria, Ill., Local No. 75, on December 21, 1941, at Fishing, Long Island.

RAILEY, A. R. (Gus), member of Houston, Texas, Local No. 51, on December 10, 1941, at the age of sixty-four.

BRING ADDRESS CHANGES UP TO DATE

In this issue of the Bulletin all Secretaries' and Business Agents' names and addresses are completed up to the present time according to the files of the General Office. You are, therefore, requested to check the name and address of the local Secretary and Business Agent, and if it is not correct, promptly advise the General Office as it is most important that accuracy be maintained in the list published, as well as the office records. A request in the General Office for address cards will insure with instant compliance.

**NAMES AND ADDRESSES OF LOCAL
SECRETARIES AND BUSINESS AGENTS**

(Corrected to January 22, 1942)

Reference Marks:

C (Carpenter), B (Elect), M (Mach), O (Operator),
SM (Studio Mechanical), LT (Laboratory Technicians),
ST (Steel Technicians), TT (Typecasters and Ticker Settings)

ALABAMA

- 1 BIRMINGHAM—L. B. Leifer, P. O. Box 724. Telephone Address: 1920 North 22nd St. Bus. Agt.: E. J. Leifer, P. O. Box 129.
- 2 MONTGOMERY—W. H. Jarman, P. O. 104-208. Telephone Address: P. O. Box 200. Bus. Agt.: L. T. Perry, Route 2, Old Bullock Road. P. O. Box 111.
- 3 MOBILE—R. E. Moore, P. O. Box 111. Telephone Address: 1223 Cleburn St. Bus. Agt.: H. E. Morris, 1424 Cleburn St.
- 4 BIRMINGHAM—J. F. Macklin, P. O. Box 947. Telephone Address: Capital Theatre. Bus. Agt.: E. A. Hook, P. O. Box 897.
- 5 BIRMINGHAM—V. J. Hagan, P. O. Box 441. Telephone Address: Leuk House. Bus. Agt.: L. L. Smith, P. O. Box 441.
- 6 BIRMINGHAM—W. M. Grogan, P. O. Box 417. Telephone Address: 718 Woodland Highway. Bus. Agt.: James H. Hagan, 314 Louisa Ave.
- 7 MOBILE—T. M. Macklin, P. O. Box 429. Telephone Address: 1424 Woodway Plaza. Bus. Agt.: H. E. Link, P. O. Box 848.
- 8 JASPER—C. C. Karpf, P. O. Box 1022. Telephone Address: Jasper Theatre. Bus. Agt.: M. P. Smith, Lytle Theatre, Gulfport, Ala.
- 9 FLORENCE, SHEFFIELD AND TUSCALOOSA—J. M. Smith, P. O. Box 54, Tuscaloosa, Ala. Telephone Address: 1490 23rd St., Sheffield, Ala. Bus. Agt.: G. L. Thompson, Beach St., Sheffield.
- 10 DECATUR—H. W. Terry, 712 Third St., West. Telephone Address: 712 Third St., West. Bus. Agt.: E. E. Turley, Pittman Theatre.

ARIZONA

- 1 PHOENIX—Charles E. Kinnell, P. O. Box 822. Telephone Address: 3117 Broadway. Bus. Agt.: (1) A. J. Walters, 1320 West Myrtle Vista St. (2) C. W. Curtis, 1245 East Taylor St.
- 2 TUCSON—Walter Burgett, 1405 East Main St. Telephone Address: 1405 East Main St. Bus. Agt.: Owen F. Nugent, 1405 East Main St.
- 3 DOUGLAS—Carl Jones, 1345 12th St. Telephone Address: 1345 12th St. Bus. Agt.: G. M. Gray, 1345 12th St.
- 4 PRESCOTT—E. E. Brown, P. O. Box 743. Telephone Address: 141 North Pleasant. (1) C. D. Corner, P. O. Box 743.

ARIZONA

- 1 LITTLE ROCK—E. H. Buschmeyer, 2105 Main St. Telephone Address: 2105 Main St. Bus. Agt.: 2400 Murray, 1413 Main St.
- 2 HOT SPRINGS—Joe M. Kaufman, P. O. Box 41. Telephone Address: 413 Johnson Ave. Bus. Agt.: P. O. Box, Central Theatre.
- 3 WINK BLUFF—H. S. Hanks, P. O. Box 212. Telephone Address: 1930 Post Eighth Ave. Bus. Agt.: H. H. Terrell, P. O. Box 324.
- 4 FORT SMITH—Lawrence Moore, P. O. Box 111. Telephone Address: 1111 Post St. Bus. Agt.: V. Wood, 214 Theatre.

CALIFORNIA

- 1 SAN FRANCISCO—George J. Ward, 229 Jones St. Telephone Address: 229 Jones St. Bus. Agt.: George A. Ward, 229 Jones St.
- 2 LOS ANGELES—E. Linkins, 1097 South Grand Ave. Telephone Address: 1097 South Grand Ave. Bus. Agt.: Carl G. Cooper, 128 North Vista St.
- 3 HOLLYWOOD (Motion Picture Studio Propertyman, Swing Gang Man, Hairdresser, Set Dresser, Propman, Prop, Prop-Minute Man, Underwriter, Dresser and Special Effects Men)—John W. Hill, 4412 Santa Monica, Santa Monica Blvd. Telephone Address: 4412 Santa Monica Boulevard. Bus. Agt.: C. Taylor, 4412 Santa Monica Blvd.
- 4 SACRAMENTO—O. D. Masley, P. O. Box 214. Telephone Address: 2403 21st St. Bus. Agt.: Rose Smith, 214 North St.
- 5 HOLLYWOOD (Motion Picture Studio Propertyman)—Wm. Holloway, 4672 Santa Monica Blvd. Telephone Address: 4672 Santa Monica Boulevard. Bus. Agt.: Wm. C. Barrell, 4672 Santa Monica Blvd.
- 6 HYDROTON—D. A. Griffin, 714 S. Washington St. Telephone Address: 714 S. Washington St.

- 7 ALAMEDA COUNTY—William Leach, Municipal Agent, Alameda, Oakland. Telephone Address: Municipal Auditorium, Oakland. Bus. Agt.: A. L. Hall, 3114 Mission Ave., Oakland.
- 8 SAN DIEGO—J. R. Jones, P. O. Box 434. Telephone Address: 1722 Center St. Bus. Agt.: C. E. Coleman, 314 Arnold St.
- 9 SAN JOSE—C. Brewer, P. O. Box 344. Telephone Address: 344 North Market Ave. Bus. Agt.: Al Fowler, Civic Auditorium.
- 10 LOS ANGELES—St. J. Banks, 2100 West Washington Blvd. Telephone Address: 2100 West Washington Boulevard. Bus. Agt.: E. L. McDonald, 148 W. Washington Blvd.
- 11 FRESNO—Paul Wadava, P. O. Box 1712. Telephone Address: 1628 Thomas Ave. Bus. Agt.: E. E. Sullivan, 612 Belmont Ave.
- 12 SAN FRANCISCO—W. G. Woods, 229 Jones St. Telephone Address: 229 Jones St. Bus. Agt.: F. M. Billingsley, 229 Jones St.
- 13 HOLLYWOOD (Motion Picture Studio Propertyman, Moving Picture Machine Operator)—Jack T. Thorne, 728 North La Brea Ave. Telephone Address: 418 Ohio St. Bus. Agt.: John F. Harvey, 1219 Clyde Ave.
- 14 OAKLAND—Wm. H. Pratt, 204 Adelaide St. Telephone Address: 204 Adelaide St. Bus. Agt.: Al Banks, 3124 Mission Ave.
- 15 BAKERSFIELD—George W. Davis, P. O. Box 14. Telephone Address: 1401 E. Ave.
- 16 MARVELVILLE—F. W. Brown, 70 S. 10th St., Fresno Blvd. Telephone Address: 70th St., S. 10th St., Fresno Blvd. Bus. Agt.: F. W. Brown, Route 2, S. 10th St., Fresno Blvd.
- 17 VALLEJO—D. P. Lantry, P. O. Box 107. Telephone Address: 107 School St., Vallejo. Bus. Agt.: T. Emery, 107 School St., Vallejo.
- 18 SACRAMENTO—Amelia B. Hill, P. O. Box 117. Telephone Address: 117 Taylor St., Sacramento. Bus. Agt.: W. R. Pearson, 117 Taylor St.
- 19 SAN DIEGO—E. H. Mahan, 211 California Theater Bldg. Telephone Address: 211 California St. Bus. Agt.: W. W. Allen, 211 California St.
- 20 SAN MATEO—J. Thornton, 1800 Hunter Blount Bldg. Telephone Address: 1800 Hunter Blount Bldg. Bus. Agt.: F. J. Thompson, 114 Laurel St., San Mateo, Calif.
- 21 SANTA ROSA—H. M. Costa, P. O. Box 128, Pittsburg, Calif. Telephone Address: 128 Pittsburg, California. Bus. Agt.: H. M. Costa, P. O. Box 128, Pittsburg, Calif.
- 22 SYDNEYTON—W. H. Thompson, 214 California Ave. Telephone Address: 214 California Ave. Bus. Agt.: Charles Butler, P. O. Box 114.
- 23 EUREKA—D. F. Maloney, P. O. Box 307. Telephone Address: 2022 S. St. Bus. Agt.: E. Coleman, 1024 Washington St.
- 24 SAN JOSE—E. L. Walker, P. O. Box 184. Telephone Address: 574 South 11th St. Bus. Agt.: E. E. Strahan, 1071 Fremont St., Santa Clara, Calif.
- 25 SANTA BARBARA—John H. Gifford, P. O. Box 113. Telephone Address: P. O. Box 113. Bus. Agt.: Robert Sullivan, P. O. Box 113.
- 26 CHICO—H. E. Maxwell, 212 East 19th Ave. Telephone Address: 212 East 19th Ave. Bus. Agt.: H. E. Maxwell, 212 East 19th Ave.
- 27 SANTA ANA—W. L. Coleman, 1224 Cypress Ave. Telephone Address: 1224 Cypress Ave. Bus. Agt.: H. F. Adams, 1405 Wynn St.
- 28 LONG BEACH—D. A. Latham, P. O. Box 114. Telephone Address: 114 North Main Ave. Bus. Agt.: W. E. Hawk, 114 North Main Ave.
- 29 RICHMOND—Charles W. Olson, P. O. Box 194, Reno, Nev. Telephone Address: 629 84th St. Bus. Agt.: Tom Ryan, 413 Market Ave.
- 30 MODESTO—Frank Larson, P. O. Box 64, Modesto. Telephone Address: 64 Franklin St., Fresno. Bus. Agt.: Paul Anderson, 64 Franklin St., Fresno.
- 31 SAN BERNARDINO—C. J. Mignano, 111 Broadway, Los Angeles, Calif. Telephone Address: 111 Broadway, Los Angeles, Calif. Bus. Agt.: E. A. Taylor, 111 Broadway, Los Angeles, Calif.
- 32 FRESNO—H. G. Shaw, P. O. Box 111. Telephone Address: 111 Broadway Ave. Bus. Agt.: C. Miller, 111 Broadway Ave.
- 33 VISALIA—Paul H. Morrison, P. O. Box 10, Visalia. Telephone Address: 10 East Main Street, Visalia.
- 34 WATSONVILLE—Charles J. Covert, 324 Walnut Street, Santa Cruz, Calif. Telephone Address: 324 Walnut Ave., Santa Cruz. Bus. Agt.: James Wilson, 324 Walnut St., Santa Cruz.
- 35 SAN BERNARDINO, RIVERSIDE AND CLAREMONT—Malvin Newman, P. O. Box 182, San Bernardino. Telephone Address: 70 South Broadway St., San Bernardino. Bus. Agt.: H. E. Warren, 444 South Broadway St., San Bernardino.

74 80 24 CENTRAL—George W. ...
 75 HOLLYWOOD—George W. ...
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CANADA

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 105 OTTAWA—George W. ...
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CANAL ZONE

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 122 DENVER—George W. ...

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141 BRIDGEPORT—George W. ...
 142 NEW HAVEN—George W. ...
 143 BRIDGEPORT—George W. ...
 144 NEW BRITAIN—George W. ...
 145 YERBURY—George W. ...
 146 MIDDLETOWN—George W. ...
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 148 NEW LONDON—George W. ...
 149 STAMFORD—George W. ...
 150 WILLMANTON—George W. ...
 151 BRIDGEPORT—George W. ...
 152 NORWALK—George W. ...
 153 HARTFORD—George W. ...
 154 DANBURY—George W. ...

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155 WILMINGTON—George W. ...
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DISTRICT OF COLUMBIA

157 WASHINGTON—George W. ...
 158 WASHINGTON—George W. ...

FLORIDA

159 JACKSONVILLE—George W. ...
 160 TAMPA—George W. ...
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171 OLANO—George W. ...
 172 LAKELAND—George W. ...
 173 FORT LAUDERDALE—George W. ...
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 175 SARASOTA—George W. ...
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HAWAII

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IDAHO

189 BOISE—George W. ...
 190 POCATELLO—George W. ...

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 195 SPRINGFIELD—George W. ...
 196 EAST ST. LOUIS—George W. ...
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18 888 MEXIA-GUERRA - Mrs. Emma, P. O. Box 100, Comstock, Tex. Telephone Address: 1405 West 23rd Ave., Comstock, Tex. Apt. 3, Box 100, 1405 West 23rd Ave., Comstock, Tex.

19 889 SAN ANTONIO - E. M. Miller, P. O. Box 101, Telephone Address: 1411 Taylor Ave., San Antonio, Tex. Apt. 2, Box 101, 1411 Taylor Ave., San Antonio, Tex.

20 890 MCKINNEY - Frank Hays, P. O. Box 102, Telephone Address: 1411 Taylor Ave., San Antonio, Tex. Apt. 3, Box 102, 1411 Taylor Ave., San Antonio, Tex.

21 891 AMARILLO - W. H. Hays, P. O. Box 103, Telephone Address: 1411 Taylor Ave., San Antonio, Tex. Apt. 4, Box 103, 1411 Taylor Ave., San Antonio, Tex.

22 892 GREENVILLE-PARIS - J. H. Hays, P. O. Box 104, Telephone Address: 1411 Taylor Ave., San Antonio, Tex. Apt. 5, Box 104, 1411 Taylor Ave., San Antonio, Tex.

23 893 BRACKENRIDGE - J. H. Davis, P. O. Box 105, Dallas, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 6, Box 105, 1411 Taylor Ave., Dallas, Tex.

24 894 LONVIEW-MARSHALL - J. H. Hays, P. O. Box 106, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 7, Box 106, 1411 Taylor Ave., Dallas, Tex.

25 895 WACO - Charles J. Hays, P. O. Box 107, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 8, Box 107, 1411 Taylor Ave., Dallas, Tex.

26 896 CORPUS CHRISTI - J. H. Hays, P. O. Box 108, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 9, Box 108, 1411 Taylor Ave., Dallas, Tex.

27 897 ARLING - J. H. Hays, P. O. Box 109, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 10, Box 109, 1411 Taylor Ave., Dallas, Tex.

28 898 TYLER - J. H. Hays, P. O. Box 110, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 11, Box 110, 1411 Taylor Ave., Dallas, Tex.

29 899 MIDGORE, HENDERSON, OLAWATER and OVERTON - H. W. Wright, P. O. Box 111, El Paso, Texas, Telephone Address: P. O. Box 111, El Paso, Texas, Apt. 1, P. O. Box 111, El Paso, Texas.

30 900 LUBBOCK - Dick Twine, P. O. Box 112, Pasadena, Texas, Telephone Address: Defoe Apt., Pasadena, Texas, Apt. 1, Box 112, P. O. Box 112.

31 901 LARDO - George Henderson, P. O. Box 113, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 12, Box 113, 1411 Taylor Ave., Dallas, Tex.

32 902 WALKER - J. H. Hays, P. O. Box 114, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 13, Box 114, 1411 Taylor Ave., Dallas, Tex.

33 903 BROWNWOOD - H. E. Reed, P. O. Box 115, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 14, Box 115, 1411 Taylor Ave., Dallas, Tex.

34 904 BATESVILLE and NEGROES - D. A. Taylor, P. O. Box 116, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 15, Box 116, 1411 Taylor Ave., Dallas, Tex.

35 905 FREDERICK - M. Hays, P. O. Box 117, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 16, Box 117, 1411 Taylor Ave., Dallas, Tex.

36 906 SALT LAKE CITY - M. A. Hays, P. O. Box 118, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 17, Box 118, 1411 Taylor Ave., Dallas, Tex.

37 907 SALT LAKE CITY - R. B. Hays, P. O. Box 119, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 18, Box 119, 1411 Taylor Ave., Dallas, Tex.

38 908 GOODY - C. A. Hays, P. O. Box 120, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 19, Box 120, 1411 Taylor Ave., Dallas, Tex.

39 909 LOGAN - Eugene Hays, P. O. Box 121, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 20, Box 121, 1411 Taylor Ave., Dallas, Tex.

40 910 PROVO - Eugene Hays, P. O. Box 122, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 21, Box 122, 1411 Taylor Ave., Dallas, Tex.

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41 911 BOONVILLE - W. H. Hays, P. O. Box 123, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 22, Box 123, 1411 Taylor Ave., Dallas, Tex.

42 912 HORTON - Charles J. Hays, P. O. Box 124, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 23, Box 124, 1411 Taylor Ave., Dallas, Tex.

43 913 RICHMOND - Stuart Hays, P. O. Box 125, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 24, Box 125, 1411 Taylor Ave., Dallas, Tex.

44 914 NEWPORT NEWS - E. J. Hays, P. O. Box 126, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 25, Box 126, 1411 Taylor Ave., Dallas, Tex.

45 915 RICHMOND - H. W. Hays, P. O. Box 127, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 26, Box 127, 1411 Taylor Ave., Dallas, Tex.

46 916 LYNDEN - J. H. Hays, P. O. Box 128, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 27, Box 128, 1411 Taylor Ave., Dallas, Tex.

47 917 PETERSBURG - W. H. Hays, P. O. Box 129, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 28, Box 129, 1411 Taylor Ave., Dallas, Tex.

48 918 NORFOLK - Frank Hays, P. O. Box 130, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 29, Box 130, 1411 Taylor Ave., Dallas, Tex.

49 919 GARYVILLE - C. H. Hays, P. O. Box 131, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 30, Box 131, 1411 Taylor Ave., Dallas, Tex.

50 920 STANTON - Donald Hays, P. O. Box 132, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 31, Box 132, 1411 Taylor Ave., Dallas, Tex.

51 921 ALEXANDRIA - W. H. Hays, P. O. Box 133, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 32, Box 133, 1411 Taylor Ave., Dallas, Tex.

52 922 CHARLOTTEVILLE - N. G. Hays, P. O. Box 134, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 33, Box 134, 1411 Taylor Ave., Dallas, Tex.

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53 923 SEATTLE - E. C. Hays, P. O. Box 135, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 34, Box 135, 1411 Taylor Ave., Dallas, Tex.

54 924 TACOMA - Frank J. Hays, P. O. Box 136, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 35, Box 136, 1411 Taylor Ave., Dallas, Tex.

55 925 SPOKANE - W. J. Hays, P. O. Box 137, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 36, Box 137, 1411 Taylor Ave., Dallas, Tex.

56 926 BELLINGHAM - J. H. Hays, P. O. Box 138, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 37, Box 138, 1411 Taylor Ave., Dallas, Tex.

57 927 SEATTLE - J. H. Hays, P. O. Box 139, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 38, Box 139, 1411 Taylor Ave., Dallas, Tex.

58 928 TACOMA - G. H. Hays, P. O. Box 140, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 39, Box 140, 1411 Taylor Ave., Dallas, Tex.

59 929 BERTY - Fred Taylor, P. O. Box 141, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 40, Box 141, 1411 Taylor Ave., Dallas, Tex.

60 930 SPOKANE - H. W. Hays, P. O. Box 142, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 41, Box 142, 1411 Taylor Ave., Dallas, Tex.

61 931 WALLA WALLA - E. L. Hays, P. O. Box 143, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 42, Box 143, 1411 Taylor Ave., Dallas, Tex.

62 932 YAKIMA - Robert M. Hays, P. O. Box 144, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 43, Box 144, 1411 Taylor Ave., Dallas, Tex.

63 933 OLYMPIA - D. Hays, P. O. Box 145, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 44, Box 145, 1411 Taylor Ave., Dallas, Tex.

64 934 ANACORTES - R. A. Hays, P. O. Box 146, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 45, Box 146, 1411 Taylor Ave., Dallas, Tex.

65 935 CENTRALIA - C. W. Hays, P. O. Box 147, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 46, Box 147, 1411 Taylor Ave., Dallas, Tex.

66 936 ABERDEEN-HOQUIAM - J. H. Hays, P. O. Box 148, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 47, Box 148, 1411 Taylor Ave., Dallas, Tex.

67 937 BREMERTON-CHARLESTON - G. Hays, P. O. Box 149, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 48, Box 149, 1411 Taylor Ave., Dallas, Tex.

68 938 WENATCHEE - George H. Hays, P. O. Box 150, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 49, Box 150, 1411 Taylor Ave., Dallas, Tex.

WEST VIRGINIA

69 939 WHEELING - Henry E. Hays, P. O. Box 151, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 50, Box 151, 1411 Taylor Ave., Dallas, Tex.

70 940 PARKERSBURG - E. A. Hays, P. O. Box 152, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 51, Box 152, 1411 Taylor Ave., Dallas, Tex.

71 941 FAIRMONT - G. H. Hays, P. O. Box 153, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 52, Box 153, 1411 Taylor Ave., Dallas, Tex.

72 942 CLARKSBURG - D. Hays, P. O. Box 154, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 53, Box 154, 1411 Taylor Ave., Dallas, Tex.

73 943 CHARLESTON - G. H. Hays, P. O. Box 155, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 54, Box 155, 1411 Taylor Ave., Dallas, Tex.

74 944 HUNTINGTON - T. Hays, P. O. Box 156, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 55, Box 156, 1411 Taylor Ave., Dallas, Tex.

75 945 CHARLESTON - J. O. Hays, P. O. Box 157, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 56, Box 157, 1411 Taylor Ave., Dallas, Tex.

76 946 BRANTOWN - C. H. Hays, P. O. Box 158, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 57, Box 158, 1411 Taylor Ave., Dallas, Tex.

77 947 WISCONSIN - J. H. Hays, P. O. Box 159, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 58, Box 159, 1411 Taylor Ave., Dallas, Tex.

WISCONSIN

78 948 MILWAUKEE - J. H. Hays, P. O. Box 160, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 59, Box 160, 1411 Taylor Ave., Dallas, Tex.

79 949 GREEN BAY - J. H. Hays, P. O. Box 161, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 60, Box 161, 1411 Taylor Ave., Dallas, Tex.

80 950 MILWAUKEE - J. H. Hays, P. O. Box 162, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 61, Box 162, 1411 Taylor Ave., Dallas, Tex.

81 951 OSHKOSH - J. H. Hays, P. O. Box 163, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 62, Box 163, 1411 Taylor Ave., Dallas, Tex.

82 952 FOND DU LAC - Robert A. Hays, P. O. Box 164, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 63, Box 164, 1411 Taylor Ave., Dallas, Tex.

83 953 RACINE - J. H. Hays, P. O. Box 165, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 64, Box 165, 1411 Taylor Ave., Dallas, Tex.

84 954 MADISON - J. H. Hays, P. O. Box 166, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 65, Box 166, 1411 Taylor Ave., Dallas, Tex.

85 955 MENOMONIE - J. H. Hays, P. O. Box 167, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 66, Box 167, 1411 Taylor Ave., Dallas, Tex.

86 956 APPLETON - J. H. Hays, P. O. Box 168, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 67, Box 168, 1411 Taylor Ave., Dallas, Tex.

87 957 SUPERIOR - E. C. Hays, P. O. Box 169, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 68, Box 169, 1411 Taylor Ave., Dallas, Tex.

88 958 MANITOWOC - D. A. Hays, P. O. Box 170, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 69, Box 170, 1411 Taylor Ave., Dallas, Tex.

89 959 RACINE - J. H. Hays, P. O. Box 171, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 70, Box 171, 1411 Taylor Ave., Dallas, Tex.

90 960 EAU CLAIRE - J. H. Hays, P. O. Box 172, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 71, Box 172, 1411 Taylor Ave., Dallas, Tex.

91 961 GREEN BAY - J. H. Hays, P. O. Box 173, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 72, Box 173, 1411 Taylor Ave., Dallas, Tex.

92 962 JANESVILLE - J. H. Hays, P. O. Box 174, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 73, Box 174, 1411 Taylor Ave., Dallas, Tex.

93 963 MARINETTE - J. H. Hays, P. O. Box 175, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 74, Box 175, 1411 Taylor Ave., Dallas, Tex.

94 964 WAUSAU - J. H. Hays, P. O. Box 176, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 75, Box 176, 1411 Taylor Ave., Dallas, Tex.

95 965 HEBRON - J. H. Hays, P. O. Box 177, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 76, Box 177, 1411 Taylor Ave., Dallas, Tex.

96 966 BEAVER DAM - J. H. Hays, P. O. Box 178, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 77, Box 178, 1411 Taylor Ave., Dallas, Tex.

97 967 ELKHORN - J. H. Hays, P. O. Box 179, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 78, Box 179, 1411 Taylor Ave., Dallas, Tex.

98 968 WISCONSIN RAPIDS - J. H. Hays, P. O. Box 180, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 79, Box 180, 1411 Taylor Ave., Dallas, Tex.

WYOMING

99 969 CASPER - J. H. Hays, P. O. Box 181, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 80, Box 181, 1411 Taylor Ave., Dallas, Tex.

100 970 SHERIDAN - J. H. Hays, P. O. Box 182, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 81, Box 182, 1411 Taylor Ave., Dallas, Tex.

101 971 CHEYENNE - J. H. Hays, P. O. Box 183, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 82, Box 183, 1411 Taylor Ave., Dallas, Tex.

102 972 ROCK SPRINGS - J. H. Hays, P. O. Box 184, Telephone Address: 1411 Taylor Ave., Dallas, Tex. Apt. 83, Box 184, 1411 Taylor Ave., Dallas, Tex.

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DISTRICT No. 2 - J. H. Hays, Secretary, P. O. Box 186, Dallas, Texas.

DISTRICT No. 3 - J. H. Hays, Secretary, P. O. Box 187, Dallas, Texas.

DISTRICT No. 4 - J. H. Hays, Secretary, P. O. Box 188, Dallas, Texas.

DISTRICT No. 5 - J. H. Hays, Secretary, P. O. Box 189, Dallas, Texas.

DISTRICT No. 6 - J. H. Hays, Secretary, P. O. Box 190, Dallas, Texas.

DISTRICT No. 7 - J. H. Hays, Secretary, P. O. Box 191, Dallas, Texas.

DISTRICT No. 8 - J. H. Hays, Secretary, P. O. Box 192, Dallas, Texas.

DISTRICT No. 9 - J. H. Hays, Secretary, P. O. Box 193, Dallas, Texas.

DISTRICT No. 10 - J. H. Hays, Secretary, P. O. Box 194, Dallas, Texas.

DISTRICT No. 11 - J. H. Hays, Secretary, P. O. Box 195, Dallas, Texas.

DISTRICT No. 12 - J. H. Hays, Secretary, P. O. Box 196, Dallas, Texas.

DISTRICT No. 13 - J. H. Hays, Secretary, P. O. Box 197, Dallas, Texas.

DISTRICT No. 14 - J. H. Hays, Secretary, P. O. Box 198, Dallas, Texas.

DISTRICT No. 15 - J. H. Hays, Secretary, P. O. Box 199, Dallas, Texas.

DISTRICT No. 16 - J. H. Hays, Secretary, P. O. Box 200, Dallas, Texas.

DISTRICT No. 17 - J. H. Hays, Secretary, P. O. Box 201, Dallas, Texas.

DISTRICT No. 18 - J. H. Hays, Secretary, P. O. Box 202, Dallas, Texas.

DISTRICT No. 19 - J. H. Hays, Secretary, P. O. Box 203, Dallas, Texas.

DISTRICT No. 20 - J. H. Hays, Secretary, P. O. Box 204, Dallas, Texas.

THE OFFICIAL ROAD CODE

Below is a list of the OFFICIAL ROAD CODES in effect in 1935

ARKANSAS

103 TEXARKANA - Municipal Authority, 103 Little Rock - Little Rock, Arkansas.

ARIZONA

104 TUCSON - City of Tucson, 104 Tucson, Arizona.

CALIFORNIA

105 SACRAMENTO - Municipal Authority, 105 Sacramento - Sacramento, California.

106 STOCKTON - Municipal Authority, 106 Stockton - Stockton, California.

107 LOS ANGELES - Municipal Authority, 107 Los Angeles - Los Angeles, California.

108 LOS ANGELES - Municipal Authority, 108 Los Angeles - Los Angeles, California.

109 SAN FRANCISCO - Municipal Authority, 109 San Francisco - San Francisco, California.

110 SACRAMENTO - Municipal Authority, 110 Sacramento - Sacramento, California.

CANADA

111 OTTAWA - Municipal Authority, 111 Ottawa - Ottawa, Canada.

112 MONTREAL - Municipal Authority, 112 Montreal - Montreal, Canada.

COLORADO

113 DENVER - Municipal Authority, 113 Denver - Denver, Colorado.

CONNECTICUT

114 HARTFORD - Municipal Authority, 114 Hartford - Hartford, Connecticut.

115 HARTFORD - Municipal Authority, 115 Hartford - Hartford, Connecticut.

116 HARTFORD - Municipal Authority, 116 Hartford - Hartford, Connecticut.

DISTRICT OF COLUMBIA

117 WASHINGTON - Municipal Authority, 117 Washington - Washington, District of Columbia.

118 WASHINGTON - Municipal Authority, 118 Washington - Washington, District of Columbia.

FLORIDA

119 MIAMI - Municipal Authority, 119 Miami - Miami, Florida.

ILLINOIS

120 CHICAGO - Municipal Authority, 120 Chicago - Chicago, Illinois.

121 CHICAGO - Municipal Authority, 121 Chicago - Chicago, Illinois.

122 CHICAGO - Municipal Authority, 122 Chicago - Chicago, Illinois.

INDIANA

123 INDIANAPOLIS - Municipal Authority, 123 Indianapolis - Indianapolis, Indiana.

124 INDIANAPOLIS - Municipal Authority, 124 Indianapolis - Indianapolis, Indiana.

KANSAS

- 1261 WINDFIELD—Rm.
 1430 INDEPENDENCE—Beldard (Coltsville).
 1568 WICHITA—Wichita University, High School North and High School East.
 1612 HUTCHINSON—State and Iris.
 1751 ARKANSAS CITY—High School Auditorium Gymnasium.

MARYLAND

- 749 BALTIMORE—State.

MASSACHUSETTS

- 410 LYNN—Capitol.
 713 HAVERHILL—Lafayette.
 841 BOSTON—Symphony Hall.
 1084 BOSTON—Cotuit.
 1145 HOLYOKE—Hobbs Opera House.
 1274 BOSTON—Tremont.
 1637 NEW BEDFORD—New Bedford High School Auditorium.
 1641 NEW BEDFORD—Bailey Square.
 1711 AMHERST—Amherst Memorial Theatre of Amherst College (Northampton).
 1728 LAWRENCE—Hol Brn.

MICHIGAN

- 469 FLINT—High School Auditorium.
 1008 BATTLE CREEK—Battle Creek College Auditorium.
 1204 BAY CITY—Washington.
 1361 GRAND HAVEN—Crescent (Muskegon).
 1427 LANSING—Lansing Central, West Junior, French Junior High School Auditoriums.
 1718 GRAND RAPIDS—Club 21.
 1745 AIN ARBON—University of Michigan.

MINNESOTA

- 1010 EAST GRAND FORGE—McDonald Brothers' State Theatre and Dance Hall.

MISSISSIPPI

- 333 YAZOO—Yazoo (Greenwood).

MISSOURI

- 1114 WEBB CITY—Civic (Joplin).
 1329 JOPLIN—Central High School Auditorium.
 1662 WEBSTER GROVES—Ozark (St. Louis).

MONTANA

- 1662 BILLINGS—Billings High School Auditoriums.

NEW HAMPSHIRE

- 1415 NASHUA—Colonial (Manchester).

NEW JERSEY

- 268 OCEAN CITY—Morlan (Atlantic City).
 350 LAKEWOOD—Palace.
 TOMS RIVER—Taco (Lakewood).
 408 LAKEWOOD—Strand.
 440 BUTLER—New Butler (Morris County).
 546 ATLANTIC CITY—Royal.
 609 POMPTON LAKES—Pompton Lakes.
 LITTLE FALLS—Oxford (Paterson).

NEW YORK

- 377 BROOKLYN—Apollo, Classic, Parkway, Mapleton and Fulton Auditorium.
 391 LONG BEACH—Borahs, Paichouas.
 896 BROOKLYN—Sicla, Kismet and Summer.
 955 DOLGEEVILLE—Smalley's Strand.
 1057 NEW YORK—A. H. Schwartz, Century Circuit, Inc.
 1056 LOCUST VALLEY—Red Barn.
 1122 BROOKLYN—Borough Hall.
 1185 UTICA—Uptown.
 1225 SYRACUSE—Lincoln Auditorium.
 1306 FOUCHKEEPSIE—High School Auditorium.
 1348 BEACON—Beacon (Fouchkeepsie).
 1374 BEACON—Roosevelt (Fouchkeepsie).
 1428 BROOKLYN—Schwabens Hall.
 1491 MINEROLA—Minerola (Nassau County).
 1644 FREEPORT—Freeport (Nassau and Suffolk Counties).
 1656 GOSEHEN—Gothen (Middletown).
 1750 SYRACUSE—New York State Fair Grounds.

NORTH CAROLINA

- 825 DURHAM—Old and New Duke Auditoriums.
 858 WINSTON-SALEM—Colonial.
 1316 WINSTON-SALEM—Piedmont Park Association Fair.
 1347 WINSTON-SALEM—Hollywood.
 1425 HENDERSON—Moon (Durham).
 1563 SALISBURY—Rowan County Fair.

OHIO

- 183 SHELBY—Opera House and Cosamba Theatres.
 287 COLUMBUS—Kaickerbocker.
 829 MAHON—Ohio.
 831 LIMA—Lyric.
 1112 FREMONT—Fremont (Tiffin).
 1354 MARIETTA—Hippodrome and Putnam.
 1897 DAYTON—Dayton Art Institute.

OKLAHOMA

- 568 ENID—Aztec and New Macon.
 1063 OKMULGEE—Yale and Orpheum.
 1119 ENID—Chief.
 1298 BLACKWELL—Palace, Midwest and Rivoli (Arkansas City, Kan.).
 1438 OKMULGEE—Inca.
 1616 BLACKWELL—Boys (Arkansas City, Kan.).
 1649 NORMAN—Sooner, Variety and University.

OREGON

- 1702 PORTLAND—Third Avenue.

PENNSYLVANIA

- 1233 ERIE—Colonial.
 1286 YORK—York Theatre.
 1546 PITTSBURGH—Pittsburgh Playhouse.
 1699 BELLEFONTE—Picca and State (Lawiston).
 1740 DEER LAKE—Deer Lake Theatre (Pottsville).
 1741 ALLENTOWN—Central Park.

RHODE ISLAND

- 519 PAWTUCKET—Capitol (Providence).

SOUTH CAROLINA

- 686 COLUMBIA—Town.
 1304 GREENVILLE—Greenville Women's College Auditorium.
 1686 SPARTANBURG—Spartanburg County Fair Association.

TEXAS

- 278 BURKBURNETT—Palace.
 643 CAMBRIDGE—Strand.
 840 PARIS—Lamar (Greenville).
 878 AUSTIN—Gregory Auditorium.
 917 LUBBOCK—Lindsay and Palace.
 1350 TEXARKANA—High School Auditorium.
 1473 FREDERICKSBURG—Hilltop Night Club.
 1576 DENTON—Texas Women's College and North Texas State Teachers College (McKinney).
 1607 AUSTIN—Hogg Memorial Auditorium.
 1726 FORT WORTH—Coliseum and Will Rogers Memorial City Auditoriums.

VIRGINIA

- 1752 ROANOKE—Lee.
 SALEM—Colonial (Roanoke).

WASHINGTON

- 1608 SEATTLE—Meany Hall, University of Washington.

WEST VIRGINIA

- 335 CHARLESTON—High School Auditorium.
 615 CHARLESTON—Kearsa.
 680 CLARKSBURG—Opera House and Robson Grand.
 1152 HUNTINGTON—Palace.
 1378 CHARLESTON—Capitol.

WISCONSIN

- 1196 ANTIGO—Home (Wausau).

WYOMING

- 980 CHEYENNE—Wyoming Consistory.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE February 4, 1942

to Secretary Morgenthau
FROM Mr. Haas

1. Attached to this memorandum are tables showing (1) the number of agents qualified to issue Defense Savings Bonds, Series E, at the close of business on January 31, classified by type of agent, and (2) the number of such agents on selected dates since last May.

2. On January 31 there were 19,098 agents other than post offices qualified to issue Series E savings bonds, an increase of 481 since January 24.

3. On January 31 there were 351 corporations qualified to issue Series E savings bonds on payroll allotment plans in accordance with the instructions contained in your telegram of December 27 to the Federal Reserve Banks. There were 240 corporations so qualified one week ago.

4. There were 37 members of the investment industry qualified to issue Series E savings bonds on January 31, as compared with 10 members one week ago.

Attachments

Classification of the number of agents qualified to issue
Series E Savings Bonds, on January 31, 1942

	Banks	Building and loan associa- tions	Credit unions	Other corpora- tions ^{1/}	Invest- ment industry ^{2/}	All others ^{2/}	Total
Corporations and Associations:							
Federal Reserve District of:							
Boston	831	228	199	14	-	12	1,284
New York	1,169	251	367	32	7	37	1,863
Philadelphia	831	105	94	101	-	-	1,131
Cleveland	1,167	359	292	28	3	1	1,850
Richmond	1,022	182	119	19	6	1	1,349
Atlanta	1,005	144	156	17	-	-	1,322
Chicago	2,314	448	181	90	10	14	3,057
St. Louis	1,340	142	51	11	8	1	1,553
Minneapolis	1,281	55	55	3	-	2	1,396
Kansas City	1,751	177	140	1	2	27	2,098
Dallas	837	114	189	27	-	1	1,168
San Francisco	549	229	237	8	1	3	1,027
Sub-total	14,097	2,434	2,080	351	37	99	19,098
Post offices	-	-	-	-	-	-	17,123
Grand total	14,097	2,434	2,080	351	37	99	36,221

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

February 3, 1942

^{1/} In accordance with telegram of December 27, 1941.
^{2/} Except post offices.

Number of agents qualified to issue Series E
Savings Bonds, May 7, 1941
to date

Type of agent	1941		1942			
	May 7	Sept. 30	Jan. 10	Jan. 17	Jan. 24	Jan. 31
Commercial and savings banks.....	7,676	11,571	13,832	13,966	14,037	14,097
Building and loan associations.....	739	1,481	2,144	2,268	2,165	2,434
Credit unions.....	8	389	1,529	1,736	1,111	2,080
Other corporations <u>1/</u>	-	-	12	118	40	351
Investment industry.....	-	-	-	-	10	37
All others.....	<u>7</u>	<u>27</u>	<u>59</u>	<u>30</u>	<u>54</u>	<u>99</u>
Total other than post offices.....	8,430	13,468	17,576	18,118	18,617	19,098
Post offices.....	<u>15,812</u>	<u>16,429</u>	<u>16,883</u>	<u>17,140</u>	<u>17,140</u>	<u>17,123</u>
Grand total.....	<u>24,242</u>	<u>29,897</u>	<u>34,459</u>	<u>35,258</u>	<u>35,757</u>	<u>36,221</u>

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

February 3, 1942

1/ In accordance with telegram of December 27, 1941.

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CONFIDENTIAL

Stock of Series E Savings Bonds on Hand ^{1/}
January 20, 1942 to date

(In thousands of pieces)

	: Stock on hand : : beginning : : of day :	Sales : : this day :	Bonds : : manufactured : : this day :	Stock on hand close of day	IBM deliveries this day
Jan.					
20	8,101	218	800	8,683	1,000
21	8,683	337	800	9,146	875
22	9,146	381	800	9,565	1,000
23	9,565	377	800	9,988	1,000
24	9,988	263	800	10,525	1,000
25	10,525	none-closed	none-closed	10,525	-
26	10,525	487	1,000	11,038	2,000
27	11,038	186	1,000	11,852	-
28	11,852	251	1,000	12,601	2,000
29	12,601	265	1,000	13,336	-
30	13,336	283	800	13,853	2,000
31	13,853	139	800	14,514	-
Feb.					
1	14,514	none-closed	none-closed	14,514	-
2	14,514	505	800	14,809	-
3	14,809	158	800	15,451	-

February 4, 1942

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

^{1/} Includes stock in hands of (1) Federal Reserve Banks and branches, (2) Post offices, (3) Federal Reserve Bank issuing agents, and (4) Treasury vaults in Washington.

Unfilled Orders for Savings Bonds at the
Federal Reserve Banks and the Post Office Department
January 20 to date

(In thousands of pieces)

	: Unfilled : : orders at : : opening of : : business :	New orders : received : this day :	Bonds : manufactured : this day :	Unfilled : orders at : close of : business :	Stock of : bonds : on hand* :	IBM : deliveries : this day :
Jan.						
20	202	204	800	86	1,184	1,000
21	86	411	800	59	1,546	875
22	59	697	800	86	1,676	1,000
23	86	569	800	50	1,871	1,000
24	50	727	800	28	1,922	1,000
25	28	none-no mail	none-closed	28	1,922	-
26	28	490	1,000 <u>1/</u>	7	2,011	2,000
27	7	434	1,000 <u>1/</u>	7	2,177	-
28	7	474	1,000 <u>2/</u>	6	2,102	2,000
29	6	407	1,000 <u>2/</u>	8	2,097	-
30	8	426	800 <u>2/</u>	6	1,869	2,000
31	6	404	800 <u>1/</u>	9	1,868	-
Feb.						
1	9	none-no mail	none-closed	9	1,868	-
2	9	402	800 <u>2/</u>	11	1,668	-
3	11	428	800 <u>2/</u>	6	1,435	-

February 4, 1942

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

* Bonds in Washington vaults only.

1/ Includes 400 thousand pieces manufactured for inventory in the field.

2/ Includes 600 thousand pieces manufactured for inventory in the field.

UNITED STATES SAVINGS BONDS

Comparative Statement of Sales During
 First Two Business Days of February and January 1942 and December 1941
 (February 2-3 January 1-2, December 1-2)
 On Basis of Issue Price

(Amounts in thousands of dollars)

Item	Sales			Amount of Increase		Percentage of Increase	
	February 1942	January 1942	December 1941	February over January	January over December	February over January	January over December
Series E - Post Offices	\$ 12,006	\$ 8,784	\$ 4,205	\$ 3,222	\$ 4,579	36.7%	108.9%
Series E - Banks	<u>42,037</u>	<u>20,964</u>	<u>6,496</u>	<u>21,073</u>	<u>14,468</u>	<u>100.5</u>	<u>222.7</u>
Series E - Total	54,044	29,749	10,701	24,295	19,048	81.7	178.0
Series F - Banks	8,984	4,021	1,956	4,963	2,065	123.4	105.6
Series G - Banks	<u>39,313</u>	<u>15,384</u>	<u>12,970</u>	<u>23,929</u>	<u>2,414</u>	<u>155.5</u>	<u>18.6</u>
Total	<u>\$102,341</u>	<u>\$ 49,153</u>	<u>\$25,627</u>	<u>\$53,188</u>	<u>\$21,526</u>	<u>108.2%</u>	<u>91.8%</u>

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

February 4, 1942.

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 - February 1942
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
February 1942									
2	\$ 8,435	\$ 34,150	\$ 6,191	\$ 19,795	\$ 60,136	\$ 42,585	\$ 6,191	\$ 19,795	\$ 68,571
3	3,572	7,887	2,793	19,518	30,199	11,459	2,793	19,518	33,770
Total	\$ 12,006	\$ 42,037	\$ 8,984	\$ 39,313	\$ 90,335	\$ 54,044	\$ 8,984	\$ 39,313	\$102,341

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

February 4, 1942.

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.

FEB 4 1942

To: The Comptroller of the Currency
The Commissioner of Internal Revenue
The Commissioner of Customs
The Chief of the United States Secret Service
The Director of the Procurement Division

From: Secretary Morgenthau

Attached is a photostat copy of a letter from the Attorney General of the United States to me dated January 31, 1942, and a photostat copy of my reply to him dated February 4, 1942.

You are requested to bring these letters to the attention of the proper officials under your jurisdiction in order that the policy of the Attorney General, with which I fully concur, may be carried out effectively.

(Signed) H. Morgenthau, Jr.

JIS:CLK:t
2-3-42

FEB 4 1942

Dear Mr. Attorney General:

I have your letter of January 31, 1942, in which you state that you have established in the Criminal Division of your Department a special unit to examine cases of criminal conduct in business transactions connected with the defense program.

With a view to aiding you in your endeavor to prosecute business concerns which seek to defraud the Government, I have advised the Office of the Comptroller of the Currency, the Bureau of Internal Revenue, the Bureau of Customs, the United States Secret Service, and the Procurement Division of the work you are undertaking, and have asked them to bring to my attention any transactions which indicate criminal conduct so that I may transmit the same to your Department for the attention of the new unit.

Sincerely yours,

(Signed) H. Hergenthan, Jr.

Secretary of the Treasury

The Honorable

The Attorney General

H. M. C.

Copies to Sanford

JLS:CLK:t
2-3-42

Office of the Attorney General
Washington, D. C.

January 31, 1942

The Honorable
The Secretary of the Treasury,
Washington, D. C.

Dear Mr. Secretary:

As you are well aware, the program of the government for national defense and prosecution of the war has made it necessary for the government to enter into a great many contracts with business concerns all over the country in which billions of dollars are involved. While the great majority of the people with whom such contracts are made are honest and patriotic citizens and will deal honestly with the government, unfortunately there will doubtless be a few who will see in the emergency an opportunity to take advantage of the government and will do so.

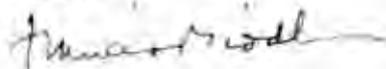
The Department of Justice will take appropriate action as expeditiously as possible in all cases in which criminal conduct is known to exist with the hope that prompt action may not only result in a just treatment of such cases but will serve as a deterrent to others who might otherwise be tempted to deal dishonestly with the government.

Accordingly, I have caused to be set up in the Criminal Division of my Department a special unit whose duty it shall be to examine all cases in which such offenses are indicated, to the end that appropriate action may be taken promptly.

As an aid to carrying out this program, I shall appreciate it if you will advise me promptly of any specific instances of criminal conduct that may come to your attention, to the end that the matter may be fully investigated and proper action taken.

With kind regards,

Sincerely yours,



FRANCIS BIDDLE

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Mr. Sullivan said as result of this
Q interview, it was not necessary to send
written reply to Mr. Green.

MEMORANDUM

February 4, 1942.

TO: The Secretary
FROM: Mr. Sullivan

Pursuant to your instructions I interviewed President William Green of the American Federation of Labor in regard to his request that you support his demand that Social Security taxes be included in the coming revenue bill.

I explained to President Green that the delay to the enactment of the revenue measure of from three to five months which would result if concurrent consideration were given to Social Security taxes along with the revenue bill would cause a loss of revenue of about 7500 million. He immediately interrupted me and said that he quite understood our situation and that we couldn't ask for such a large increase in taxes and at the same time request something which would cost us a half a billion dollars. He was very cordial and asked me to explain to you that he did not intend to embarrass you in any way when he wrote the letter and he could readily understand why you could not accede to his request.

We then discussed sales taxes and I am sure that his organization will prove a valuable ally for us in our attempt to defeat the sales tax.

T-8



AMERICAN FEDERATION OF LABOR

Executive Council

President, William Green
Department Treasury, Customs, Bakery
8, E. 41, Building, Washington, D. C.

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First Vice-President, William L. Dickinson

Department Ship, Automobile, and

Second Vice-President, Murray W. W.

315 Lexington Ave., New York 17, N. Y.

Third Vice-President, James A. Murray

441 Woodland Ave., Westwood, Los Angeles, Calif.

Fourth Vice-President, J. M. Sweeney

1200 Franklin St., W. Washington, D. C.

Fifth Vice-President, C. J. Harbo

Building 4200, Ship, Automobile, U.

Sixth Vice-President, Dennis J. Tracy

201 East Main Street, Indianapolis, Ind.

Seventh Vice-President, Stuart F. Butler

400 Connecticut St., W. Washington, D. C.

Eighth Vice-President, Bernard J. Gorman

200 Avenue Larkin, N. W. Washington, D. C.

Ninth Vice-President, W. H. Brown

300 Union Building, East, Jackson, Miss.

Tenth Vice-President, Fred H. Sargent

40-40 Avenue C, E. Union City, N. J.

Eleventh Vice-President, Herman Frank

401 Southbridge Avenue, Buffalo, N. Y.

Twelfth Vice-President, Elmer W. Bremer

Springfield, Mass., Washington, D. C.

Thirteenth Vice-President, W. C. Swartzell
Union of Pacific Lines, Indianapolis, Ind.

TELEPHONE NATIONAL 2812-12-14
SOLE ADDRESS ONLY

Washington, D. C.

January 23, 1942

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

Dear Secretary Morgenthau:

I was glad to have the assurance, in your letter of December 3, 1941, of your agreement that the Social Security Act needs substantial amendment and liberalization. I am today writing Chairman Doughton of the Ways and Means Committee, urging that the question of amending the Social Security Act and of levying such additional taxes as may be necessary to finance the improved system be taken up in the early stages of the consideration of the entire Social Security Act.

If the question of social security taxation is deferred until after the general tax bill is framed, it seems clear that it will not get fair attention and that other undesirable forms of taxation will be levied which will make a reasonable increase in social security taxes impossible. As you recognized in your letter, there is an immediate connection between the government's regular fiscal program and social security taxation. All taxes which take a large part of the income of wage earners in the lower-paid brackets restrict the degree to which payroll taxes can be levied for social insurance. Other methods of taxation also restrict the worker's chance to save for emergencies such as unemployment, illness, retirement in old age. Social security taxes make funds available for current government use, help prevent inflation, and provide a fund from which withdrawals may be made later, offsetting deflation in the post-war period. The only tax which can be levied on a low-income group without seriously undermining basic living standards is one which supports a social insurance system from which payments are made to supply income in emergencies.

Honorable Henry Morgenthau

-2-

January 23, 1942

Increasing social security taxes would be an important factor in preventing inflation, and would be the best bar to a sales tax which is both inflationary and regressive in its effect. We believe that sound principles of taxation require that all the taxes to be levied be studied for their total effect before any new taxes are imposed or old ones increased. May I ask your support of our request that the social security tax increases, proposed by President Roosevelt to finance an enlarged and improved social insurance program, be considered at the same time, not after, other taxes are under consideration before the Congress. It goes without saying that no increase in social security taxes should be made except to provide additional security under the Act.

Sincerely yours,



President
American Federation of Labor

W'c

TREASURY DEPARTMENT

153

INTER OFFICE COMMUNICATION

DATE FEB 4 1942

TO Mr. Thompson

FROM Mr. Haas

In further response to your request of December 26, 1939, there is submitted herewith for the Division of Research and Statistics a memorandum listing, with brief descriptions, the studies or projects completed or under way, and the names of persons working on each, for the month of October 1941.

DIVISION OF RESEARCH AND STATISTICS

Report of Studies or Projects Completed or Under
Way, and the Names of Persons Working on Each,
for the month of October 1941

For convenience of reference, the studies listed are grouped under general subject heads.

The names shown for persons working on each project include only those who participated fairly directly, as explained in the introductory note to the corresponding report submitted on December 28, 1939. No attempt has been made to cover also persons whose responsibility in each particular case was mainly in planning, supervising, or consulting.

Financial Analysis

I. Projects or studies completed

1. Three reviews of current developments in the high-grade securities markets were prepared, and memoranda were transmitted to the Secretary on October 1, 15, and 30. - Mr. Haas, Mr. Murphy, Mr. Foy, Mr. Matlock, Mr. Robbins, Mr. Barnett, Mr. Rosen

These reviews contained, in addition to analysis of the current situation, the following special studies:

- (a) Effects of previous changes in reserve requirements on prices and holdings of United States securities (Review of October 1, pages 3-5). - Mr. Foy
- (b) Distribution of holdings of outstanding taxable bonds (Review of October 1, pages 5-6). - Mr. Robbins, Mr. Barnett
- (c) Borrowing costs for medium- and long-term money (Review of October 15, pages 3-5). - Mr. Foy
- (d) Recent movements in bank deposits (Review of October 15, pages 5-6). - Mr. Rosen
- (e) New tap issue of British national war bonds (Review of October 15, page 6). - Mr. Matlock

- (f) The new Treasury note (Review of October 30, page 3). - Mr. Barnett
 - (g) Bank and insurance company absorption of Government securities (Review of October 30, pages 4-5). - Mr. Foy, Mr. Robbins
 - (h) New Australian loan announced (Review of October 30, pages 5-6). - Mr. Matlock
2. A memorandum was prepared, containing recommendations with respect to the October financing, accompanied by a chart, and was transmitted to the Secretary on October 3. A copy was transmitted to Mr. Morris. - Mr. Haas, Mr. Murphy, Mr. Lindow, Mr. Tickton, Mr. Sandelin, Mr. Conrad
 3. Two tables were prepared on October 6 and 7, showing estimated yield bases and probable prices of proposed new issues of Treasury securities with optional call periods, for five alternative maturities, based, respectively, on closing bid prices on October 4 and 7. - Mr. Sandelin, Mr. Conrad
 4. A memorandum was prepared, containing a suggestion with respect to the October financing, and was transmitted to the Secretary on October 10. - Mr. Haas, Mr. Murphy, Mr. Sandelin, Mr. Conrad
 5. At the request of the Secretary on October 18, a memorandum was prepared on the refunding of the security issues guaranteed by the United States maturing in November, and was transmitted to the Secretary on October 20. - Mr. Haas, Mr. Murphy, Mr. Lindow, Mr. Tickton, Mr. Sandelin, Mr. Conrad, Mr. Robbins
 6. Two tables were prepared on October 21 and 22, showing estimated yield bases and probable premiums on proposed new issues of Treasury notes, for three alternative maturities, based, respectively, on closing quotations on October 20 and 21. - Mr. Sandelin, Mr. Conrad

- 3 -

7. A maturity calendar for each issue of direct and guaranteed bonds and notes of the United States was prepared, showing by date the amounts outstanding, classified by the maturity, first, and final callable dates. The calendar was prepared as of October 1, and was transmitted to the Secretary on October 2. - Mr. Barnett.
8. Yield rates on Treasury bonds and notes and on securities guaranteed by the United States, were calculated daily on the basis of over-the-counter closing quotations. They were summarized daily in a table showing for each issue the closing bid and asked quotations and yields to call and maturity dates on that day, the changes in prices and yields from the preceding day, and the price range since the date on which first traded, and also for the year 1941 to date. A chart for each issue was kept up to date showing daily price and yield figures together with comparative monthly data since 1934, since the date of issue, or since the date first traded. In addition, yields were computed daily on five high-grade corporate securities and two British government issues. - Mr. Moody, Miss McCoy, Mr. Krall.
9. At the request of the Secretary, arrangements have been made to secure periodically from the British Empire purchasing missions certain information regarding purchases in the United States by the British Empire. Reports and tables are prepared from this information, and are transmitted according to instructions by the Secretary. - Mr. Hans, Mr. Lindow, Mr. Wagner, Mr. March, Mr. Mays, Mr. Marcus.
10. Weekly statements are received from the British Purchasing Commission concerning the physical volume of airplane and airplane engine orders placed in the United States by the British Empire. This information is consolidated and coordinated in the Division, and a weekly report, entitled, "British Empire Aircraft Statements" is prepared containing the following analytical tables, classified by company and by type of airplane or airplane engine: (1) current status of orders, deliveries, and exports; (2) history of orders; (3) history of deliveries; (4) history of exports; (5) scheduled deliveries of unfilled orders; (6) options; (7) spare parts; and (8) secondhand units. These aircraft reports were prepared, and were transmitted on October 3, 10, 17, 24, and 31.

(b) The Division receives each week from the British Air Commission information concerning the disposition of airframes and airplane engines inspected by the British Empire, and the status and location of airframes and airplane engines on hand in the United States. These data are edited and reviewed in the Division, and a weekly report, entitled, "Disposition and Status of Airframes and Airplane Engines Inspected by the British Empire", is prepared containing the following analytical tables for airframes and airplane engines, classified by company and model:

- (1) disposition of units inspected;
- (2) status of inspected units on hand; and
- (3) physical location of units awaiting export.

These reports were prepared, and were transmitted on October 6, 14, 20, and 27.

(a) The Division also receives weekly statements from the British Purchasing Commission showing (1) the dollar volume of orders placed by British Empire Governments and (2) the dollar volume of deliveries on orders placed by the United Kingdom through the various missions. The information in these statements is itemized by contracts and classified by twenty-five commodity groups.

These data are reviewed and edited in the Division, and a bi-weekly report, entitled, "British Empire Commodity Statements", is prepared summarizing in dollar volume the information on orders and deliveries, by commodity groups. This report consists of eight statements: The first three relate to orders placed in the United States during the current period by British Empire Governments; the next three consist of historical summaries of orders placed in the United States by the British Empire; the seventh and eighth relate to deliveries on orders placed in the United States by the United Kingdom through the British purchasing missions. These statements were prepared, and were transmitted on October 3, 17, and 31.

(d) The Division receives each week from the British Purchasing Commission information relating to the dollar value of commitments by the British Empire for capital expenditures in the United States, and

for extraordinary charges designed to expedite delivery. On the basis of the data submitted, a bi-weekly report, entitled, "British Empire Capital Statements", is prepared in the Division containing the following analytical tables, classified by commodity group and company: (1) total tangible capital commitments; (2) tangible capital commitments during the current period; (3) total commitments for extraordinary charges; (4) commitments for extraordinary charges during the current period; and (5) details concerning machine tools classified as capital. These statements were prepared, and were transmitted on October 3, 17, and 31.

- (e) Each month the Division receives a detailed report from the British Purchasing Commission concerning the activities of its Iron and Steel Division. On the basis of this information the Division prepares a report, entitled, "British Iron and Steel Statements", containing analytical tables showing on a physical volume basis: (1) current status of iron and steel orders; (2) history of orders; (3) history of deliveries; (4) history of exports; (5) current status of orders of ferro-alloy and silicon metals; (6) current status of drop forgings orders; and (7) history of drop forgings orders. These statements were prepared, and were transmitted on October 31.
- (f) The Division receives each month from the British Purchasing Commission information, on a physical volume basis, relating to the purchases of various other important commodities. These data are edited and consolidated in the Division and analyses of British Empire orders are prepared for the several commodities containing the following analytical tables: (1) current status of orders; (2) history of orders; (3) history of deliveries; and (4) scheduled deliveries of unfilled orders.

Statements for these various commodity groups were prepared, and were transmitted as follows:

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Airplane propellers, October 17
 Explosives and propellants, October 14
 Motor vehicles, October 10
 Non-ferrous metals, October 31
 Ordnance, October 24
 Shells and bombs, October 14
 Ships, small boats, and marine engines, October 14
 Small arms ammunition, October 31
 Small arms, fully automatic, October 6
 Sub-machine guns, revolvers, and rifles, October 24

The statement relating to orders for chemicals is in process of preparation.

- (g) Each month the Division receives from the British Purchasing Commission a fiscal statement summarizing the financial status of orders placed in the United States by British purchasing missions, classified into twenty-five commodity groups. This information is edited in the Division, and a report, entitled, "Status of Payments on Dollar Orders Placed in the United States by the British Purchasing Missions", is prepared consisting of the following analytical tables: (1) status of payments; (2) history of payments; and (3) estimated schedule of future payments. This report was prepared, and was transmitted on October 20.
- (h) Each month the Division receives from the Citadel Merchandising Company, Ltd., information relating to machine tool orders placed in the United States. Separate listings show by manufacturer, the orders, deliveries, and unfilled orders at the end of the month. These data are edited and reviewed, and a report, entitled, "Analysis of Citadel Merchandising Company, Ltd., Machine Tool Orders", is prepared containing the following tables: (1) current status of orders; (2) history of orders; and (3) history of deliveries. This report was prepared, and was transmitted on October 10.
10. At the request of the Secretary, arrangements have been made to secure periodically certain information regarding purchases in the United States by the Netherlands Purchasing Commission, and by Lindeteves, Inc. - Mr. Haas, Mr. Lindow, Mr. Wagner, Mr. March, Mr. Mayo, Mr. Marcus
- Weekly statements are received showing the dollar value of orders placed in the United States by the Netherlands Purchasing Commission and by Lindeteves, Inc., and the

deliveries made thereon. These statements are itemized by contracts and are classified by the twenty-five commodity groups used for reporting orders placed in the United States by the British Empire.

These data are reviewed and edited in the Division, and bi-weekly reports are prepared for each of these agencies summarizing the information classified by commodity groups. These reports consist of three tables each showing (1) the history of orders; (2) the history of deliveries; and (3) the current delivery status of orders. These reports entitled, "Netherlands Purchasing Commission Commodity Statements" and "Lindeteves, Inc. Commodity Statements" were prepared, and were transmitted on October 10 and 24, according to instructions by the Secretary.

11. At the request of the Secretary on July 8, tables were prepared, and were transmitted to him on October 16, showing deliveries during July, August, and September of airplanes, tanks, flying-boats, and 4-engine bombers. - Mr. Tickton
12. At the request of the Secretary on October 22, seventeen charts were prepared, and were transmitted on October 27, showing lend-lease orders effected by the Procurement Division May 1, 1941 to date. - Mr. Tickton
13. At the request of Under Secretary Bell, various memoranda and charts were prepared for use in the Friday discussion group meetings fortnightly to consider matters of general interest in connection with defense financing. - Mr. Hans, Mr. Daggit, Mr. Villard

The material prepared during the month included the following, presented on October 24:

Analyses were made of recent movements of commodity prices illustrated by three wall charts.

The first chart showed, on the basis that August 1939=100, the weekly average movement of the index of 12 foodstuffs and 16 industrial raw materials from August 1940 to October 22, 1941, and their daily average movement from September 1 through October 22. On the same chart were shown also for each of the 28 commodities, the percentage price changes from the August 1940 low to September 10, and to October 22, 1941.

Comparisons were shown in the second chart of price indexes for all commodities and for foods in the period 1939-41 and the period 1914-16, through October 16, on the basis that July 1914=100 in the World War period, and August 1939=100 in the current period.

The third chart, on the basis that 1939=100, showed the monthly movement of the BLS cost-of-living index from June 1939 through September 15, 1941. On the lower part of the chart were shown the weekly movements of the indexes of components.

In connection with - discussion of problems of fiscal policy involved in financing the defense program, an estimate was given of the amount of borrowing likely to arise from inflationary sources. Suggestions were made of ways by which such borrowings could be reduced.

14. In response to a request by the Secretary on January 21, 1941, that measures be taken to obtain information to assist in carrying through the defense financing program, arrangements were made to obtain the necessary detailed statistics on the holdings of each issue of the public debt and of guaranteed securities by the various classes of holders. - Mr. Haas, Mr. Tickton, Mrs. Wolkind, Mr. D. J. Leahy, Mr. Blitman, Mrs. Barnes, Mr. Robbins

A summary was prepared of the data received as of August 31, consisting of brief explanatory text and six tables for publication in the Bulletin of the Treasury Department for October.

The information as of September 30, received from 7,000 banks and insurance companies was coded, tabulated, and analyzed. An analysis was prepared, consisting of 100 tables, showing this information, classified by type of institution, by issue, by geographic area, by call classes, and by tax-exemption provisions.

New letters were sent out to the banks and insurance companies on October 29, requesting comparable data as of October 31.

Special tabulations were prepared and were transmitted to the Federal Reserve Banks of New York and Philadelphia, covering ownership of securities issued or guaranteed by the United States, as of August 31, 1941.

15. At the request of the Secretary, arrangements have been made to prepare current statistical reports on the sales of United States Defense savings bonds, series E, F, and G, and Defense Postal savings stamps, on the basis of reports by the Treasurer of the United States, the Federal Reserve Banks, and the Post Office Department.

The reports prepared during October were transmitted according to instructions by Mr. Graves. - Mr. Hass, Mr. Reagh, Mr. Brown, Mr. Tickton, Mr. Kroll, Mr. D. J. Leahy

- (a) Daily tables were prepared, showing the dollar volume, on the basis of the issue price, of sales of savings bonds, series E, F, and G, by Post Offices and by banks, with totals. The first table, prepared on October 1, presented these data for each business day of September, with totals for the month. The next table, prepared on October 2, showed these data for October 1. Succeeding tables showed the data for the successive business days of October, with cumulative totals. The table prepared on October 31 covered the period from October 1 through October 30.
- (b) Daily tables were prepared, containing a comparative statement of sales of bonds, series E, F, and G, in October, in September, in August, and in July, by Post Offices and by banks. The dollar volume of sales was shown on the basis of the issue price, together with the absolute and percentage changes in October from September, in September from August, and in August from July. The table prepared on October 1 contained these data for the full months of September, August, and July. The first table showing the comparison for October, September, and August, prepared on October 2, showed the data for the first business day of each month. Subsequent tables showed cumulated data for successive business days. The table prepared on October 30 covered the first 25 business days of each month.
- (c) A table was prepared on October 1, showing sales of savings bonds, series E, F, and G, by Post Offices and by banks, in dollar volume, on the basis of the issue price, in each month from May through September, with totals.
- (d) A table was prepared on October 22, showing sales of savings bonds, series E, in September, in dollar volume, on the basis of the issue price, by States, with totals.

- (e) A table was prepared on October 27, showing sales of savings bonds, series E, in dollar volume, on the basis of the issue price, by States, in each month from May through September, with totals.
 - (f) A report consisting of 150 pages, was completed on October 23, showing sales of savings bonds, series E, for the month of September, in dollar volume, on the basis of the issue price, by Federal Reserve districts, by States, by cities, and by counties, all classified by sales agents and denominations.
 - (g) A table was prepared on October 21, showing for savings bonds, series F and G, the number of units sold, by denomination, in each month from May through August.
 - (h) A table was prepared on October 9, showing the estimated total sales of Defense Postal savings stamps, by months from May through September.
 - (i) A table was prepared on October 10, showing the estimated total value and number of units of Defense Postal savings stamps, classified by denominations, sold in each month from May through September, with totals.
 - (j) A table was prepared on October 13, showing estimated dollar volume of Defense Postal savings stamps sold by States, in September.
 - (k) A table was prepared on October 24, showing estimated dollar volume of Defense Postal savings stamps sold by States, in each month from May through September.
16. The proposed improvement in the procedure for reporting sales of Defense savings bonds and the method of preparing statistics showing direct sales by geographic areas, discussed with the fiscal officer of each of the Federal Reserve Banks in September, were put into effect in October. - Mr. Reagh, Mr. Tioxton
17. Four proposals of the RFC that the Secretary request that corporation to purchase stock or debentures in four banks were examined. - Mr. Murphy, Mr. Foy, Mr. Barnett

18. A table was prepared, summarizing sales during August and September of Treasury notes, Tax Series A and Tax Series B, in par amounts, by individuals and by corporations. The table was transmitted to the Secretary on October 16, and a copy was given to Under Secretary Bell. - Mr. Tickton
19. A table was prepared, showing sales during August and September of Treasury notes, Tax Series A and Tax Series B, in par amounts, classified by denomination. The table was transmitted to the Secretary on October 16, and copies were given to Under Secretary Bell, and to Mr. Buffington. - Mr. Tickton
20. At the request of the Secretary on October 8, a memorandum was prepared, and was transmitted to him on October 13, on the effect of the total amount of debt after outstanding guaranteed obligations are replaced by direct obligations. - Mr. Murphy
21. At the request of Under Secretary Bell on September 12, a memorandum was prepared on "Consideration of Interest Rate Reductions on Special Obligations", and was transmitted to the Secretary and the Under Secretary on October 6. - Mr. Haas, Mr. Lindow, Mr. Foy, Mr. Rosen
22. At the request of Under Secretary Bell, the agenda were prepared for the meeting of representatives of the Treasury Department and the Board of Governors of the Federal Reserve System held on October 29, for the purpose of discussing financing policy. Minutes were written, and the following memoranda were prepared for use in connection with the meeting, and were transmitted to the Under Secretary on October 26. - Mr. Haas, Mr. Murphy, Mr. Lindow, Mr. Foy, Mr. Sandelin
 - (a) Pro's and con's on continuing the use of exchange rights. - Mr. Lindow
 - (b) Proposed sale of general market Government securities on continuous tap. - Mr. Lindow, Mr. Sandelin
 - (c) A two-day tap security. - Mr. Lindow
 - (d) Preferential allotment to investors other than banks. - Mr. Foy
 - (e) Desirability of increasing the down payment on subscriptions to Government securities. - Mr. Foy

- (f) A special Treasury issue designed to absorb surplus funds of municipalities. - Mr. Foy
- (g) A proposal to offer a special type of security to insurance companies, savings banks, and trust funds. - Mr. Sandelin
- (h) A proposal to offer a special type of short-term security to tap idle funds of corporations. - Mr. Sandelin
23. At the request of the Secretary, a series of meetings have been attended which were held by representatives of the Treasury Department and the Board of Governors of the Federal Reserve System for the purpose of discussing general and selective credit controls. Various memoranda, reports, and the minutes have been prepared for use in connection with the meetings. During the month one meeting was held, on October 15. Mr. Haas, Mr. Murphy, Mr. Lindow, Mr. Villard, Mr. Foy
24. At the request of Mr. Morris on October 14, a memorandum was prepared for the Secretary on "Domestic Bond Flotations (excluding Federal), Corporate Issues of \$10 millions or more, State and Municipal Issues of \$5 millions or more." The data were transmitted to the Secretary on October 15, and photostats were transmitted to Under Secretary Bell, Mr. Morris, and Mr. Buffington. - Mr. Sandelin
25. At the request of Assistant Secretary Sullivan on October 18, a memorandum was prepared on the nature of the fiscal burden of a large public debt, and was transmitted to him on October 19. - Mr. Villard
26. At the request of Under Secretary Bell on September 19, a memorandum was prepared, and was transmitted to him on October 7, with respect to the question of listing in the revised yield circular, the amounts outstanding of the various issues of securities. - Mr. Lindow
27. Sixteen tables were prepared showing yields on hypothetical securities under various combinations of coupon rates, maturities, and premiums, and were completed on October 1 and 16. - Mr. Kroll

28. At the request of Mr. South Trimble, Clerk of the House of Representatives, in a letter dated September 17, statistical information on banks in addition to that transmitted on September 29, was prepared. This information was transmitted to Mr. Trimble in a letter signed by Under Secretary Bell on October 30. - Mr. Conrad
29. At the request of Mr. Buffington on October 8, a table was prepared, and was transmitted to him on October 9, showing the number of issuers having securities traded on the United States exchanges, June 30, 1941. - Mr. Barnett
30. At the request of Under Secretary Bell on September 24, cooperation was given the Division of Tax Research and the Office of Press Relations in the preparation of a statement to be released for the purpose of publicizing tax anticipation notes. The statement transmitted to the Under Secretary on October 2, was accompanied by a table showing monthly savings required to meet the various income tax payments. - Mr. Brown
31. At the request of Mr. Milton in a letter dated October 4, a manuscript entitled "Financing Defense" was reviewed, and was returned to him under cover of a memorandum on October 27. - Mr. Villard, Mr. Breithut
32. At the request of the Under Secretary on October 11, assistance was given in checking Mr. Blough's speech on "The Fiscal Situation", for delivery before the National Tax Association, on October 14. - Mr. Murphy

II. Projects or studies under way

1. A study is being made of the relative interest costs of short- and long-term borrowing. - Mr. Foy, Mr. Barnett, Mr. Rosen
2. A study is being made of the available sources of funds for Treasury financing. - Mr. Tickton
3. A memorandum is being prepared on a negotiable "tap" security. - Mr. Sandelin, Mr. Murphy
4. A study is being made of the probable excess reserves in 1941-42. - Mr. Barnett

5. Tables are being prepared which will present various data on new Treasury notes and bonds and on guaranteed new issues. - Mr. Conrad, Mr. Rosen
6. A memorandum is being prepared on the advantages and disadvantages of increasing the short-term debt. - Mr. Foy
7. A revision is being made as of June 30, 1941, of the estimates of the ultimate increase in interest costs which would result from removal of the tax-exemption privilege from all public securities. - Mr. Conrad
8. A memorandum is being prepared recommending legislation terminating miscellaneous types of tax exemption analogous to the exemption of interest on Federal securities, but unaffected by the Public Debt Act of 1941. - Mr. Foy
9. A study is being made of war-financing measures in belligerent countries in the present war. - Mr. Matlock
10. A comparison is being made of the British Fiscal Program 1941-42 with the Keynes plan proposed in "How to Pay for the war", by Mr. J. M. Keynes. - Mr. Matlock
11. At the request of Under Secretary Bell on October 14, 1940, a memorandum is being prepared on a memorandum submitted by Mr. John Evans, President of the First National Bank of Denver, Colorado, in reference to United States Government bonds now owned by the Federal Reserve System and its member banks, and suggestions concerning a re-funding and change in form which would appear to be in interest of the Treasury Department, the Federal Reserve System, the member banks, the Federal Deposit Insurance Corporation, and the public generally whose money is deposited in member banks. - Mr. Murphy
12. In response to a request by Under Secretary Bell on January 27, comments are being prepared on a memorandum by Mr. George Eddy to Mr. White, in regard to a plan of Mr. H. E. Peterson, entitled, "A Means of Financing the Defense Program". - Mr. Murphy

13. At the request of Under Secretary Bell on February 5, an analysis is being made of his plan for investing savings banks' and insurance companies' funds in special 2 percent Treasury certificates. - Mr. Tickton
14. At the request of Under Secretary Bell on February 11, a memorandum is being prepared to the Secretary regarding a letter from Mrs. Sylvia F. Porter, New York Post dated January 22, suggesting a plan for the distribution of United States Government securities. - Mr. Haas, Mr. Murphy.
15. At the request of Under Secretary Bell on April 21, a memorandum is being prepared on Mr. Salant's memorandum on "Limitation on Purchases of Defense Savings Bonds". - Mr. Murphy
16. A table is being prepared for Professors Viner and Stewart, showing prices and yields of selected obligations of the United States. - Mr. Foy, Mr. Rosen
17. A study is being made of the market action on the various maturity classes of Government securities in relation to the type of holder. - Mr. Conrad
18. At the request of Mr. Morris, on October 27, a review is being made of his memorandum entitled, "A Summary of the Major Pro's and Con's on the Question of Rights". - Mr. Haas
19. A further analysis is being made of the capacity of insurance companies and mutual savings banks to absorb long-term Government securities. - Mr. Tickton, Mr. Robbins
20. At the request of the Secretary on October 7, a memorandum is being prepared on "Mr. Knight's Analysis of the Reserve Position of New York City Banks". - Mr. Murphy, Mr. Rosen, Mr. Barnett
21. A study is being made of developments in the reserve position of the banks. - Mr. Murphy, Mr. Rosen, Mr. Barnett

22. At the request of Under Secretary Bell on October 31, a report is being prepared on the "Bondex" service and reports. - Mr. Murphy
23. At the request of Mr. Morris on October 27, a review is being made of a memorandum and table on proprieties and practical results of various excess-profits taxes and limitations under war (or emergency) conditions. - Mr. Murphy
24. At the request of the office of the General Counsel on August 14, a reply is being prepared to a letter from the Senate Committee on Banking and Currency, requesting the opinion of the Secretary on S. 1797, the Farm Credit Act of 1941. - Mr. Foy
25. At the request of Under Secretary Bell replies are being prepared to certain questions asked by the Wagner Committee preparatory to its investigation of banking and monetary conditions pursuant to Senate Resolution 125. - Mr. Haas, Mr. Murphy, Mr. Foy
26. At the request of Under Secretary Bell on May 24, co-operation is being given to Mr. Bartelt and Mr. Blough in preparing replies to the list of questions accompanying a letter from Senator Tydings of May 5. The replies are for use by the Senate Committee created to find ways and means of automatically balancing the Federal Budget in times of peace. - Mr. Murphy, Mr. Foy

Revenue Estimates

I. Projects or studies completed

1. The regular monthly statement was prepared, showing the latest revised estimates of receipts, by months and by principal sources of revenue, for the period October 1941-June 1942. The statement was transmitted to the Bureau of Accounts. - Mr. Bronfenbrenner
2. The regular monthly summary comparison was prepared, showing estimated receipts and actual receipts in September 1941 on the daily Treasury statement basis. - Mr. Bronfenbrenner

3. The regular monthly detailed comparison was prepared, showing estimated and actual receipts in September 1941, based on the collections classification. - Mr. Smith, Mr. Bronfenbrenner
4. At the request of the Bureau of the Budget on October 6, a revision was made of the preliminary and tentative estimates of the revenue for the fiscal year 1943 which were prepared in September. The estimates were transmitted on October 28. - Mr. Haas, Mr. O'Donnell, Mr. Daggit, Mr. Leahey, Mr. Bronfenbrenner, Mr. Smith, Mr. Colclough, Miss Spiegel, Mr. Saunders, Miss Hagedorn
5. A revision was completed of the forecast of the monthly distribution of estimated revenue on the basis of the October revision of the Budget estimates for the fiscal years 1942 and 1943. - Mr. O'Donnell, Mr. Daggit, Mr. Leahey, Mr. Bronfenbrenner, Mr. Smith, Miss Spiegel, Mr. Colclough
6. At the request of the Bureau of Accounts received on October 6, preliminary and tentative estimates were prepared for the fiscal years 1942 and 1943 of receipts from taxes under the provisions of the Federal Insurance Contributions Act, and of the Federal Unemployment Tax Act, from the tax on carriers and their employees, from the Railroad Unemployment Insurance Act, and the amounts to be deposited in the Unemployment Trust Fund by States and by the Railroad Retirement Board. The estimates were transmitted in a memorandum to Mr. Maxwell on October 7. - Mr. Smith
7. At the request of the Legal Division on October 21, a summary tabulation was prepared of the numbers of individual and fiduciary individual income tax returns filed, taxable and nontaxable, on liabilities of calendar years 1938-1941. The tabulation was transmitted to Mr. Tarleau on October 22. - Mr. Leahey, Mr. Bronfenbrenner
8. For use in evaluating the proposals submitted by Mr. Barnard on October 15, for family and economic stabilization reserves, the following revenue estimates were prepared, and were transmitted in a memorandum addressed to him on October 20. A copy was given to Mr. Shere. - Mr. O'Donnell, Mr. Leahey, Mr. Smith, Mr. Bronfenbrenner

- (a) An estimate was prepared of the revenue which would be derived from a contribution of 5 percent of all salaries and wages in excess of \$1,000 a year.
 - (b) An estimate was prepared of the total required contribution if taxable individuals earning less than \$2,000 were required to contribute 25 percent of all increases in spendable funds in 1942 over 1941, and other taxable individuals 50 percent of all such increases.
 - (c) An estimate was prepared of the amount of the business stabilization reserve contributions, at income levels forecast for the calendar year 1942, at the rates specified.
 - (d) Estimates were prepared of the loss in revenue under the individual income tax and corporation normal and surtaxes, which would result from corporation contributions, on three assumptions: (a) if compulsory contributions result in corporations distributing no dividends; (b) if the net income remaining after deduction of all corporation income taxes and compulsory contributions is distributed in dividends; (c) if compulsory contributions do not affect corporation dividend policy except as regards net income available.
9. Under a modified plan presented by Mr. Barnard on October 20, a revenue estimate was prepared of the amount of yield which would be derived from a 5 percent contribution on the entire wages and salaries of recipients with wages and salaries of over \$1,000, with a complete exemption of recipients of wages and salaries of \$1,000 or under. The estimate was transmitted to Mr. Barnard on October 20, and a copy was given to Mr. Shere. - Mr. O'Donnell, Mr. Smith
10. In connection with Mr. Barnard's proposals, the following revenue estimates were prepared at the request of the Division of Tax Research on October 17, for Mr. Sullivan. The estimates were transmitted in a memorandum addressed to Mr. Blough on October 20. The original and two copies were transmitted to Mr. Sullivan, and one copy to Mr. Shere. - Mr. O'Donnell, Mr. Smith, Mr. Bronfenbrenner

- (4) Provisional estimates were prepared of the revenue effects of proposals for an additional separate individual income tax on the same base as the present surtax at flat rates of (a) 10 percent, (b) 15 percent and (c) 20 percent, the taxes with respect to wages, salaries, dividends, and bond interest to be collected at the source, and the tax liability with respect to all sources of income to be allowed as a deduction for purposes of the regular normal and surtax of the individual income tax; showing separately (a) the total tax liability and (b) the amount of tax collected at source with respect to the specified items.
- (5) Estimates were prepared of the revenue effects of the proposals under (a) above but with the substitution of exemptions of \$500 and \$1,000 for the present \$750 and \$1,500, and \$300 credit for dependents for the present \$400, retaining, however, the present exemptions and credits for the regular income tax.
- (6) An estimate was prepared of the increase in individual income tax liabilities from a proposal for mandatory joint returns with the provisions of the Treasury proposal for relief for earned income.
- (7) An estimate was prepared of the revenue effects of a proposal to increase corporation surtax rates from 6 and 7 percent, to 16 and 17 percent, respectively.
- (8) An estimate was prepared of the revenue effects of a proposal to increase the tax rate on automobiles, bodies, and chassis, as defined in section 544(b) of the 1941 Revenue Act, from 7 to 35 percent.
- (9) An estimate was prepared of the revenue effects of increasing the rates on mechanical refrigerators from 10 percent to 25 percent.
- (10) An estimate was prepared of the revenue effects of reducing estate and gift tax exemptions and the insurance exclusion from \$40,000 to \$25,000, and of increasing the rates as follows: Double the bracket rates in the net estate classes through

\$1,250,000, and substitute an 80 percent rate for all brackets above \$1,250,000, making corresponding adjustments in the gift tax rates.

- (h) An estimate was prepared of the revenue effects of increasing the tax on small cigarettes from \$3.25 to \$4.50 per thousand, with corresponding increases for other cigarettes.
11. In further connection with Mr. Barnard's proposals, at the request of the Division of Tax Research on October 22 and 24, revenue estimates were prepared as follows. The estimates were transmitted in a memorandum addressed to Mr. Blough on October 28. - Mr. O'Donnell, Mr. Smith, Mr. Bronfenbrenner
- (a) Estimates were prepared of the revenue effects of the proposal that an added special individual income tax of 10, 15 and 20 percent, respectively, be imposed on net income in excess of personal exemptions of \$1,000 for married persons and \$500 for single persons, with a dependent credit of \$300, collected at the source on wages and salaries, dividends, and interest received.
- (b) Estimates were prepared of the revenue effects of compulsory saving at 15 percent as specified in (a) above, on the first \$200 of supplementary tax at specified rates and gradations of tax amounts.
- (c) Estimates were prepared of the revenue effects, assuming a 15 percent rate for the supplementary income tax, of a proposal to allow a deduction for medical expenses in excess of 5 percent of net income, not to exceed \$2,500, the change to be made with respect to the regular income tax and the supplementary tax.
- (d) Estimates were prepared of the revenue effects, assuming a 15 percent rate for the supplementary individual income tax, of raising the maximum age of dependent children from 18 to 21 years of age, the change to be made with respect to the regular and the supplementary income tax.

- (e) Estimates were prepared of the revenue effects with respect to the Social Security taxes, of making effective January 1, 1942, instead of 1943, the scheduled increase of 2 percent over and above the rates now in effect.
12. In connection with the proposed revision of the revenue laws in 1942, at the request of the Division of Tax Research on October 28, revenue estimates were prepared of proposed changes in the individual income tax, with an added special tax of (a) 10 percent on wages and salaries, and 15 percent on dividends and interest; and (b) 10 percent on wages and salaries and dividends, and 15 percent on interest, with personal exemptions and dependent credits lowered for special tax purposes only, and allowance of 110 percent of personal exemptions and dependent credit made on source collections from wages and salaries. The estimates were transmitted in a memorandum to Mr. Blough on October 31. - Mr. Leahey, Mr. Bronfenbrenner
13. In connection with the proposed revision of the revenue laws in 1942, at the request of the Division of Tax Research on October 30, estimates were prepared of the gross tax liabilities of an added special tax on individuals and the net revenue effect after allowance of the special tax as a deduction from the existing individual income tax base, distributed by net income classes and by taxable status existing prior to the Revenue Act of 1940. The estimates were transmitted in a memorandum to Mr. Blough. - Mr. Bronfenbrenner, Mr. Leahey
14. The following projects for revising and improving methods of estimating revenues from the taxes listed below, have been discontinued for the present, because of a change in the basis of estimating revenues from these taxes. - Mr. Daggit, Miss Spiegel
- (a) Passenger automobiles and motorcycles
- (b) Automobile trucks

II. Projects or studies under way

1. At the request of the Division of Tax Research on July 12, 1940, an estimate is being made of the additional revenue which would be derived if mutual insurance companies other than life insurance companies taxable under Section 207 of the Internal Revenue Code were made taxable in the same manner as stock insurance companies other than life insurance companies taxable under Section 204, and at the same time the exemption under Section 101(11) were restricted to local mutual companies of the assessment type. - Mr. Leahey

Economic Conditions Related to Fiscal and Revenue Matters

1. Projects or studies completed

1. Memoranda on the business and price situation were prepared, and were transmitted to the Secretary on October 6, 13, 20, and 27. - Mr. Haas, Mr. Daggit, Mr. Chevraux

These memoranda contain in addition to analysis of the current situation the following special studies:

- (a) Factory employment and payrolls from January 1929 to date, and average weekly earnings of factory workers from January 1932 to date. (Chart in memorandum of October 6. Also described below under Economic Conditions, I, as item 14). - Mr. Daggit, Mr. Chevraux
- (b) A comparison of the cost of living in the United States and Canada from January 1939 to date. (Chart in memorandum of October 13. Also described below under Economic Conditions, I, as item 12). - Mr. Daggit, Mr. Colclough, Miss Hagedorn
- (c) Factory employment payrolls and average weekly earnings of factory workers from January 1939 to date. (Chart in memorandum of October 27. Also described below under Economic Conditions, I, as item 15). - Mr. Daggit, Miss Hagedorn

2. Monthly or weekly reports are received from 25 individual companies, in response to the Secretary's requests, giving confidential data on new orders and sales. The data in these reports are tabulated and charted currently for the Secretary's information, and are also combined into an index of new orders, which accompanies the weekly memorandum on the business situation. - Miss Washabaugh
3. Memoranda on employment under the Work Projects Administration were prepared on October 6, 13, 20, and 27. - Miss Hagedorn.
4. At the request of the Secretary, a memorandum with three tables and a chart, was prepared, and was transmitted to him on October 17, showing employment in the aviation manufacturing industry as of August 31. - Mr. Lindow, Mr. Wagner
5. At the request of the Secretary, a table is prepared each week summarizing exports of petroleum products, scrap iron, and scrap steel, from the United States to Japan, the U.S.S.R., Spain, and Great Britain, as indicated by departure permits reported daily by the Office of Merchant Ship Control. The tables were prepared for the weeks ending October 4, 11, 18, and 25. On October 6, 13, 20, and 27, respectively, the original and 13 photostats were transmitted to Assistant Secretary Gaston. - Mr. Tickton, Mr. D. J. Leahy
6. Compilations were made of daily quotations on selected commodities, and daily and weekly figures on selected business indexes, foreign and domestic security transactions, security prices, exchange rates, as well as other data for the Secretary's chart book. - Mr. Chevraux
7. At the request of the Secretary on September 17, the compilation of daily, weekly, and monthly prices of cotton, wheat, flour, and bread, was maintained for his use in connection with the charts listed in item 8 of this section. - Mr. Daggit, Mr. Colclough
8. At the request of the Secretary on September 17, the following charts showing cotton, wheat, flour, and bread prices, were kept up to date daily: - Mr. Daggit, Miss Hagedorn, Mr. Colclough

- 24 -

- (a) BLS prices of wheat flour and wheat feeds (bran and middlings) at Minneapolis, weekly, September 1940 to date.
 - (b) Cotton prices: Market price (average, 10 spot markets) and our estimated farm price, weekly from August 1940 to date and daily from August 1941 to date, compared with the Department of Agriculture monthly farm price and parity price.
 - (c) Wheat prices: Market price (average of Number 2 red winter at Chicago, Number 1 dark northern at Minneapolis, and Number 2 hard winter at Kansas City), weekly from August 1940 and daily from August 1941 to date, compared with the Department of Agriculture monthly farm price and parity price.
 - (d) BLS retail prices of bread and wheat flour in 51 cities, monthly from August 1940 to date.
9. At the request of Mr. Buffington on October 8, a memorandum was prepared containing information on employment, and was transmitted to him on the same date. - Mr. Daggit
 10. In accordance with the request of Mr. Leon Henderson on July 19, copies of eight charts on commodity prices and the cost of living were transmitted to him. - Mr. Daggit

The monthly movements of the NICB cost-of-living index compared with the BLS index of 889 commodities were shown from 1935 to date. On the same chart were shown the weekly movements of the BLS index of 889 commodities compared with the BLS index of 28 basic commodities from August 1939 to date. Four charts as of October 4, 11, 18, and 25, were transmitted on October 7, 14, 21, and 28, respectively.

Three other charts showed weekly and daily movements of the indexes of 11 basic imported commodities and 17 basic domestic commodities from April 1940 to date.

On the same charts were shown percentage changes for each of the 28 commodities from the August 1940 low. Successive charts showed the changes to October 3, 10, and 17. These charts were transmitted on October 7, 14, and 21, respectively.

One chart showed weekly and daily movements of the indexes of 12 foodstuffs and 16 industrial raw materials from April 1940 to date. On the same chart was shown the percentage change for each of the 28 commodities from the August 1940 low to October 24. This chart was transmitted on October 28.

11. At the request of the Secretary on October 14, memoranda on developments in the cost of living, were prepared, and were transmitted to him on October 21 and 29. A chart showing the combined cost of living and selected items, by months from June 1939 to date, on the basis that June 1939=100, accompanied the memorandum of October 21, and will be kept up to date as figures become available. - Mr. Daggit, Miss Spiegel
12. A study of the cost of living in the United States and Canada was made from January 1939 to date. A chart showing the Dominion Bureau of Statistics indexes of the cost of living and retail costs of food for Canada, and corresponding BLS indexes for the United States, were presented with the business memorandum of October 13. - Mr. Daggit, Mr. Colclough, Miss Hagedorn
13. An analysis was made of the State distribution of United States defense savings bonds series E during August and September, in relation to workers' income by States, and to average earnings of workers in manufacturing, wholesale, and retail trade. - Mr. Haas, Mr. Daggit, Mr. Colclough, Mr. Saunders
14. A study was made of the movements of the BLS index of factory employment and payrolls from January 1929 to date, and of the BLS series on average weekly earnings of factory workers from January 1932 to date. A chart showing these changes was used in connection with the business memorandum of October 6. - Mr. Daggit, Mr. Chevraux

15. A study was made of the movements of the BLS index of factory employment payrolls and average weekly earnings of factory workers from January 1939 to date. A chart showing these movements was presented with the business memorandum of October 27. - Mr. Daggit, Miss Hagedorn
16. A forecast was made of the following basic business series for the calendar years 1941 and 1942 and the fiscal years 1942 and 1943, for use in estimating Federal revenues; FRB index of industrial production (September 1941 revision); BLS index of wholesale prices; BLS index of factory payrolls (January 1941 revision); our index of the value of industrial production; Standard Statistics index of 420 stock prices; Department of Commerce series on salaries and wages (July 1941 revision); and the FRB series on bank debits outside New York City. - Mr. Daggit, Miss Spiegel, Mr. Colclough, Mr. Saunders
17. At the request of the Secretary on October 2, a memorandum and table were prepared, and were transmitted to Mr. Coe on October 8, showing lend-lease food purchases made by the Surplus Marketing Administration. - Mr. Daggit
18. At the request of the Secretary on October 21, a table was prepared, and was transmitted to him on October 22, showing regulations of the Commodity Exchange Administration, covering trading in the futures markets. - Mr. Daggit
19. A letter was received on September 28 from Mr. Leon E. Truesdell, Bureau of the Census, requesting comments on proposed table forms showing data obtainable from proposed labor force tabulations on wages, salaries, hours, and related subjects. A review was completed of the forms. - Mr. Murphy, Mr. O'Donnell, Mr. Daggit, Mr. Villard
20. At the request of Mr. Kuhn, data were checked for use in preparing the speech delivered by the Secretary before the American Bankers Association on October 2. - Mr. Daggit

21. At the request of Under Secretary Bell on September 25, a review was made of the testimony by the Secretary on the Price Control Bill, H. R. 5479, before the House Banking and Currency Committee on September 24. - Mr. Murphy, Mr. Foy

II. Projects or studies under way

1. With respect to the "Index of consumer expenditures, in dollar value", progress has been made in developing individual series, in determining their suitability for inclusion and the necessary adjustments. These series have been classified in two broad groups: durable goods and non-durable goods. The purpose of the index is to cover as large as possible a proportion of the purchases of ultimate consumers. This project is temporarily in abeyance. - Mr. Colclough
2. A project in process is designed to develop an index of industrial production that will indicate week by week the approximate level of the FRB index. It will include a larger number of weekly series than are included in any current business indices, with weightings and seasonal adjustments approximating those in the FRB index. This project is temporarily in abeyance. - Mr. Baylit

Actuarial Problems

I. Projects or studies completed

4. In response to a memorandum of September 29, from the office of the General Counsel, transmitting a copy of S. R. 5503, a bill for the relief of certain widows of Foreign Service officers, for a voluntary report if desired, a memorandum was forwarded to Mr. Bernard on October 14, stating that the Division did not wish to make such a report. - Mr. Reagh
5. A communication was received under date of September 30, from the office of the General Counsel, transmitting a copy of S. 1932, a bill to amend the Social Security act to provide for general pensions, and suggesting that the Division might wish to cooperate with the Bureau of Accounts in any action concerning the bill. A review was made of the bill and was transmitted orally to the Bureau of Accounts on October 2. - Mr. Reagh

3. Mr. A. R. Pilkerton, Auditor of the District of Columbia, has requested the Treasury Department to make an actuarial quinquennial valuation of the Teachers' Retirement Fund of the District of Columbia, as required by the 1942 District of Columbia Appropriation Act, approved July 1, 1941. In a letter dated September 13, Mr. Pilkerton was informed that inasmuch as a valuation had been made as of December 31, 1936, the next valuation was not due until after December 31, 1941. Therefore, the matter will be held in abeyance until the end of the year. - Mr. Reagh

II. Projects or studies under way

1. The Board of Actuaries of the Civil Service Retirement and Disability Fund is laying out detailed plans for tabulating and processing data for use in preparing the regular five-year valuation of the Civil Service Retirement Fund for the purpose of determining the liabilities of the Government under the Civil Service Retirement law. Under the law, such a valuation must be prepared as of July 1, 1940. Valuation plans are in process of preparation. - Mr. Reagh, Mr. Brown
2. The Foreign Service Retirement Law, as approved April 24, 1939, Section 26(m), provides that the "Treasury Department shall prepare the estimates of the annual Appropriations required to be made to the Foreign Service Retirement and Disability Fund and shall make actuarial valuation at intervals of five years, or oftener if deemed necessary by the Secretary of the Treasury". The State Department has requested an estimate of the appropriation required for the fiscal year 1943. A preliminary estimate was given to the Department of State on October 18. - Mr. Reagh, Mr. Brown, Mr. Kroll
3. At the request of Mr. A. R. Pilkerton, Auditor of the District of Columbia, an actuarial quinquennial valuation is being made of the Policemen's and Firemen's Pension Fund of the District of Columbia. This valuation will be made by the Treasury Department in accordance with the 1942 District of Columbia Appropriations Act, approved July 1, 1941. An outline of the information required for the valuation was submitted to Mr. Pilkerton in a letter dated September 13. The basic data were received on October 31. - Mr. Reagh, Mr. Brown

4. At the request of Under Secretary Bell on July 10, a memorandum is being prepared in regard to the 1941 legislative program of the Social Security Board. - Mr. Reagh
5. In response to a letter from the Bureau of the Budget on October 13, requesting the views of the Treasury Department on H. R. 5568, a bill "For the relief of certain widows of Foreign Service Officers", data for a cost analysis of the bill were obtained from the Department of State and an estimate and report are being prepared. - Mr. Reagh, Mr. Brown, Mr. Kroll

Other Projects or Studies

1. At the request of the Legal Division on July 1, in response to a request from Senator Elbert D. Thomas, in a letter of June 27, a report was prepared on S. 1666, a bill to coordinate Federal reporting services, to eliminate duplication and reduce the cost of such services, and to minimize the burdens of furnishing reports and information to governmental agencies. The report was based on comments on the bill by the various bureaus and divisions of the Department. The report was transmitted to the Legal Division on October 10, in a letter addressed to Senator Thomas. - Miss Michener

2. Publications

- (a) For the October issue of the Treasury Bulletin data were prepared on average yields of long-term Treasury bonds and high-grade corporate bonds. - Mr. Rosen

All the material submitted for the October issue was reviewed and edited. Substantial revision was made in the tables on budget receipts and expenditures from 1933 to date, and in the tables on trust funds.

Revisions are being considered for future issues. - Mr. Lindow, Mr. Lynch

- (b) For the publication Market Prices and Yields of Outstanding Bonds, Notes, and Bills of the United States, computations were made and copy was prepared for the issue covering the month of September. This publication shows by securities the coupon rates, maturities, interest payment dates, and for each day of the month, together with a monthly average, closing market quotations (accrued interest to be added), and yields.

A revision is being made in this statement. Beginning with the issue for September all prices will be on the over-the-counter basis and in addition to the categories hitherto included, there will be added conversion bonds, securities guaranteed by the United States and securities of Federal agencies not guaranteed. The revised statement is entitled "Prices and Yields of Public Marketable Securities Issued by the United States Government and by Federal Agencies". - Mr. Reagh, Mr. Brown, Mr. Lindow, Mr. Moody, Miss McCoy

- (c) Material for the text of the Annual Report of the Secretary of the Treasury for the fiscal year 1941 was prepared on the following subjects: receipts in general and special accounts; securities owned by the United States; receipts, expenditures, and trust accounts; market movements of Government securities; and a table showing prices and yields of Treasury bonds and notes and of securities guaranteed by the United States. An article on estimates of receipts is in preparation. - Mr. O'Donnell, Mr. Reagh, Mr. Tickton

Manuscript for the Annual Report is being given an editorial review as received. The usual handling of the material is going forward. - Mr. Tickton, Miss Westerman

- (d) At the request of Under Secretary Bell, a review was made, and was completed on October 27, of a proposed draft for the November Federal Reserve Bulletin discussing Treasury finance and banking developments. - Mr. Haas, Mr. Lindow

- (e) At the request of Assistant Secretary Gaston on July 17, an article is being prepared on the operations of the Treasury Department during the year 1941 to be incorporated in the 1942 Americana Annual. - Mr. Barnett
- (f) At the request of Mr. Collie on September 17, data were prepared on holdings of United States Government securities for Moody's Manual of Investments, and were transmitted to him in three tables under cover of a memorandum on October 6. - Mr. Conrad

3. Correspondence

Replies were prepared to letters received on subjects relating to the work of the Division, and letters drafted elsewhere and submitted to the Division for that purpose were reviewed. - Miss Michener, Mr. Lindow, Miss Ziegler, and other members of the staff in appropriate fields of work.

During October 435 letters were received in the Division and 341 were handled as required.

4. Charts

Charts are prepared and continually brought up to date for use in memoranda and in chart books on special subjects, and corresponding photographic, photostatic, and multilith work is carried on. This is done in the Graphic Section under the supervision of Mr. Banyas. A statistical report on the work of the Graphic Section for the month of October is attached.

Work completed in the Graphic Section, Division of
Research and Statistics, during October 1941

Type of work	For Division of R & S	For Others	Total
<u>Graphics:</u>			
<u>New charts:</u>			
Total charts completed	34	15	49
Bond book charts completed	-	-	-
<u>Charts brought up to date:</u>			
3 bond chart books brought up to date	26 (t)	-	26 (t)
All other charts brought up to date	681	28	709
<u>Miscellaneous:</u>			
Total jobs	12	11	23
<u>Photographic:</u>			
<u>Photographs:</u>			
Total jobs	57	42	99
Number of-			
Negatives	148	49	197
Contact prints	225	108	333
Enlargements	263	69	332
<u>Photostats:</u>			
Total jobs	183	32	215
Number of-			
Lettersize copies	1,144	593	1,737
All other copies	4,801	408	5,209
<u>Multilith:</u>			
Total jobs	23	4	27
Number of-			
Zinc plates	144	6	150
<u>Miscellaneous:</u>			
Total jobs	19	11	30

Statistical Report on Work Completed by the
Graphic Section, Division of Research and Statistics, by months,
beginning July 1941.

Type of work	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
A. Graphic:							
New charts completed	34	43	34	49			
Charts brought up to date	721	727	757	709			
Bond book charts completed	2	58	1	-			
Bond books brought up to date	26(times)	26 (t)	27(times)	28-(t)			
Miscellaneous	27	31	26	23			
B. Photographic:							
<u>Photographs:</u>							
Total jobs	91	59	87	99			
Number of-							
Negatives	193	173	165	197			
Contact prints	254	654	972	333			
Enlargements	141	335	82	332			
<u>Photostats:</u>							
Total jobs	169	202	164	215			
Number of-							
Lettersize copies	2,802	1,287	2,071	1,737			
All other copies	7,519	5,276	5,936	5,209			
<u>Multilith:</u>							
Total jobs	22	22	20	27			
Number of-							
Zinc plates	153	166	135	150			
<u>Miscellaneous:</u>							
Total jobs	34	37	29	30			

LB:wlt
5-1-41

9-18-41

February 4, 1942

Dear Steve:

This will acknowledge receipt of your memorandum of January 29th regarding speeches by members of the Cabinet and other officials.

I think it is a good idea to have these speeches cleared by Archibald MacLelish, and I shall be glad to cooperate in every way.

I have also sent copies of your memorandum to the Treasury officials whose speeches should be cleared.

Sincerely,

(Signed) Keary

Hon. Stephen Early,
The White House,
Washington, D. C.

FR/cpk

File N. M. C.
By Messenger *Hopkins 2:10*
2/5/42
Copies to Hopkin

188

February 3, 1942

Photostatic copies sent to the following:

Mr. D. W. Bell

Mr. Blough

Mr. Buffington

Mr. Foley

Mr. Gaston

Mr. Graves

Mr. Haas

Mrs. Klotz

Mr. Kuhn

Mr. Morris

Mr. Odegard

Mr. Paul

Mr. Schwarz

Mr. Sullivan

Mr. Swope

Mr. Thompson

Mr. Viner

Mr. White

THE WHITE HOUSE
WASHINGTON

January 29, 1942

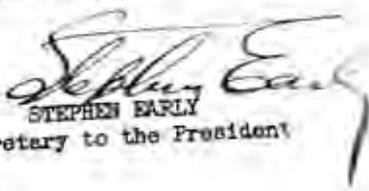
MEMORANDUM FOR:

ALL MEMBERS OF THE CABINET, THE
FEDERAL ADMINISTRATORS,
UNDER SECRETARIES AND ASSISTANT SECRETARIES OF THE
EXECUTIVE DEPARTMENTS AND
HEADS OF INDEPENDENT AGENCIES

It is requested, until further notice, that members of the Cabinet, the Federal Administrators, Under Secretaries and Assistant Secretaries of the Executive Departments, and heads of independent agencies, submit to Mr. Archibald MacLeish, Director, Office of Facts and Figures, advance copies of such public addresses as they may deliver from time to time.

The Office of Facts and Figures, in cooperation with this office, will endeavor to clear the speeches before their delivery. It will be greatly appreciated, therefore, if drafts of all speeches are submitted for clearance well in advance of their scheduled delivery.

It is recognized that the war has brought increased responsibilities to high Government officials and that public statements by them, including radio addresses, should be subjected to more careful scrutiny now than has been the custom in time of peace.


STEPHEN EARLY
Secretary to the President

February 4, 1942

My dear Mr. President:

I have read Donald Nelson's letter to you, dated January 29th, and in accordance with your request I am returning it for your files.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,
The White House.

Jila H. M. C.
By Messenger *Hepkins 4:20 pm*

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THE WHITE HOUSE
WASHINGTON

February 3, 1942.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

FOR YOUR INFORMATION AND
RETURN FOR OUR FILES.

F.D.R.

WAR PRODUCTION BOARD
WASHINGTON, D. C.

January 29, 1942

OFFICE OF
DONALD M. NELSON
CHAIRMAN

1942 FEB 2 1 55 PM '42
THE WHITE HOUSE
RECEIVED

The President,

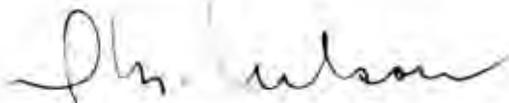
The White House.

Dear Mr. President:

On October 28, 1941, you requested the Director General of the Office of Production Management to appoint a special committee on tax amortization. In accordance with your request the Director General appointed as chairman, Mr. Floyd B. Odum, Director of the Division of Contract Distribution, and as co-members, Mr. Leon Henderson, Director of the Division of Civilian Supply, and myself, as Executive Director of the Supply Priorities and Allocations Board.

In view of the establishment of the War Production Board, the transfer of the functions of the Division of Contract Distribution to the Production Division, and the changed responsibilities of Mr. Odum, I have taken the liberty of abolishing the Tax Amortization Committee and transferring its general functions and responsibilities to the Production Division. This action has been taken with the full concurrence of all members of the Committee and the Director of Production.

Respectfully,



Donald M. Nelson

SECRET

Office of Lend-Lease Administration

STATEMENT OF ALLOCATIONS AND OBLIGATIONS

Weekly Report as of January 31, 1942

Appropriation Category	Adjusted Appropriations Jan. 31, 1942	Allocations		Obligations Jan. 23, 1942
		Jan. 31, 1942	Jan. 23, 1942	
Armance and Ordnance Stores	\$ 2,234,800,000	\$ 2,146,403,666	\$ 2,146,380,266	\$1,132,268,657
Aircraft and Aero. Material	2,877,000,000	2,832,250,860	2,831,133,792	1,952,665,312
Tanks and Other Vehicles	971,100,000	934,174,875	914,674,875	475,144,680
Ships	1,657,500,000	1,571,656,667	1,561,136,667	1,160,169,771
Misc. Military Equipment	466,500,000	454,158,409	432,158,409	39,692,446
Production Facilities	1,016,600,000	1,006,652,689	1,001,542,689	574,659,330
Agric. and Indust. Commod's	3,092,750,000	2,522,717,514	2,491,117,514	1,369,355,355
(rviceing, Repair of Ships, etc.	310,750,000	297,019,833	294,219,333	185,580,215
Services and Expenses	325,000,000	266,789,944	263,674,944	22,112,763
Administrative Expenses	20,000,000	8,033,352	7,329,352	2,674,217
Total	\$12,972,000,000	\$12,039,857,809	\$11,933,888,341	\$6,996,322,706

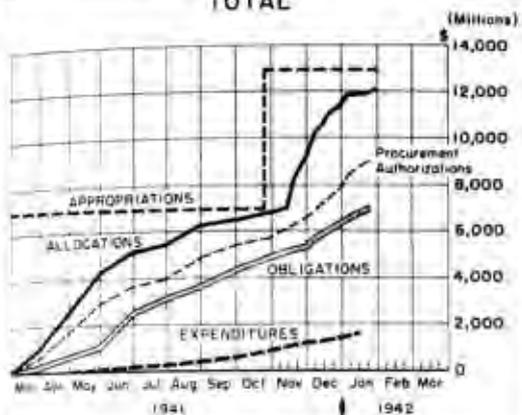
Procuring Agency	Adjusted Appropriations Jan. 31, 1942	Allocations		Obligations Jan. 23, 1942
		Jan. 31, 1942	Jan. 23, 1942	
War Department	XXXXXXXXXX	\$ 6,604,645,101	\$ 6,524,505,701	\$1,575,163,108
Navy Department	XXXXXXXXXX	2,508,868,946	2,494,692,878	1,553,238,075
Maritime Commission	XXXXXXXXXX	1,104,669,000	1,101,869,000	831,100,301
Treasury Department	XXXXXXXXXX	825,926,879	817,112,879	426,975,770
Department of Agriculture	XXXXXXXXXX	994,927,939	994,927,939	609,054,663
Other	XXXXXXXXXX	819,944	779,944	590,788
Total	\$12,972,000,000	\$12,039,857,809	\$11,933,888,341	\$6,996,322,706

Funds for freight and other necessary charges are not included in obligations.

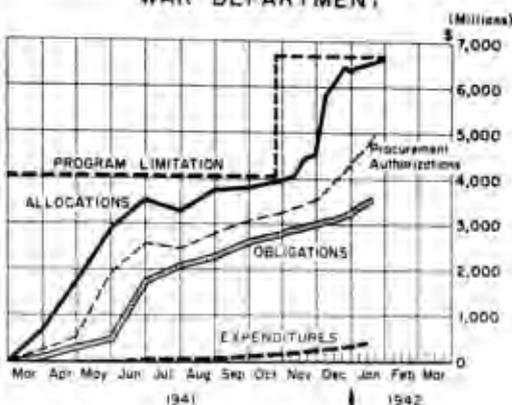
"THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE Espionage Act, U.S.C. §§ 81 AND 82. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW."

LEND-LEASE FUNDS

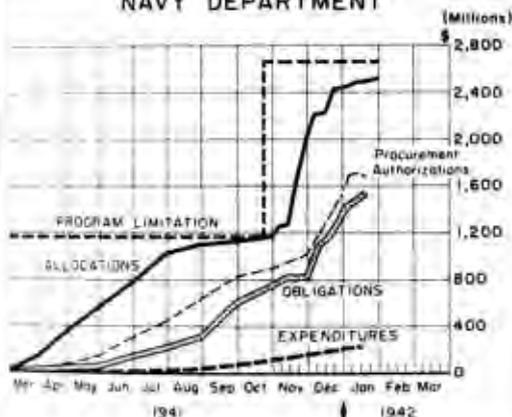
TOTAL



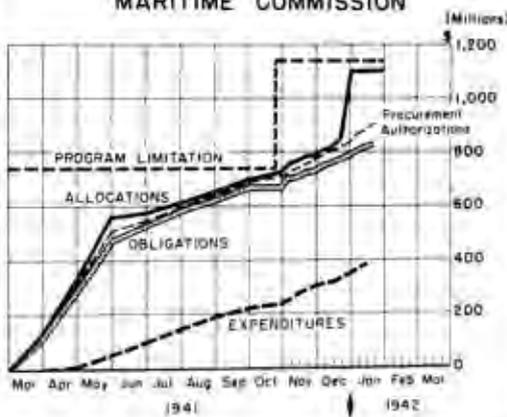
WAR DEPARTMENT



NAVY DEPARTMENT



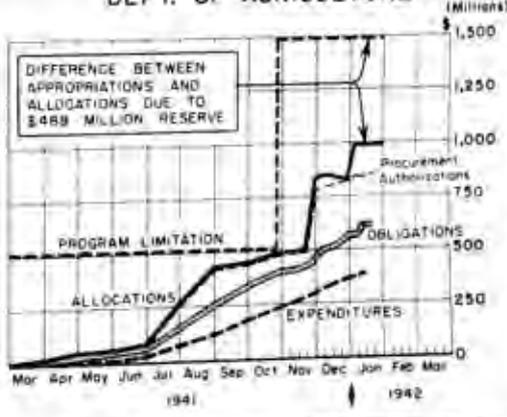
MARITIME COMMISSION



TREASURY DEPARTMENT



DEPT. OF AGRICULTURE



SECRET

**TOTAL AMOUNT OF FUNDS OBLIGATED
IN EACH WEEKLY PERIOD**
Millions of Dollars

196

AMOUNT OF FUNDS OBLIGATED, BY WEEKLY PERIODS
Thousands of Dollars

	1941	1942		
	Dec. 24-31	Jan. 1-8	Jan. 9-15	Jan. 16-23
APPROPRIATION CATEGORY				
Ordnance and Ordnance Stores	32,566	29,924	8,053	63,714
Aircraft and Aero. Material	124,451	- 29,571	36,978	32,321
Tanks and Other Vehicles	2,665	47,501	9,608	49,789
Ships	23,832	101,140	11,490	4,895
Misc. Military Equipment	1,754	9,669	2,501	7,371
Production Facilities	- 10,267	20,439	36,424	9,541
Agric. and Indust. Commod's	110,448	40,437	81,138	50,862
Servicing and Repair of Ships	5,167	13,396	3,010	46,698
Services and Expenses	- 243	12,911	3,821	21,769
Administrative Expenses	464	89	116	233
Total	290,837	245,935	193,139	287,193
PROCURING AGENCY				
War Department	127,839	64,035	87,667	145,543
Navy Department	38,546	139,148	32,293	87,206
Maritime Commission	17,775	20,108	6,241	16,043
Treasury Department	63,868	22,629	20,319	38,368
Department of Agriculture	42,797	1	46,570	1
Other	12	14	49	32
Total	290,837	245,935	193,139	287,193

MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF CHINA

Feb. 4, 1942

Secret

Mr. Morgenthau.

The generalissimo telegraphed me that he is secretly leaving for India & Burma to discuss concerted measures for the defence of Burma against the Japanese.

This is a happy development as our relations with the British have been far from cordial.

Replies to my messages will now be somewhat delayed as he brought with him an old code, to which I would not dare to entrust important messages.

With kind regards

Yours very sincerely
Wang Kang

Treasury Department
Division of Monetary Research

Date..... Feb. 91942.

To: Miss Chauncey

For your files.

MR. WHITE
Branch 2058 - Room 214½

TREASURY DEPARTMENT

100

INTER OFFICE COMMUNICATION

DATE February 4, 1942

TO Mr. White

FROM Mr. Friedman

SUBJECT: Digest of cable from Adler dated February 3, 1942 regarding Chinese Stabilization Board.

1. Central Bank of China has submitted to the Board an application for a loan of about U.S. \$5,673,000 and £ 2,338,000 sterling on the grounds that the Board is obligated to meet all Government requirements for foreign exchange and all legitimate commercial requirements.
2. Mr. K. P. Chen, Chairman of the Board, believes there is no need for acting immediately on the Central Bank's application. He feels that it would be advisable to await the clarification of the situation with respect to Rangoon.
3. It should be noted that if the loan is granted, it will practically absorb the outstanding balance of the Chinese contribution to the Stabilization Fund.
4. Questions raised by the request for a loan of dollars instead of United States dollars in exchange for yuan are being explored. These questions should be discussed with Mr. Fox on his arrival here.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking, China

DATE: February 3, 1942, 9 a.m.

NO.: 84

A strictly confidential telegram (TF-17) from Adler for the Secretary of the Treasury.

Paragraph 1. An application has been submitted to the Board by the Central Bank of China for a loan of United States dollars \$5,672,954 and pounds sterling 2,337,282 (all figures herein are given to the nearest dollar or pound). These sums constitute the difference between the Bank's foreign exchange outpayments and its (i) of total inpayments from August 16 to December 31. The basis of the application is an understanding of the Board with the Minister of Finance which was formally acknowledged by the Chairman of the Board in a letter to the Foreign Exchange Control Commission dated November 1. Under this it was provided that the Board should get all the foreign exchange the Central Bank received from exports and overseas remittances while in return the Board should meet Free China's legitimate commercial requirements and all government requirements for foreign exchange by the Foreign Exchange Control Commission.

Paragraph 2.

-2-

Paragraph 2. Details of the application are as follows:

	<u>U. S. Dollars</u>	<u>Sterling</u>
A. For imports into Kunning and Chungking before the Board opened offices there \$	900,736	27,298
B. Government requirements from August 21 to October 31, 1941.	2,730,522	1,300,777
C. Government requirements from November 1 to December 31, 1941.	<u>3,066,658</u>	<u>1,409,165</u>
<u>TOTAL</u>	<u>\$6,697,356</u>	<u>2,437,454</u>
Subtract:		
D. Accruals from remittances, etc.	<u>1,024,043</u>	<u>100,172</u>
<u>BALANCE</u>	<u>\$5,672,954</u>	<u>2,337,282</u>

It appears from statements of the Central Bank that the latter has not yet received all the foreign exchange accruing subsequent to remittances, etc. For example, the National Resources Commission is in process of turning over to the Central Bank United States \$1,000,000 which it has from exports, while the Bank has yet received December United States dollars representing remittances from the United States since the operative date of general license no. 75.

GAUSS

A recheck is being made of the figures which are reported above as they were received and decoded.

The sum of a, b, c dollar figures as received in telegram 54 is \$6,697,916 and not \$6,697,356 as received. The sum of D and the Balance as received is 6,696,997 and not 6,697,356 as received. The decipherment of the sterling figures of Item B is indicated by the code room as uncertain.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking, China

DATE: February 3, 1942, 9 a.m.

NO.: 84 (Section two)

It would be appreciated in this connection if, in order that the Board may have some idea how much to expect from this source, you could ascertain and telegraph the balance of general license 75 reported on IFR-132 in accordance with general license 75, Section III.

Paragraph 3. I have the following information obtained informally:

(a). In the opinion of the Chairman of the Board, since there is no need for acting immediately on the Central Bank's applications, it would be advisable to await clarification of the situation with respect to Rangoon and the possibility of maintaining the flow of imports into China.

(b). The British feel disposed to satisfying the application for the period beginning November 1 and to keep the understanding between the Board and the Minister of Finance in effect, even though remittances may have become a trickle rather than a flow, since in the future the requirements of the Chinese Government for foreign exchange will probably be comparatively small.

Paragraph 4. To facilitate the efforts of the Board to reconstitute its records, it would be helpful if the following

-2-

following information could be obtained for Fox to bring back with him when he returns:

(a) The sums which were paid out on instructions of the Board by the Federal Bank to banks in New York in week or two preceding December 8 but which had not yet been transmitted by these banks to the officers and agents at Shanghai. Answers are also desired to the questions: what is the status of these sums and has the Board a right to ask that they be refunded to the Federal:

(b) What is the exact amount of Fapi held by the National City and Chase branches at Shanghai on the Board's account?

(c) What amount of setoffs was on the books of the National City and Chase, Shanghai, not yet credited to the Board?

Paragraph 5. Pei, Hall-Watch and Cassels are in running but it is expected the two former will be back soon.

It is requested that Fox be informed.

END OF MESSAGE.

GABBS

FINANCIAL AID TO CHINA

MR. BLOOM. Mr. Speaker, I ask the President for the immediate resumption of House Joint Resolution 276, authorizing the President of the United States to render financial aid to China, but for the purposes of the bill.

THE SPEAKER. To there objection to the request of the gentleman from New York (Mr. Bloom)?

MR. ATHER. Mr. Speaker, reserving the right to object—and I do not propose to object—this is a very important resolution. It comes to the House with the unanimous report of the Committee on Foreign Affairs. It involves \$500,000,000 in financial aid to China. In my opinion, it is a proper and wise move and a sound military and diplomatic investment.

China has been fighting Japan with great gallantry for the last 4 or 5 years. It has a tremendous reservoir of manpower. It has a population of 427,000,000 people—3 or 4 times as many as the United States. The Congress and the American people are completely united in winning this war. If we want to be sure of winning it, what is better than to supply arms, ammunition, defensive and offensive weapons, airplanes, tanks, and artillery in large quantities to the Chinese, who have always shown the utmost gallantry, but who are lamentably lacking in artillery, airplanes, and modern weapons with which to defeat the Japanese?

When this resolution is passed—and I am sure it will pass unanimously—I hope we will proceed at the earliest possible moment to try to get airplanes, the best equipped and the most modern airplanes in the world, to the Chinese, so that they can carry the war to Japan—an offensive war from the shores of China across the seas to Japan—and bomb Japanese cities and destroy them as the Japs did to them.

We must not minimize this war. If China should be driven out of the war, if she should collapse, if she should make peace, if she should be beaten, I do not believe we could win the war for many years and without terrible losses and trials. If Russia should collapse or be forced to make peace, we would be confronted with an equally serious situation. I think we would then face the possibility of a stalemate. But as long as Russia and China remain in this war and continue to fight, we are bound to win. Particularly if we supply them with weapons to their will.

I think there will be no objection to the resolution.

MR. MILLER. Mr. Speaker, will the gentleman yield?

MR. FISH. Yes, I yield.

MR. MILLER. In other words, this is a personally fine movement for our Government to make?

MR. FISH. And a vote of confidence for the present Chinese Government, which has been carrying on this war for 4 years without proper arms or equip-

The SPEAKER. Is there objection to the present consideration of the resolution?

MR. MCCORMACK. Mr. Speaker, reserving the right to object, of course I am wholeheartedly for the resolution. As the gentleman from New York (Mr. Fish) has said, we must not minimize the war.

There is one thing the American public must be watchful of, and that is an attitude of complacency. We cannot feel overconfident. On the other hand, we must not have a feeling of lack of confidence or defeatism. I think the state of mind of the American people must be one of grim determination. That state of mind must be possessed not only by the leaders in the armed forces, every member of the armed forces, every civilian, because war today is an over-all picture; not alone the men in service who are waging the war. The child in the crib is in this war. After this war is over everyone, from the babe in the crib up, will be a veteran of this war. Civilian defense is a very important part of our war, and those in civilian life should actively participate in all such activities. If there is one thing we have learned from Pearl Harbor it is that we should be prepared for anything. We might think something may not happen, but we should not rest upon that thought and be inactive. We must be prepared for anything that can possibly happen.

As far as China is concerned, the American people have always had a warm feeling of friendship for the people of China and for the Chinese Government. Even before December 7 and our entry into the war, our people had a warm friendship for them and a strong feeling of support in their defense against aggression and in their future aspirations. Today we are allies, and our Government since December 7 and prior to that time has done everything possible, and our Government will do everything possible to assist the people of China, to assist the Government of China as an ally and as a friend in the successful termination of the war, to which we are all so anxiously looking forward to see brought about as soon as possible. This bill is a very important bill in connection with the defense of the people and the Government of China. It is an important bill from our own angle, and as a part of our war action in this great conflict. I know there is no opposition to this bill, but we want to have a record made of the love and affection on the part of the people of America for the people of China.

MR. WHITE. Mr. Speaker, reserving the right to object, I subscribe to what our leader has just said that there is no opposition to this particular joint resolution, but I do want to say a word in reference to the plan he proposes. I am wondering if he thinks it is financially possible for the people of the United States to finance the war activities of every nation on the globe that is opposed to the Central Powers. I am wondering how far we can go—and he and the leadership of this Congress understand that there is a limit to the financial resources and productive ability of this country—

and now that we are committed to fight and win this war if it is not necessary to divert our resources and energies to equipping the military forces of our own country.

The SPEAKER. Is there objection to the request of the gentleman from New York (Mr. Bloom)?

There being no objection, the Clerk read the House joint resolution, as follows:

Whereas China has for more than 4 years valiantly resisted the forces of Japanese aggression;

Whereas financial and economic aid to China will increase her ability to oppose the forces of aggression; and

Whereas the defense of China is of the greatest possible importance, therefore be it Resolved, etc., That the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to make or extend credit in any other financial aid to China in an amount not to exceed in the aggregate \$500,000,000 at such time or times and upon such terms and conditions as the Secretary of the Treasury with the approval of the President shall deem in the interest of the United States—

Sec. 2 The authority herein granted shall be in addition to any other authority provided by law.

Sec. 3 There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum or sums, not to exceed \$500,000,000, as may be necessary to carry out the provisions of this joint resolution.

MR. BLOOM. Mr. Speaker, with reference to the resolution now under consideration—House Joint Resolution 276—I would like at this time to present the letter of the President of the United States which was sent to the Speaker of the House of Representatives under date of January 31, 1942:

The WHITE HOUSE,
Washington, January 31, 1942

The Honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES

MY DEAR MR. SPEAKER: Responsible officials both of this Government and of the Government of China have brought to my attention the existence of urgent need for the immediate extension to China of economic and financial assistance going beyond in amount and different in form from such aid as Congress has already authorized. I believe that such additional assistance would serve to strengthen China's position as regards both her internal economy and her capacity in general to function with great military effectiveness in our common effort.

I urge, therefore, the passage by Congress of appropriate legislation to this effect and attach hereto a suggested draft of a joint resolution which would accomplish this purpose.

Sincerely yours,
FRANKLIN D. ROOSEVELT

During the hearing held by the Committee on Foreign Affairs on February 3, 1942, on this measure, the committee heard testimony from the Secretary of the Treasury, Henry Morgenthau, Jr.; the Secretary of War, Henry L. Stimson; the Secretary of the Navy, Frank Knox; the Secretary of Commerce, Jesse H. Jones; and Assistant Secretary of State Brockbridge Long.

The witnesses discussed the background of our relations with China and detailed the recent political, military, and economic developments. In the opinion

of the committee these developments fully justify the financial aid which this joint resolution would authorize.

It was thought desirable that the Secretary of the Treasury, acting with the approval of the President, should be given the widest possible latitude in arranging for the financial aid to be expended. The joint resolution was deemed advisable to permit the Secretary of the Treasury, acting with the approval of the President, to use any direct or indirect loan to the United States as a means of providing for either part or the whole of the assistance to be extended to China.

The witnesses reported to the committee the various forms of credits and loans and aids that have heretofore been extended to China and the splendid record of the Chinese Government in discharging its obligations and commitments to the United States. The additional assistance now proposed is much more comprehensive in scope and is of a different character from the stabilization loans, Export-Import Bank loans, and other economic aids. The aid contemplated in the joint resolution should be regarded as the financial counterpart of loan-leading war materials. It is designed to the same end—namely, the successful prosecution of the war and should be evaluated in the same terms.

From the beginning of the vicious onslaught in 1937 by the Japanese armed forces upon China, the Chinese Government, the Chinese people, and the Chinese armed forces have heroically and with great sacrifice resisted a ruthless invasion. The areas which Japan has succeeded in occupying have not been yielded until after the Chinese people have, with unbelievable sacrifice and fortitude, stripped them of materials that might be of value to the enemy. China, cut off from communication with the outside world except by long and difficult routes, deprived of its great industrial, shipping, and commercial centers, and denied the greater part of its normal sources of revenue, is continuing after almost 5 years a valiant fight against aggression. The tenacity of the Chinese in this battle for their national existence has won the unstinted praise of free peoples everywhere.

The country which attacked China in 1937 attacked the United States in 1941. That country and its partners in world arms declared war on the United States. This country thereupon declared war on them. China also declared war on them. Today the United States and China are actively engaged, along with other countries that have been attacked by the aggressive nations, as comrades in arms fighting for the same great purpose against common enemies. In the declaration of January 1, 1942, by the United Nations—the United States and China and their associates took a common stand to prosecute fully to the end that war against Japan and its partners should be successfully carried on to glory.

In summary, this measure of financial aid is intended to contribute to the success of the war by strengthening within China the resources of economic, fi-

nanical, and production measures that is being fought necessary within the United States for the pursuit and winning of the war.

The long historic association, cultural, educational, and economic, which has thrived between the United States and China since the early days of our Republic, is now further amalgamated in a common war effort. This measure will be a further manifestation of the unity of purpose, the tenacity, the faith, and the determination of the free nations that are united in defense of freedom.

Mr. CHIPERFIELD. Mr. Speaker, I am wholeheartedly in favor of immediate passage of this bill. We have all admired the gallant and long-enduring fight that China has made. We should come to her aid in her time of need.

While it is rash to make predictions in time of war, I believe this loan or gift of \$500,000,000 to China will repay us many times over in helping us to win the war against the Axis Powers. I have no doubt but what China will carry on with the same stubborn resistance until we can give her the material and the machines to fight with which she so badly needs.

This financial aid will give her immediate assistance. I for one am glad she is going to get it and that this bill was passed by the unanimous vote of the Foreign Affairs Committee and of this House.

Mr. VORIS of Ohio. Mr. Speaker, I urge prompt and unanimous approval of this resolution, without further debate or discussion. Ordinarily I would oppose the consideration of such a gigantic authorization in this manner, but the situation in the Pacific clearly requires action, rather than words, in attempting to match with such aid as we can render the matchless aid to us which China is rendering.

There is no precedent for what we are doing here; there is no precedent in history for the unique friendship between our country and China; there is no precedent for the fight the Chinese have made under their great Chiang Kai-shek against odds that, according to all the precedents, were overwhelming.

I taught for a year at the college of Yale in China, in Changsha, the city in Hunan Province where the Chinese first defeated the Japanese in 1939 and where they have since administered four bloody defeats to the Japanese. Changsha is a symbol of defeat to the Japanese. The Japanese general who lost 100,000 men there has just committed suicide. I am proud to feel that I knew China and the Chinese in the very place where they have done their best. I know their capacity for stubborn, wily, effective resistance, their stout fighting hearts. They are inherently democratic. They are our friends. Based on performance to date, they have been the most potent anti-Axis force on earth.

They know what total war is. We are just learning. This aid we are authorizing today is for more than loan-leading materials; it is a form of total aid to total friends against mortal enemies.

An oriental proverb says, "To give quickly is to give twice." The most we can do right now is to authorize this all-out, all-around financial aid. The least

we can do is to do it quickly without quibbling and without revealing to our enemies how it is to be used. The Chinese have developed oriental ways of defeating their oriental foe. We can most effectively show our appreciation of their effective resistance, which means so much to us, by helping them to continue their own kind of resistance in their own way.

Mr. EBERHARTER. Mr. Speaker, the House today rose to the occasion and unanimously adopted a resolution authorizing a loan or grant to China of \$500,000,000. This was a vitally important action and one which I am sure will contribute very materially to a successful termination of the war effort.

By our action today, the Government of the United States and the people of the United States are showing to the Government of China and to the people of China that we are joined together in a single task; fighting the common enemy shoulder to shoulder and side by side; soldiers of China and soldiers of America fighting together; our resources and material wealth combined with the resources and material wealth of China; and, above all, with a spiritual determination common to the peoples of both countries to see the war through to victory. The limitless courage displayed by the army of the Republic of China has aroused the admiration of all governments and of all peoples throughout the world.

A RESUME TO MR. HO STEW

Mr. CANFIELD. Mr. Speaker, as the House today passed unanimously the bill authorizing a \$500,000,000 loan to China, my thoughts turned to one of the most refreshing and democratic gentlemen I have been privileged to meet in the Nation's Capital—Dr. Hu Shih, China's Ambassador to our country.

I came to know Dr. Hu only yesterday when at the Chinese Embassy I presented him with a suitably inscribed and beautifully bound tribute and certificate of membership in the Paterson, N. J., Y's Men's Club. Young men of this organization have studied the life of China's most distinguished scholar, educator, and historian, now representing his country in Washington, and they have been deeply impressed by his contributions to international amity.

I was humming Far Above Cayuga's Waters as Dr. Hu entered the reception room of the Embassy.

"Congressman, are you a Cornell man, too?" he asked smilingly.

I had to respond in the negative, but I did say I knew of his years at Ithaca.

A profound student of our American Government, Dr. Hu told me how, back in 1912 while at Cornell, he had subscribed to the New York Times, the New York Tribune, and the New York Journal in order to get "all possible slants on the Wilson, Roosevelt, and Taft campaigns."

The Ambassador was not pessimistic about the war. He did not feel victory was so remote. Proudly, he described the Chinese effort to defeat their enemies. "We can do so much with a little help, a little equipment," he said. Dr. Hu, who looks more like 41 than 51, went on to say that his country was the first in Asia to work out a democratic form of government. Historical factors have

been at work for tens of centuries and have given the Chinese people the tradition and the preparation for the development of modern democratic institutions.

Of these institutions, the Doctor emphasized three: First, a thoroughly democratized social structure; secondly, 2,000 years of an objective and competitive system of examinations for civil service; and thirdly, the historic institution of the government creating its own opposition and censorial control.

Dr. Hu is worth knowing. I shall see him soon again. He told me on my leaving yesterday he was coming to Patterson in March or April personally to thank the Y's Men for remembering him.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Aid to China

EXTENSION OF REMARKS

OF

HON. JAMES P. RICHARDS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 4, 1942

Mr. RICHARDS. Mr. Speaker, under leave to extend my remarks, I make these additional observations relative to the unanimous passage by the House today of House Joint Resolution 376, authorizing the President of the United States to render financial aid to China through a loan or extension of credit in a sum not to exceed \$500,000,000.

The fact that this resolution was passed unanimously, without a single remark of criticism from any Member of the House, is a tribute seldom if ever seen before to the honesty, integrity, and patriotism of a great nation and a great people.

China is a good financial risk because of her unlimited natural resources and because of her often exhibited determination to exist as a nation and as a free people. The records of our Treasury Department reveal that she has in every instance made every effort to live up to her financial obligations to the United States.

China is a good moral risk, because its Government is founded on morality, law, and freedom, and because its people have for centuries lived under a moral code unexcelled by the people of any other nation.

But, Mr. Speaker, there is another reason why we want to help China in her war against wanton aggression. Americans know that the Chinese Government and the Chinese people are real friends of the United States. Of all the nations of the earth, China probably is the most friendly to the United States. In their love and admiration for this country the Chinese people have displayed none of the envy, jealousy, and rivalry so openly displayed by other nations.

Should we desire to consider this loan from a selfish standpoint, then we must admit that there is no better way to help our own country today than by aiding the Chinese people. It is necessary—yes, essential—that China be able to continue the fight against Japan. This loan is just as necessary for our defense as are appropriations for our own Army and Navy. It is through China that we must mainly hope to finally conquer Japan. It is with China, hand in hand, that we must battle to the bitter end to win this war. It is my belief that China will never fall us under her Generalsissimo Chiang Kai-shek. Practically unaided by any other nation, she has battled for 4 long years against Japan. Facing one of the most powerful military machines on the face of the earth, equipped with airplanes and tanks and other modern implements of warfare, China has battled on over thousands of the dead bodies of her sons with only rifles and rocks and clubs. She

has never wavered, because she knows her cause is just. She has suffered time and time again defeat, treachery, and disillusionment, but she still carries on, to the undying honor of her leaders and her people. The poet, in the following verses has well portrayed the spirit of China:

Out of the night that covers me,
Black as the pit from pole to pole
I thank whatever gods that be
For my unconquerable soul.

In the tall clutch of circumstance
I have not winced nor cried aloud.
Under the bludgeonings of chance
My head is bloody, but unbowed.

CHINA IS GRATIFIED OVER LOAN PLANS

Plans to Use U. S.-British Aid
to Stabilize Currency, Make
Purchases, Build Railroads

REASSURED ON WAR MOVES

Dr. T. F. Chiang Declared It Is
Fashion of Democracies to
Do Much Talking

By HARRISON FORMAN

WIRELESS TO THE NEW YORK TIMES
CHUNGKING, China, Feb. 3—

As the Chinese Government spokesman at a press conference today, Dr. T. F. Chiang, former Ambassador to Russia, said in regard to the news of projected American and British loans:

"It is gratifying news to learn that President Roosevelt has sent a message to Congress asking for a \$500,000,000 loan to China and that the British Government has made known it is ready to lend China £50,000,000."

Questioned on how the new loans would be used, Dr. Chiang replied that they would be spent partly on purchases abroad and partly in China as security for a domestic loan that might be called a "victory loan." He believed the loans would undoubtedly contribute to currency stabilization in China because they would absorb some of the tremendous amount of notes issued during the past few years which are held partly responsible for rising commodity prices.

To Push Railroad Building

Dr. Chiang said part of the domestic loan would be used to push forward certain railroad projects for which rails are already on hand, having been torn up from Japanese-occupied areas. Also, China will start an enormous number of enterprises based on China's man power and such simple machinery as can be produced in China, he continued. He replied negatively when asked if any strings were attached to the loans.

It was revealed this morning that the Executive Yuan had discussed at length mobilization measures. Dr. Chiang said China in the past had mobilized her resources in part and now planned to push ahead with more complete radical and rational utilization of all her man power and resources. "While we are sure our Allies will continue to give us aid we are determined to do our part even better than we did while we fought the enemy single-handed for the past four and a half years," he added.

Asked whether the loss of strategic points in the Southwestern Pacific by the United Nations would affect China's war effort, Dr. Chiang replied that that would depend on the time element. He said China was self-sufficient in food and in clothing, too, for she still had plenty of unused spindles evacuated from the coastal areas.

He disclosed, furthermore, that already China had received plenty of war materials from the United Nations, and he said it would tax China's transportation facilities for more than a year to transport these supplies to localities where they could be used against the enemy.

He said Chinese troops in Burma had still not come into contact with the enemy. He added, smiling, "But I think they will soon."

On China's general stand Dr. Chiang said:

"During the last few weeks many assurances regarding the strategy of the United Nations have been given to China in the fear that she might shift in her stand with her allies because of initial reverses suffered by Britain and America in the South Pacific. I can unhesitatingly say that such assurances were entirely unnecessary.

"President Roosevelt in his statement made it clear that the United States would devote a due proportion of America's fast-developing power to the war in the Pacific. Prime Minister Winston Churchill's eloquent speech in the House of Commons was frank and confident in regard to Europe and Asia.

Praise Knox's Stand

"Secretary of the Navy Frank Knox's speech in Chicago and his special message to the Chinese people have removed all apprehension aroused by reports of his earlier statement. And then only yesterday Dr. H. J. Van Mook, Lieutenant Governor of the Netherlands, sent us a very handsome message of appreciation and confidence, showing how clearly he understands the interdependence between China and the Netherlands Indies."

Dr. Chiang said it was the fashion of democratic countries to "sandwich a great deal of talk between actions." "It is clear," he continued, "that the United Nations have a common purpose. It remains only for all of us to find ways and means of fulfilling that common purpose. We are sure that Britain and America are doing their best to rush aid to the South Seas."

He said Japan was determined to prevent the rise of an independent and strong China.

"Japan chose the moment for attack," he said. "We had no choice but to meet the attack as well as we could. We suffered reverses. We had to retreat and retreat. Night fell early upon China's independence. But we held on, hoping against hope. Then at midnight, at the darkest hour, we suddenly found at our side stout and loyal companions in arms. Now we are surer than ever, although we may still have a few hours of darkness ahead there will be dawn and victory."

THE HOUSE PASSED AND SENT TO THE SENATE WITHOUT DEBATE THE

JOINT RESOLUTION AUTHORIZING A \$500,000,000 LOAN TO CHINA.

2/4--R1219P
ADD CHINA LOAN APPROVED, HOUSE

THE HOUSE APPROVED THE RESOLUTION BY VOICE VOTE AFTER REP. HAMILTON FISH WARNED THAT THE U. S. CANNOT DEFEAT THE AXIS IF CHINA OR RUSSIA ARE FORCED TO CAPITULATE TO JAPAN OR GERMANY.

"IF CHINA IS DRIVEN FROM THE WAR, COLLAPSES, OR IS FORCED TO MAKE PEACE," FISH SAID, "I DON'T BELIEVE WE CAN WIN THIS WAR. IF RUSSIA IS FORCED TO MAKE PEACE OR IS DEFEATED I DON'T BELIEVE WE CAN WIN.

"I THINK THEN THE WAR WOULD BE FOUGHT TO A STALEMATE. BUT IF RUSSIA AND CHINA STAY IN WE WILL DEFEAT THE AXIS POWERS."

MAJORITY LEADER MCCORMACK COMMENTED THAT THE LOAN WOULD BE A DEMONSTRATION OF THE SUPPORT OF THE AMERICAN PEOPLE FOR CHINA'S WAR AGAINST JAPAN.

THE OBSERVATIONS OF BOTH MCCORMACK AND FISH WERE MADE ON THE QUESTION OF TAKING UP THE CHINA WAR LOAN OUT OF ORDER. THERE WAS NO DEBATE ON THE MEASURE ITSELF.

2/4--S1227P

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2/4--21219P
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2/4--51227P

THE HOUSE PASSED AND SENT TO THE SENATE WITHOUT DEBATE THE

JOINT RESOLUTION AUTHORIZING A \$500,000,000 LOAN TO CHINA.

2/4--R1219P
ADD CHINA LOAN APPROVED, HOUSE

THE HOUSE APPROVED THE RESOLUTION BY VOICE VOTE AFTER REP. HAMILTON FISH WARNED THAT THE U. S. CANNOT DEFEAT THE AXIS IF CHINA OR RUSSIA ARE FORCED TO CAPITULATE TO JAPAN OR GERMANY.

"IF CHINA IS DRIVEN FROM THE WAR, COLLAPSES, OR IS FORCED TO MAKE PEACE," FISH SAID, "I DON'T BELIEVE WE CAN WIN THIS WAR. IF RUSSIA IS FORCED TO MAKE PEACE OR IS DEFEATED I DON'T BELIEVE WE CAN WIN.

"I THINK THEN THE WAR WOULD BE FOUGHT TO A STALEMATE. BUT IF RUSSIA AND CHINA STAY IN WE WILL DEFEAT THE AXIS POWERS."

MAJORITY LEADER MCCORMACK COMMENTED THAT THE LOAN WOULD BE A DEMONSTRATION OF THE SUPPORT OF THE AMERICAN PEOPLE FOR CHINA'S WAR AGAINST JAPAN.

THE OBSERVATIONS OF BOTH MCCORMACK AND FISH WERE MADE ON THE QUESTION OF TAKING UP THE CHINA WAR LOAN OUT OF ORDER. THERE WAS NO DEBATE ON THE MEASURE ITSELF.

2/4--S1227P

209

THE WHITE HOUSE
WASHINGTON

February 4, 1942.

MEMORANDUM FOR

H.M. Jr.

In regard to the memorandum sent you on January 25th from the Chancellor of the Exchequer, I think it would be a mistake to raise this additional question at this particular time.

F.D.R.

210

February 6, 1942

Copies to:

Mr. Bell
Dr. White

February 4, 1942

D. W. Bell
Harry White
Secretary Morgenthau

Mr. Dean Acheson called me and said that they are very much worried in the State Department because they can't get the British Cabinet to ratify the over-all agreement on Lend-Lease. The President had sent a very strong message to Churchill urging him to do it, and Dean Acheson read this message to me over the phone.

Dean Acheson then asked whether they could send a message in my name to Sir Kingsley Wood whom they understand is one of the principal objectors. He read a draft of that message to me over the phone, and I made one slight change and told him to let it go. I asked him to send a copy of my message and a copy of the over-all agreement to me. Acheson was extremely appreciative.

Footnote for Mr. White:

When the copy of my message to Sir Kingsley Wood comes in, send for Sir Frederick Phillips and read a paraphrase of this message to him but don't let him take any notes; also don't let on to him under what circumstances this message was sent.

Recd 1 200

2127



DEPARTMENT OF STATE
WASHINGTON

February 4, 1942.

Dear Henry:

May I again express to you my very grateful appreciation for your splendid cooperation with us in the message which you were good enough to authorize me to send for you to Sir Kingsley Wood. I believe that this message will be exceedingly helpful.

I enclose, in accordance with your request, a paraphrase of the message and a copy of the draft Lease Lend Agreement referred to in it.

Yours sincerely,

Dean Acheson

Enclosures:

1. Paraphrase.
2. Draft Lease Lend Agreement.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

PARAPHRASE OF TELEGRAM

To: American Embassy, London.

Dated: February 4, 1942.

TRIPLE PRIORITY
FOR THE AMBASSADOR.

Please deliver at the request of the Secretary of the Treasury a personal message as follows to Sir Kingsley Wood as soon as possible:

"May I express to you my personal concern that delay in reaching agreement on interim Lend Lease Agreement will impede and embarrass work between us on many immediate and pressing matters as well as on more long range matters. The present draft, in my judgment, is most fair and reasonable and leaves ample scope for meeting and agreeing upon problems of the war and post-war periods along constructive lines of mutual advantage. The continued failure to produce an agreement is working harm to unity of war effort and purpose. Morgenthau."

whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a co-operative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the providing of defense aid and in regard to certain considerations which shall be taken into account in

determining

determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

ARTICLE I.

The Government of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

ARTICLE II.

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and, should circumstances arise in which the United States of America in its own defense or the defense of the Americas may require articles, services, or information, will provide such articles, services, or information as it may be in a position to supply.

ARTICLE III.

The Government of the United Kingdom will not without the consent of the President of the United States transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee,

employee, or agent of the Government of the United Kingdom.

ARTICLE IV.

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President.

ARTICLE V.

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

ARTICLE VI.

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

ARTICLE VII.

ARTICLE VII.

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

ARTICLE VIII.

ARTICLE VIII.

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this day of _____, 1941.

ON BEHALF OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA

[Title]

ON BEHALF OF THE GOVERNMENT OF THE KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND.

[Title]

Treasury Department 219
Division of Monetary Research

Date.....2/6/42.....19

To: Miss Chauncey

Unless I hear to the contrary
from you, I shall assume that the
Secretary doesn't want to see these
reports monthly.

In any case I will call his
attention to any transaction which I
believe merits his attention.

H.D.W. *mo*

MR. WHITE
Branch 2058 - Room 214 $\frac{1}{2}$

TREASURY DEPARTMENT

INTER-OFFICE COMMUNICATION

DATE February 4, 1942

TO Mr. White
 FROM Mr. Hawkey

There follows a summary of the Stabilization Fund's gold transactions with the central banks and governments of foreign countries during the month of January:

	<u>Purchased from:</u>	<u>Sold to:</u>
Argentina		\$ 4,988,000
Chile	\$ 350,000	
Mexico	5,876,000	
Neth. East Indies	18,142,000	
Peru	644,000	
Portugal		2,989,000
Switzerland		39,900,000
Uruguay	2,502,000	
U.S.S.R.	21,070,000*	
Venezuela		8,000,000
Total	\$48,584,000	\$55,877,000

*Purchased on January 3, 1942, for delivery within 180 days.

It will be seen that the Fund's sales of gold exceeded purchases for immediate delivery by more than \$28,000,000. In order to supply foreign buyers, and to maintain a small gold balance, the Stabilization Fund purchased \$37,800,000 in gold during January from the Treasury's General Fund through the New York Assay Office.

TREASURY DEPARTMENT

221

INTER OFFICE COMMUNICATION

DATE February 4, 1942

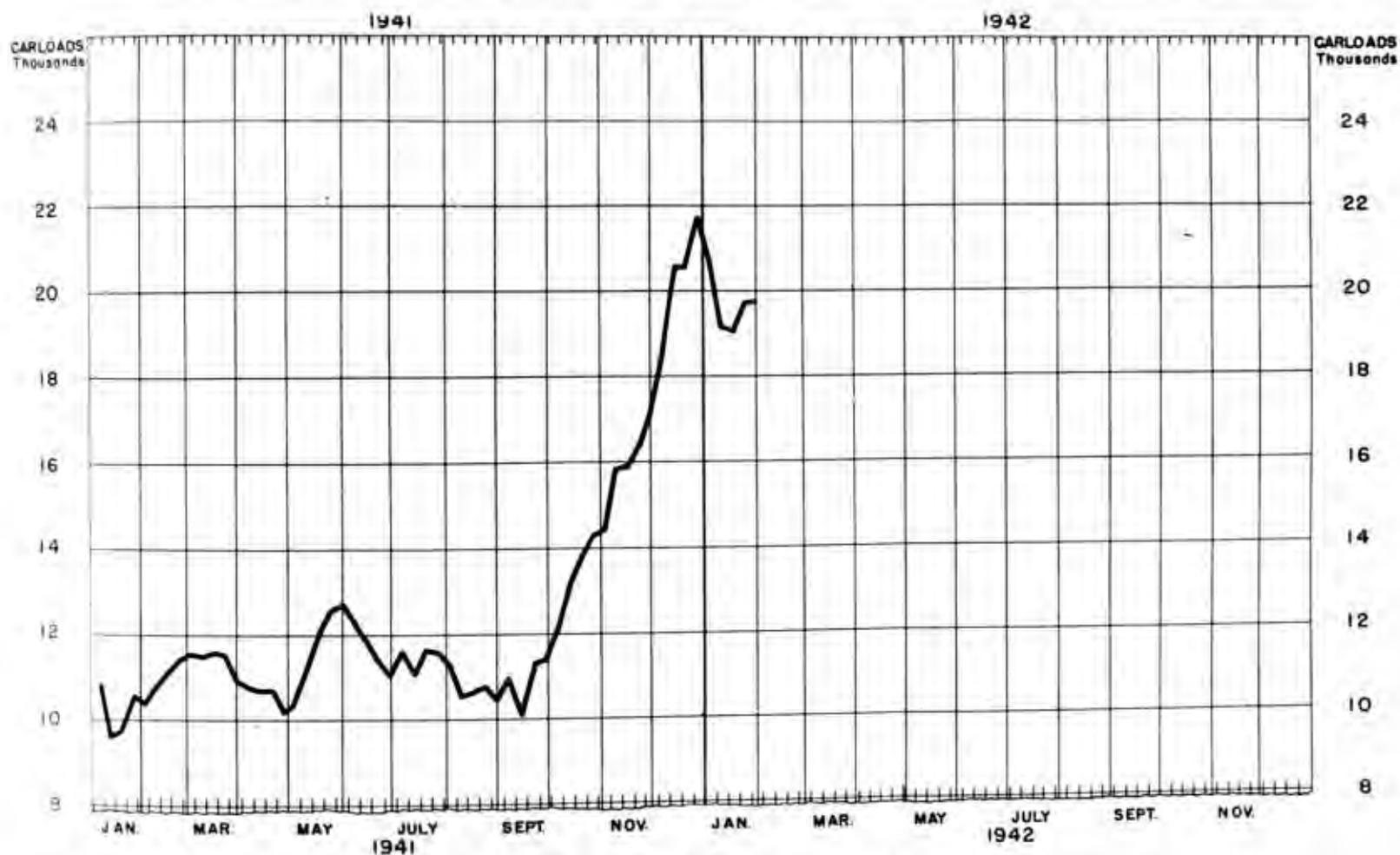
TO Secretary Morgenthau
FROM Mr. Haas
Subject: The Export Freight Situation

Lighterage freight in storage and on hand for unloading in New York harbor at the end of last week amounted to 19,768 carloads. This is practically the same as for the previous week. (See Chart 1.) There was additional storage space available for 10,051 carloads on February 2, as compared with 10,114 a week earlier.

Exports from New York increased last week to 6,856 cars from 5,393 in the previous week. (See Chart 2, upper section.) Receipts of export freight at New York continued their rising trend and reached 8,029 cars, as compared with 5,980 cars in the previous week. (Lower section of chart).

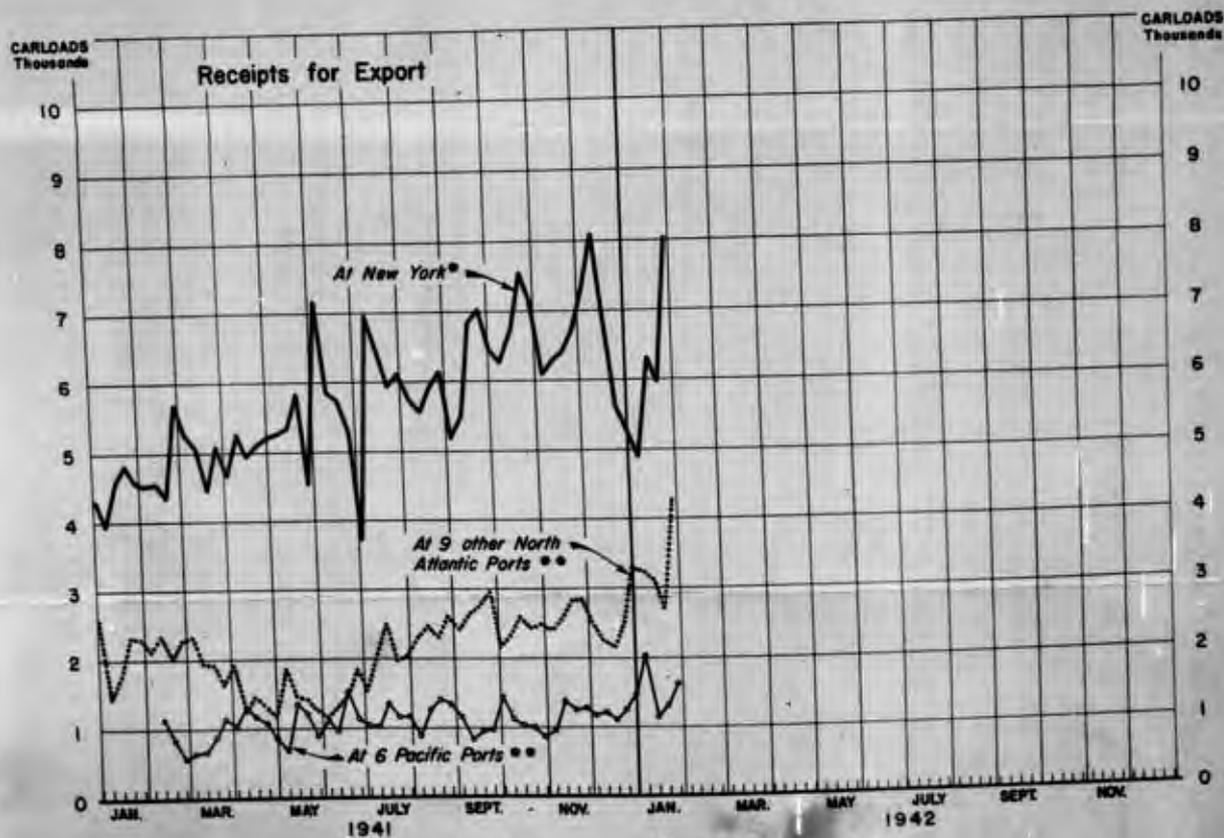
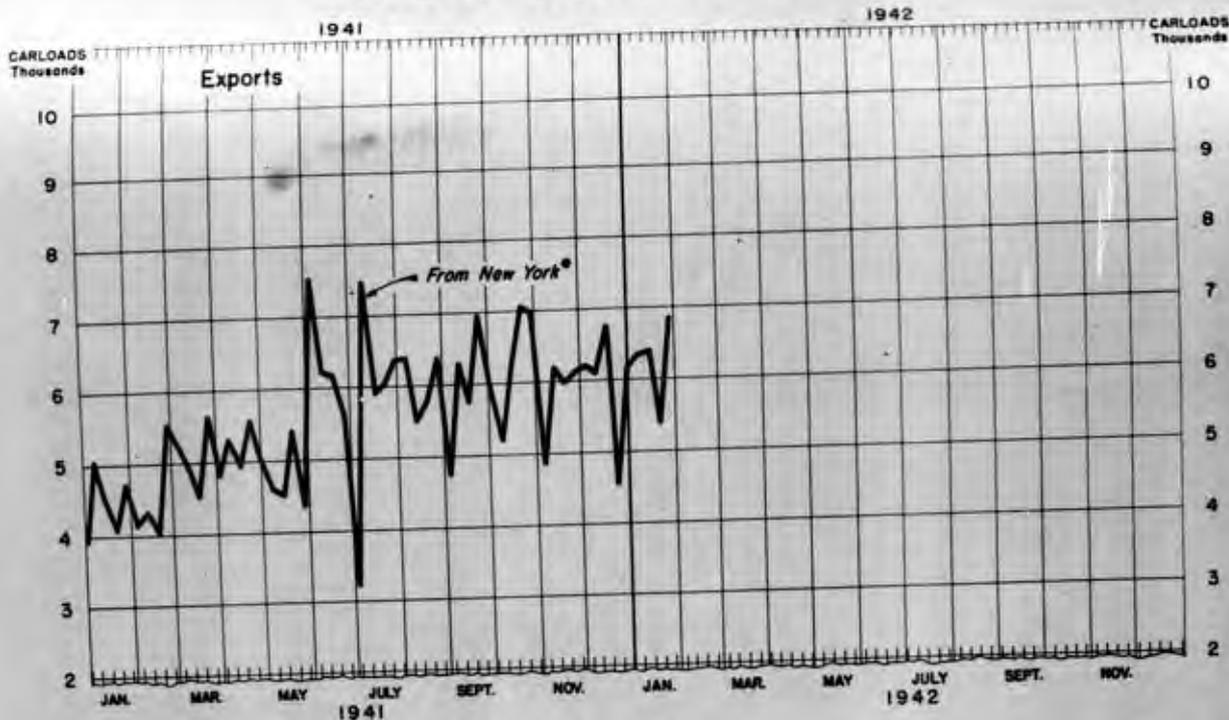
The receipts of export freight at 9 other North Atlantic ports show a 56 percent increase over the previous week, and are higher than at any time since at least the beginning of last year. This high figure, 4,230 carloads, is due to large increases in export freight receipts at Philadelphia, Baltimore, and Hampton Roads. The receipts for export at 6 Pacific ports increased to 1,622 cars, or by nearly 24 percent, bringing the average for the month of January well above any of the months in 1941. (See Chart 2, lower section.)

LIGHTERAGE FREIGHT IN STORAGE AND ON HAND FOR UNLOADING IN NEW YORK HARBOR*



* Largely export freight, but about 10% represents freight for local and coastal shipment. Figures exclude grain.

EXPORT FREIGHT MOVEMENT



* As estimated from data of general managers' association of New York.
 ** Association of American Railroads.

224

Treasury Department
Division of Monetary Research

Date...February...4 19 42

To: Secretary Morgenthau

From: Mr. White

1. Are you interested in seeing information about exports to the European neutrals which may be of possible value to the Axis?
2. Are you interested in raising this problem with the Board of Economic Warfare?

mo

TREASURY DEPARTMENT

225

INTER OFFICE COMMUNICATION

DATE February 4, 1942

TO Mr. White
FROM Mr. Willmann
Subject: Exports of Possible Use to the Axis

Our export information from our office in New York shows:

1. The S. S. San Miguel, scheduled to sail soon, has loaded over 1.5 million pounds of copper scrap consigned to Portugal.
2. The Ile de Re (French) sailed on January 26 for French North Africa. It carried over 1500 metric tons of pitch and 4200 long tons of bituminous coal.
3. Other recent shipments from here include:
 - 350,000 gallons aviation gasoline to Sweden
 - 11,200,000 lbs. sugar to Switzerland (ship clearing for Genoa, Italy)
 - 13,000,000 lbs. sugar to French North Africa
 - 7,000,000 yds. cotton piece goods to French North Africa
4. All of these exports are covered by Export Control licenses. As for Foreign Funds, the exports to Switzerland, Sweden, and Portugal are covered by general licenses, while the French North African shipments come under the State Department agreement covering this area.

TREASURY DEPARTMENT

226

INTER OFFICE COMMUNICATION

DATE February 4, 1942

TO Secretary Morgenthau
FROM Mr. White

In December 1941 and January 1942, the United States imported 13,426,000 ounces of silver from Mexico, as against 12,680,000 ounces in the same two-month period a year ago.

Since the Treasury has bought no silver under the Silver Purchase Act in the past two months, most of the recent imports of silver into this country have found their way into the commercial market. The New York market price for silver has been generally steady, at about $\frac{3}{8}\%$ over the Treasury's quotation of 35%.

There is thus far no evidence to support the fears expressed last November that Mexico would use the Silver Purchase Arrangement to withhold silver from the market so as to force up the price.

TREASURY DEPARTMENT

227

INTER OFFICE COMMUNICATION

DATE Feb. 4, 1942.

TO Secretary Morgenthau

FROM Mr. White

Subject: Decision of Mexican Supreme Court on subsoil rights

1. A recently announced decision of the Mexican Supreme Court modifies and possibly reverses decisions handed down in 1938 on which the Mexican Government has based its refusal to compensate expropriated American oil companies for subsoil rights. It appears that this decision has not yet been signed.

2. The effect of this decision may be to bring the United States and Mexico much closer together on the question of valuation of the properties of the expropriated American oil companies. Previous Mexican valuations have not included any value for subsoil rights. It is now believed that the appraisers named by the Mexican and United States Governments may include the value of subsoil rights in their final valuations of the properties.

3. It is too early to know how this will affect the United States-Mexican Stabilization Agreement. It does mean that Mexico may have to pay out more dollars than otherwise would be the case. On the other hand, the decision may attract enough capital to Mexico to more than offset the loss in foreign exchange.

TREASURY DEPARTMENT

228

INTER-OFFICE COMMUNICATION

DATE February 4, 1942

TO Secretary Morgenthau
 FROM Mr. Dietrich

CONFIDENTIAL

Registered sterling transactions of the reporting banks were as follows:

Sold to commercial concerns	£35,000
Purchased from commercial concerns	£17,000

Open market sterling held at 4.03-3/4, with no reported transactions.

The Cuban peso, which advanced from par to a premium of about 11/16% during the week ended yesterday, was quoted at 5/8% premium today.

In a very thin market, the Venezuelan bolivar improved about 1/2¢ to close at .2775.

In New York, closing quotations for the foreign currencies listed below were as follows:

Canadian dollar	11-5/8% discount
Argentine peso (free)	.2365
Brazilian milreis (free)	.0516
Colombian peso	.5775
Mexican peso	.2065
Uruguayan peso (free)	.5250

There were no gold transactions consummated by us today.

The Federal Reserve Bank of New York reported that the Bank of Canada shipped \$3,449,000 in gold from Canada to the Federal for account of the Government of Canada, for sale to the New York Assay Office.

In London, spot and forward silver remained at 23-1/2d and 23-9/16d respectively, equivalent to 42.67¢ and 42.78¢.

The Treasury's purchase price for foreign silver was unchanged at 35¢. Handy and Harman's settlement price for foreign silver was also unchanged at 35-1/8¢.

We made no purchases of silver today.

C
O
P
Y

229

W.F. 1100/CD/2/42

SAFE HAND

BRITISH EMBASSY,
WASHINGTON, D.C.
4th February, 1942.

Dear Mr. Dietrich,

With reference to my letter of 30th October, reference No. 1121/426/41, I think you may be interested to have for your file the enclosed copy of a letter which was sent by the Trading with the Enemy Branch to the Anglo-Prague Credit Bank in London.

Yours sincerely,

(Signed) W. Ritchie

Mr. Frank Dietrich,
Room 279,
U.S. Treasury Department,
Washington, D.C.

WR:MLC

G
O
P
Y

230

Trading with the Enemy Branch,
(Treasury and Board of Trade),
24, Kingsway, London. W.C.2.

Gen/41/Pt.II

December, 1941.

Sir,

With reference to your letter of the 13th December concerning your relations with the New York Agency of the Prague Credit Bank, I am directed to inform you that this Branch is satisfied to raise no objection so far as the provisions of the Trading with the Enemy Act, 1939 are concerned:-

- (a) to your communicating by letter or cable with the New York Office in question on matters relating to normal current banking business without seeking the prior approval of this Branch;
- (b) to your maintaining in your books a current account in the name of that office subject to the approval and directions of the Bank of England being obtained for this purpose, and
- (c) to your opening credits here for the New York Agency provided they place with you the relative sterling funds in advance.

The foregoing is subject to due compliance with the provisions of the Defence (Finance) Regulations, 1939.

Your documents are returned herewith.

I am, Sir,
Your obedient Servant,

The Chairman,
Anglo-Prague Credit Bank,
48, Bishopsgate, E.C.2.

Copy:vw:2-5-42

Treasury Department **231**
Division of Monetary Research

Date February 6 1942

To: Miss Chauncey

From: Mr. Southard

This cable probably need not be shown to the Secretary since it is one more in a string of cables on the destruction of values in the Philippines.

PARAPHRASE OF TELEGRAM RECEIVED

232

NO: 38.

FROM: United States High Commissioner, Fort Mills,
(Manila) via N.P.

DATE: February 4, 1942, 11 a.m.

FOLLOWING FOR TREASURY RECORD.

Committee comprising Vice President Gomez, Acting Secretary of Finance, Jose Abad Santos, Colonel Howard A. Smith (representing General MacArthur), and Evatt D. Hester (representing High Commissioner), reported to their best knowledge and belief contents of vaults one, two and three of Philippine Treasury reservation, Corregidor, (not up to present delivered into High Commission custody) are as follows: 269 bars gold bullion each numbered and marked in grams totalling 1,343,493.95 marked grams which results from melting 2805,410 face value coin held prior to December 28, 1933 (see radio 708, October 29, 1936, Acting High Commissioner for Quezon to Secretary War and radio 217, May 6, 1936, Treasury to High Commissioner); silver coins amounting to 16,422 pesos face value being Philippine monetary reserves; 19 boxes which Commonwealth officials say contain Philippine paper currency amounting to 57,761.825 pesos; piece gold marked 406.39; silver bars marked 5400/3850.50/893.G.F.; envelope gold dust marked 1.60; piece gold and silver 7.50 ounces; gold bar marked 28306.26 tagged to 91.779 grams; gold bar marked 1646.10.

BAYRE.

Treasury Department
Division of Monetary Research

233

Date.....2/5/42.....19

To: Secretary Morgenthau

From: Mr. White

Subject: Brazil and the War.

You may be interested in the attached statement of President Vargas of Brazil to his Director of Exchange that "We are now in the same boat with the United States and must cooperate to the fullest extent". The Bank of Brazil is effectively restricting the use of Axis assets.

COPY

234

DEPARTMENT OF STATE

WASHINGTON

February 4, 1942

In reply refer to
FP 440.51 Frozen Credits/5250

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and transmits five copies of telegram no. 319, dated February 2, 1942, from the American Embassy, Rio de Janeiro, quoting instructions to the Director of Exchange by President Vargas, dealing with the administration and control of Axis funds in Brazil.

Enclosure:

Five copies of telegram
no. 319, dated February 2,
1942, from Rio de Janeiro.

Copy:ec:2-4-42

COPY

PD
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (BR)

Rio de Janeiro

Dated February 2, 1942

Rec'd 6:10 p.m.

Secretary of Washington,
Washington.

319, February 2, 3 p.m.

My 274, January 2, 3 p.m.

President Vargas told the Director of Exchange on Saturday:

"We are now in the same boat with the United States and must cooperate to the fullest extent. You are responsible for the administration and control of Axis funds in Brazil. Private interests must not interfere with plans of the Government."

Although the Brazilian Government has not (repeat not) promulgated supplementary control measures, the Bank of Brazil has the situation in hand and is effectively restricting the use of Axis assets.

INFORM TREASURY.

CAFFERY

LMS

Copy:vw:2-4-42